

Australia's most broad-reaching study
into business sustainability

**PEOPLE
PRODUCTIVITY
PLANET™**



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Of all contemporary global health issues, sustaining our planet is surely one of the most important. Many would argue it is *the* most important. So when George Beaton came to us at the Nossal Institute of Global Health, University of Melbourne, offering his organisations' assistance in this area, we were delighted.

Sustainable business practice covers five major areas of operations – environmental, community and social, workplace practices, marketplace, and business conduct and ethical governance. All of these areas of operations can have profound impacts on our health.

Sustainable business is integral to a healthy planet and to healthy people. As nations we need the healthy products of business and as individuals we thrive if we have safe, secure, meaningful and rewarding jobs.

There is a growing realisation that the environment has a major impact (positive and negative) on human health, and the role of business – in terms of products, services, carbon footprint, community and social operations and investments, to name a few – should not be underestimated.

Similarly, the way an organisation behaves in developing, marketing and selling its products and services, has an impact on the health of populations – we need go no further than the tobacco industry to be aware of this.

The physical and mental health of employees and their families is greatly enhanced by good workplace practices such as a commitment to employee health, respect for diversity, flexibility, professional development and work/life balance. Finally, these sustainable workplace practices are in turn enhanced by having ethical and transparent governance throughout an organisation.

The title of the overarching project – People.Productivity. Planet – is apt when talking about sustainable businesses. If business leaders look after their people, their efficiency and productivity, and their planet, the world will be a much better place for generations to come.

I would like to acknowledge the great work of the authors, Maia Gould, Grant Blashki and Danny Samson. In addition, I am indebted to George Beaton and his teams at Beaton and WellmarkPerspexa for their health-promoting and sustainable approaches to collaboration.

I sincerely hope this report will contribute to a more sustainable, healthier and more productive planet. As they say, it's the only one we have.



Rob Moodie

Professor of Global Health

Nossal Institute for Global Health, University of Melbourne



ADVISORY PANEL

DR GEORGE BEATON

Dr George Beaton is Executive Director of WellmarkPerspexa (a Melbourne-based business communications firm) and Executive Chairman of Beaton Research and Consulting (a leading global consultancy firm for professional services). During his 25 years as a consultant, George has successfully guided clients through a wide range of strategic and marketing decisions.

Today his practice focuses on an eclectic mix of advisory, performance improvement, marketing strategy and trouble-shooting projects. George is well placed to understand the challenges and opportunities facing business and marketing organisations, given his background in business school teaching and extensive work in public and private companies, universities and governments.

George's considerable management experience includes executive director roles in a number of consulting, communications and marketing research firms as well as professorships with leading universities in Australia and South Africa.

George has a strong interest in business sustainability in the broadest sense, encouraging organisations to think and act for the long term, and answer the growing call for greater transparency in the corporate world.



JANE FENTON

Jane Fenton is the Principal of Fenton Communications, a social marketing and strategic communications consultancy firm she founded in 1987. She provides advice on communication strategy, stakeholder relations, issues management and social marketing, and is a sought-after speaker, writer and facilitator. Jane is head of the company's sustainability and infrastructure arm as well as a key adviser to its health group.

In addition to running her own business, Jane also holds the position of Chair of VicHealth. She has acted as a director of the Murdoch Children's Research Institute, is past president and life governor of Very Special Kids, and is a member of the Ministerial Taskforce for Cancer. Jane has contributed to various advisory boards and committees, including the Centre for Cultural Partnerships, the University of Melbourne, RMIT, the International Public Relations Association and the Australian Professional Services Management Association.

Jane was awarded an Order of Australia Medal (AM) on Australia Day 2004 for service to the community, in particular her support of various health, medical research, youth and women's groups. She is also a Telstra Business Women's award winner and a Fellow of the Public Relations Institute of Australia.



DR SIMON LONGSTAFF

Dr Simon Longstaff is a philosopher whose focus is on the field of applied ethics encompassing the wider community beyond academe. He has held the role of Executive Director at St James Ethics Centre since 1991. Established in 1989, the centre is an independent, not-for-profit organisation that provides an open forum for the promotion and exploration of ethics.

In his role as Executive Director, Simon promotes integration of ethical considerations into the strategic thinking of the management community. He also encourages and contributes to the active discussion of ethical issues amongst the widest possible audience.

Simon has a Bachelor degree in Education and won scholarships to study at Cambridge, where he read for the degrees of Master of Philosophy and Doctor of Philosophy.



ANDREW MACLEOD

Andrew MacLeod is the CEO of the Committee for Melbourne, an independent member network of Melbourne leaders working together to ensure Melbourne's liveability and economic prosperity.

Andrew previously worked as a Marine Litigation Attorney in Melbourne, Sydney and London before being recruited by the International Committee of the Red Cross to deal with military factions in Yugoslavia and Rwanda. He was also previously a Senior Advisor on Disaster Management for the United Nations, running high-level humanitarian teams. In these roles, Andrew served in several conflict zones and natural disaster settings, including Bosnia, Kosovo, Serbia, East Timor, Pakistan, Philippines and Sri Lanka.

Most recently, he was the Head of Humanitarian Investment and Political Risk Analysis at Responsible Investment, advising companies on their community investments, including corporate responsibility initiatives, community improvement programs and political risk in emerging economies.

Andrew has been awarded several decorations by different governments, including the Humanitarian Overseas Service Medal by Australia, the Silver Medal for Humanity for work in the Balkans and the Australian Davos Connection Leadership Award.



ADVISORY PANEL CONTINUED

PROFESSOR ROB MOODIE

Professor Rob Moodie is the inaugural Chair of Global Health at the Nossal Institute for Global Health, University of Melbourne. He is responsible for leading the development of the Disease Prevention and Health Promotion group within the Institute.

In 2008, Rob was appointed Chair of the National Preventative Health Task Force. The task force presented the National Preventative Health Strategy to the Federal Minister for Health in June 2009. He is also a current member of the Commission of AIDS in the Pacific and chairs the Technical Advisory Panel of Avahan, an Indian HIV-prevention program funded by the Gates Foundation. Rob also holds the position of Chair of the Melbourne Storm Rugby League Club.

His previous roles include: Chair of the Audit Expert Group responsible for reviewing Melbourne's major urban plan, Melbourne 2030; member of the Minister of Foreign Affairs' Aid Advisory Council; Vice-President of the International Union of Health Promotion and Education; Editor-in-Chief of the *Health Promotion Journal of Australia*; CEO of Victoria's health promotion agency, VicHealth; and inaugural Director of Country Programs at the Joint United Nations Program on HIV/AIDS (UNAIDS).

Since 1979, Rob has worked for Save the Children Fund; Médecins Sans Frontières; Congress, the Aboriginal Health Service in Alice Springs; the Burnet Institute; and the World Health Organization.

Rob has co-edited and co-written four books, his most recent being *Recipes for a Great Life*, with Gabriel Gate. He has also authored numerous book chapters and major reports, as well as opinion editorials for the Australian mainstream press.



DR JANE THOMASON

Dr Jane Thomason has spent the past 25 years working in the public health sector in Australia and the Asia-Pacific region. She has lived for extended periods in Indonesia, Papua New Guinea (PNG) and the Philippines, and has also worked in Fiji, Pakistan, the Solomon Islands and Samoa.

Jane is an Adjunct Associate Professor at the University of Queensland, is on the Consultative Council of the Australian Centre for International Tropical Health and Nutrition, is the Chair of the Industry Leaders Group for the Queensland Health Skills Formation Strategy, and is on the Executive Board of the Australia PNG Business Council.

In 1999, Jane established JTA International – an innovative, international health services firm which focuses on remote and challenging locations and has offices in Australia, Fiji, Indonesia and PNG. She gave a speech on the 'Measurement of Business Contribution Towards Millennium Development Goals' at the International Council on Mining and Metals meeting in 2009. Jane is also part of a global collaboration to develop a framework to measure business contribution to development.

Jane has held executive roles in Australia and abroad which include: Chair of the Wesley Hospital Board; Chief Executive Officer of the Queensland Royal Children's Hospital; Director of Women's Health in Queensland; Senior Social Sector Specialist at the Asian Development Bank in Manila; and Head of the Department of Community Medicine at the University of Papua New Guinea.



THE AUTHORS

PROFESSOR JOHN WISEMAN

Professor John Wiseman is Director of the McCaughey Centre, VicHealth Centre for the Promotion of Mental Health and Community Wellbeing, Melbourne School of Population Health, University of Melbourne.

John has worked in a wide range of public, academic and community sector settings. Between 2003 and 2006, he held the position of Professor of Public Policy at Victoria University. From 2000 to 2003, John was Assistant Director, Policy Development and Research, Victorian Department of Premier and Cabinet.

His community sector roles have included: Moderator, Cranlana Program of the Myer Foundation; Advisory Board member, Centre for Cultural Partnerships (Victorian College of the Arts); President, Victorian Council of Social Service; Member of Public Policy and Education Advisory Committee, Oxfam Australia; and Board member, Wesley Mission.

John has published a number of books and articles on social justice and public policy issues, concentrating on the role of local communities and civil society in responding to the challenges of globalisation. The major focus of his current research and policy work is on reducing the risk of climate change through social, economic, environmental and political reforms that are also just, democratic and sustainable.



Maia Gould

Maia Gould is Communications Manager at Beaton and has a strong interest in the role of communication in people management and business practices, and embedding sustainable practices in organisations. She leads the *pro bono* element of the Annual Business and Professions Study, which has this year yielded the People.Productivity.Planet – Business Sustainability Report, and is a frequent contributor to the numerous articles, opinion pieces and papers that Beaton produces.

Associate Professor Grant Blashki

Associate Professor Grant Blashki is a Senior Research Fellow in Global Health, a Visiting Fellow at the National Centre for Epidemiology and Population Health at The Australian National University and an Honorary Senior Lecturer at Kings College London. He has co-authored 65 peer reviewed publications, is lead editor of the textbook *General Practice Psychiatry*, and over the last five years has been a chief investigator on approximately \$4 million of research projects. He is actively engaged with community work, including as a clinical adviser to beyondblue, as a mentor in the Al Gore Climate Leadership Project, as a co-founder of Doctors for the Environment Australia and as a 2020 summit participant. In 2008, he was a co-recipient of the Fundraiser Institute of Australia's Major Grant's award for excellence in fundraising. He is a practising GP and Fellow of the Royal Australian College of General Practitioners.

Professor Danny Samson

Danny Samson is Professor of Management at the University of Melbourne, Associate Dean (Development) of the Faculty of Economics and Commerce and Director of the Foundation for Sustainable Economic Development there. He has an honours degree in chemical engineering and a PhD in management from the Australian Graduate School of Management. During his academic career, Professor Samson has consulted to senior executives in most manufacturing industries and numerous service sector organisations. His particular research interests are in sustainable development, the competitiveness of organisations and the effective use of systems to achieve this competitiveness. Danny has published in a wide variety of journals which reflect the breadth of his research interests and has also published a number of books in recent years.

EXECUTIVE SUMMARY

KEY FINDINGS

The strongest message emerging from the study is the huge latent potential in sustainability reporting in Australia – the will is there, but a substantial proportion of organisations are yet to find the way.

Snapshot of sustainability reporting in Australian organisations:

- 35% of leaders say their organisation currently produces sustainability reports
- 54% of those have been producing reports for less than three years

Huge business community support for sustainability reporting:

- Reputation management, minimised environmental impacts, employee satisfaction and more healthy workplaces are considered the major benefits of committing formally to sustainability reporting
- 44% believe the benefits of sustainability reporting outweigh the costs
- 47% believe that in five years' time the majority of businesses will be producing sustainability reports
- 47% of leaders in reporting organisations say there was no pressure to commence sustainability reporting – it was deemed to be the right thing to do

Supply chain pressures will be a critical driver in the near future:

- 57% of leaders from reporting organisations would give preference to suppliers who can demonstrate their commitment to sustainability
- 80% of leaders in reporting organisations agree it is likely that their organisation will require suppliers to meet certain sustainability standards in the future
- 20% of leaders in non-reporting organisations in manufacturing, utilities, engineering and architecture have been asked by clients about their sustainability reporting

If relevance can be demonstrated, most organisations have the will:

- 42% of leaders say they are not doing sustainability reporting because they don't feel it is relevant to their organisation
- 20% of leaders say it is only a matter of time before they start – they are already talking about it
- 73% of leaders would personally like to see their organisation start sustainability reporting
- Despite this, 25% of employees blame a lack of leadership commitment and interest for their organisation not producing sustainability reports
- 53% of employees haven't done anything to encourage their organisation to start sustainability reporting – but have thought about it

The employee attraction, satisfaction and retention case for sustainability reporting is strong:

- 54% of employees say that as a result of their organisation tackling sustainability issues, they feel more proud of their organisation
- 70% of employees in non-reporting organisations say they would feel they were promoting a healthier and more productive workplace if their organisation made a commitment to sustainability
- 41% of employees in reporting organisations said if they changed jobs they wouldn't want to work somewhere that doesn't tackle sustainability issues

RECOMMENDATIONS

For organisations yet to start sustainability reporting:

- Business leaders should be wary of the opinion that sustainability reporting is not relevant to them, as all organisations are likely to experience increasing supply chain pressures, and the necessity to maintain reputation in this area will grow
- The potential motivating influence on staff of a commitment to sustainability begins to build a solid case for any organisation to engage in reporting, as do the positive attitudes as to the cost-benefit outcomes of those currently producing reports
- Business leaders should also be reassured that they don't have to achieve everything in the first year of their reporting: best practice is to first understand your business's impact on your environment, then to take small steps towards improvement. Visit www.goodbusinessregister.com.au for more information

For organisations currently producing sustainability reports:

- Making sure that your organisation's activities in reporting are communicated across the firm is essential to keeping staff engaged with your efforts
- While reputation management is a strong initial driver, responsibility for sustainability activities must not sit with corporate communications – it must be embedded in business strategy to ensure long-term success and benefit to the organisation
- Ongoing risk analysis is critical to reporting on sustainability: continue to quantify the business opportunity of increasing your sustainability practices and the threat of not doing so

For professional associations:

- The community recognition of the potential for associations to support members in their sustainability activities highlights a significant opportunity for them to take a leading role – this will also require them to 'walk the walk', and those not currently tackling sustainability issues should look at improving their profile in this area

INTRODUCTION

The Nossal Institute for Global Health at the University of Melbourne has partnered with Beaton and WellmarkPerspexa to undertake an Australia-wide survey on business sustainability, with the aim of supporting and encouraging all organisations to engage in sustainability reporting in accordance with global standards. The title of the project – People.Productivity.Planet – was developed in recognition of the mutually reinforcing benefits of a sustainable approach to business in the areas of employee health and wellbeing, business productivity and our planet’s resources.

This national study into business sustainability was undertaken in November 2009 as an optional part of a larger online study conducted annually by Beaton – the Annual Business and Professions Study – a research project including over 30 professional associations and industry bodies, and a range of professional service firms in Australia. The survey sought the views of business leaders and employees about sustainability reporting, identifying the stimulus for and obstacles against engaging in sustainability reporting and providing a mandate for change in the business community.

The research project coincided with the launch of a new website, People.Productivity.Planet, which provides a forum for online discussion about sustainability issues in business (www.peopleproductivityplanet.com).

The survey was developed by a multidisciplinary team that included experts in business, public health and sustainability. The study was approved by the University of Melbourne Human Research Ethics Committee, and was distributed through professional organisations with participants responding anonymously. The survey asked a different set of questions according to whether respondents described themselves as leaders or not, and also whether they say their organisation produces sustainability reports or not. See box below:

Over 40% of the 28,039 respondents to the Annual Business and Professions Study also opted in to the Business Sustainability section, comprising a cohort of 11,802 participants. The vast majority of non-respondents cited *lack of time* to do the survey rather than *lack of interest* in sustainability as their main reason for not responding. This provides some evidence that our cohort was not a sampled out group of sustainability enthusiasts.

We intend to undertake further analysis of the data at the University of Melbourne, which will result in a series of academic papers that, we hope, will inform a new model of how businesses can best be assisted to take up sustainability reporting.



DEFINING BUSINESS SUSTAINABILITY

Almost 90% (89.8%) of respondents agreed with the given definitions of sustainability and sustainability reporting.

SURVEY DEFINITION OF SUSTAINABILITY AND SUSTAINABILITY REPORTING

By '**sustainability**' we mean responsible business practices across all areas of operation, including:*

- **Environmental** – the environmental impact, direct or indirect, of an organisation's operations, products or services, including those of its suppliers.
- **Community/Social** – the impact of an organisation's projects, products, services or investments on the community at a local or global level.
- **Workplace Practices** – including employee health, diversity and equal opportunity, work/life balance, professional development and full entitlement to employment rights.
- **Marketplace & Business Conduct** – responsible behaviour in developing, purchasing, selling and marketing products and services.
- **Ethical Governance** – from Board level throughout an organisation: transparency; risk management; due diligence; effective codes of conduct and ethics.

By '**sustainability reporting**' we mean:

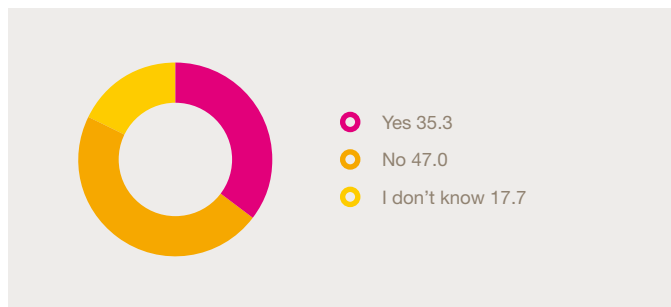
1. Reflecting on actual business impacts, risks and opportunities and developing responsible business practices through integrated management processes; and
2. Reporting on these practices in the public domain via a multi-stakeholder approach to management, measurement and monitoring

*Adapted from <http://thehub.ethics.org.au/what/> – The National Responsible Business Practice Project, St James Ethics Centre

SNAPSHOT OF SUSTAINABILITY REPORTING IN AUSTRALIA TODAY

Just over a third (35%) of individuals say their organisation currently engages in sustainability reporting.

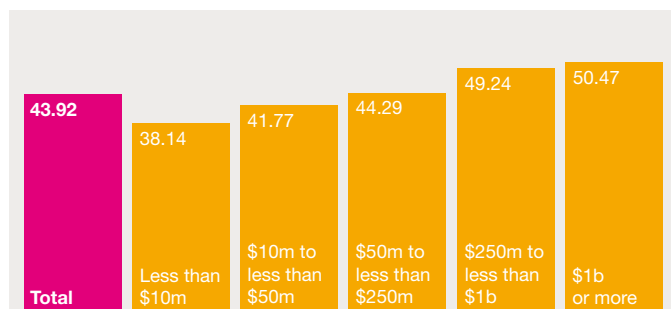
Proportion of organisations undertaking sustainability reporting
%



Question: Does your organisation currently engage in sustainability reporting?
Base: All respondents working for an organisation.

However, over half of individuals (around 55%) from organisations with annual revenue of over \$50 million say that they are currently engaging in sustainability reporting. Those in larger organisations are also more likely to say that the benefits of sustainability reporting outweigh the costs – 50% in organisations with annual revenue of \$250 million or more compared to around 39% in organisations earning less than \$50 million per year.

Cost-benefit by organisation revenue
%

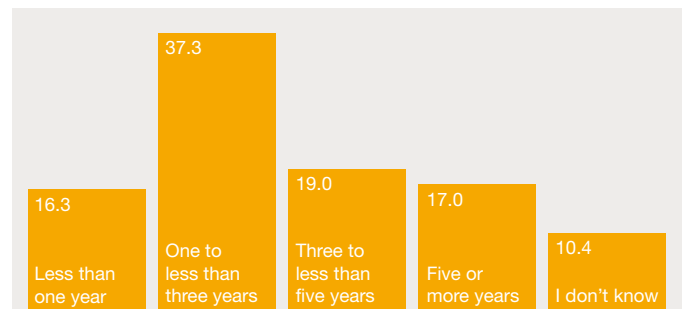


Question: Proportion of respondents agreeing with the statement 'the benefits of sustainability reporting outweigh the costs'
Base: All respondents working for an organisation

AN EMERGING INITIATIVE

Of the 1839 business leaders who said that their organisation is currently undertaking sustainability reporting, over half (53%) have been producing sustainability reports for less than three years.

Years since beginning sustainability reporting
%



Question: How long has your organisation been producing sustainability reports?
Base: Leaders who undertake sustainability reporting

This indicates that the initiative is still in its infancy, and there may be a large number of organisations that require support through the difficult initial stages of setting up the systems and processes to embed sustainability reporting. We should look to organisations in Banking, Mining and Resources and Government – these industries have been engaging in sustainability reporting for significantly longer than others. Over 20% of business leaders in these organisations say they have been reporting on sustainability for more than five years.

THE BIG PICTURE ON SUSTAINABILITY REPORTING

We asked the entire cohort what they saw as the benefits of sustainability reporting and presented a list of options from which they could choose one or more. Less than 1% of respondents indicated there were no benefits to behaving sustainably, which highlights the strong level of in-theory commitment to sustainability among business professionals.

The four top benefits cited were:

- 1) Reputation management; building brand, goodwill and public trust, stronger relationships with communities (74%),
- 2) Minimised environmental impacts; cost savings and creation of business efficiencies (68%),
- 3) Employee satisfaction; improved capacity to attract and retain talented staff, reduced hiring and retention costs (64%),
- 4) More healthy, productive and motivating workplaces (63%).

Almost half of respondents (44%) agree that the benefits of sustainability reporting outweigh the costs – a critical step for organisations is recognising the long-term benefits of a sustainable business model, enabling them to look beyond the short-term costs of switching to a measuring and reporting model for sustainable business. While in an ideal world this figure would be higher, it is encouraging to note that already almost half of individuals have cleared this mental hurdle.

ROLE OF PROFESSIONAL ASSOCIATIONS

Over two thirds of respondents felt that professional associations and industry bodies need to actively encourage members to engage in sustainability reporting.

This is a huge burden of responsibility – but also a significant opportunity – for associations, the majority of which are yet to begin sustainability reporting in accordance with global standards.

PERCEPTIONS OF THE FUTURE OF SUSTAINABILITY REPORTING

While a quarter of individuals (24%) felt that the Global Financial Crisis had slowed their organisation’s activities in the area of sustainability, almost a half (47%) said that in five years’ time the majority of businesses in Australia will be producing sustainability reports.



Question: What do you believe are the benefits to organisations of making a formal commitment to behaving sustainably?
Base: All respondents

MOTIVATIONS FOR SUSTAINABILITY REPORTING

The survey captured the attitudes of over 5000 business leaders (those who indicated in the survey that they are currently in a leadership position with regular decision-making responsibilities for the direction of their organisation).

When asked what was their organisation’s motivation for undertaking sustainability reporting, almost half (47%) of business leaders in reporting organisations said there were no pressures – that it was deemed to be the right thing to do by the leadership of the organisation. When this result is taken in conjunction with the finding that almost 75% of individuals believe that reputation management is a benefit of a commitment to sustainability, it indicates a high level of pressure in the community to support sustainability initiatives. Whether it is considered the right thing to do on moral or pragmatic grounds is difficult to determine from the data; however, the practical effect is the same: in order to maintain reputation, organisations must consider sustainability issues.

The remaining half of business leaders (those not in the group who said there were no pressures) selected a variety of external pressures that prompted them to begin, with ‘wanting to be considered for responsible / ethical investment funds’ a significant driver. Internal pressure from staff, while a low proportion (11% selected this), indicates a level of feeling among employees that is strong enough not to be ignored and, indeed, to drive leadership behaviour.



Question: What pressures influenced your organisation’s decision to start sustainability reporting?
Base: Leaders who undertake sustainability reporting

EXTERNAL PRESSURES TO UNDERTAKE SUSTAINABILITY REPORTING

As community support for sustainability grows, the supply chain implications of sustainability reporting will potentially be immense. Now is the time for organisations not undertaking sustainability reporting to start looking at it as a business imperative.

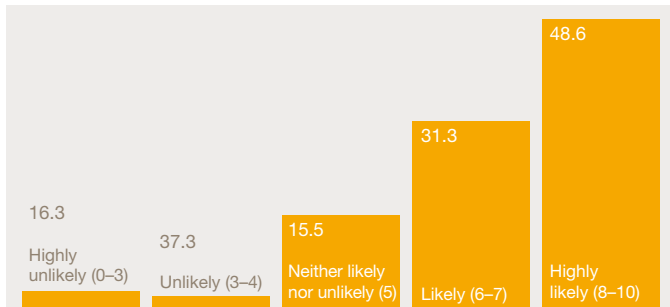
The survey found that, already, 57% of business leaders in reporting organisations say they give preference to suppliers with a good sustainability profile.

Similarly, the overwhelming majority of leaders in reporting organisations say it is likely or highly likely that their organisation will require those in their supply chain to meet certain sustainability standards in the future.

Those not currently engaging in sustainability reporting have possibly lagged behind because the pressures have not yet materialised for them: over 60% said their organisation had not been asked about their sustainability reporting.

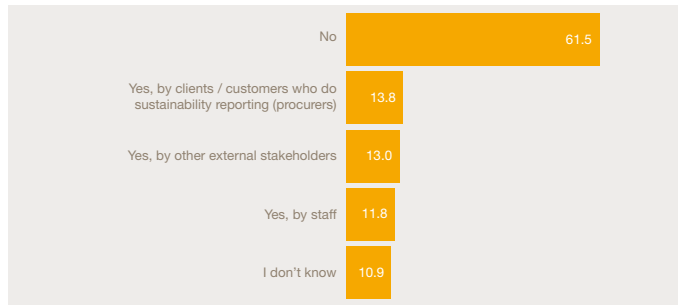
However, the fact that around one in eight leaders indicated they had been asked by clients or customers, by other external stakeholders and/or by staff indicates that few organisations are immune to pressure to make a commitment to sustainability. And certain industries experience far greater pressures: over 20% of leaders in manufacturing, utilities, engineering and architecture have been asked by customers about their sustainability practices.

Likelihood of sustainability of supply chain being a requirement for business in the future
%



Question: How likely is it your organisation will require those in your supply chain to meet certain sustainability standards in the future?
Base: Leaders who undertake sustainability reporting

Queries about position on sustainability practices
%



Question: To your knowledge, has your organisation ever been asked about sustainability reporting?
Base: Leaders who DO NOT do or don't know if they do sustainability reporting

OBSTACLES TO SUSTAINABILITY REPORTING

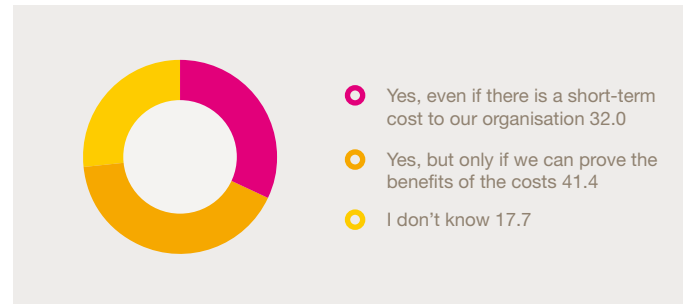
Among the 3342 business leaders whose organisation has not yet started sustainability reporting, while 20% said it was only a matter of time before they started, the majority of the remainder cited the main reason as: 'It is not relevant to us (e.g. we are too small, do not have a significant environmental impact, we are a not-for-profit organisation)' (42% overall).

This highlights a significant knowledge gap in the business community about sustainability reporting. As supply chain pressures trickle down to small-to-medium enterprises and not-for-profit organisations from large publicly listed organisations with a sustainability mandate, sustainability reporting will be seen as relevant to all organisations. As only 5% believe that sustainability reporting is 'just a fad', this realisation is probably closer than the results would indicate.

In addition, the peer pressure in the business community is only likely to grow, with over 40% of leaders in organisations with revenue of over \$50 million saying that it is only a matter of time before they start sustainability reporting.

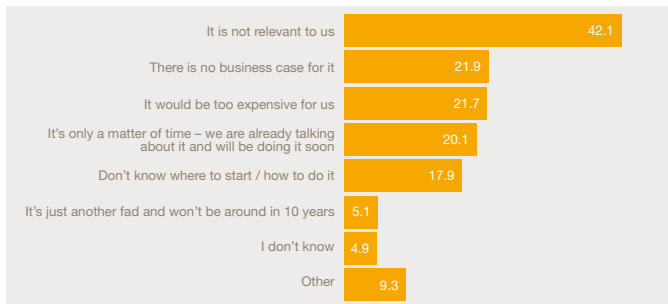
As well as this peer pressure, there is a substantial level of personal interest among leaders in non-reporting organisations, which bodes well for uptake of sustainability reporting. When they were asked if they'd personally like to see their organisation engage in sustainability reporting, 73% said yes, with almost a third (32%) agreeing even if there is a short-term cost to their organisation.

Leaders' stance on sustainability reporting



Question: Would you personally like to see your organisation engaging in sustainability reporting?
 Base: Leaders who DO NOT do or don't know if they do sustainability reporting

Reasons for not committing to sustainability reporting



Question: What might be the reasons your organisation has not engaged in sustainability reporting thus far?
 Base: Leaders who DO NOT do sustainability reporting

EMPLOYEE VIEWS ON OBSTACLES TO REPORTING

The community feeling of support for sustainability is echoed at the employee level.

We asked the 3461 employees in non-reporting organisations surveyed what the biggest obstacle preventing their organisation from engaging in sustainability reporting was. While a substantial proportion said they just didn't know (26%), a quarter (25%) cited lack of leadership interest or commitment. This is notable, given the level of personal interest among leaders demonstrated in the previous section. This gap between the perceptions of leaders and those of employees indicates a need to communicate better with staff on this issue.

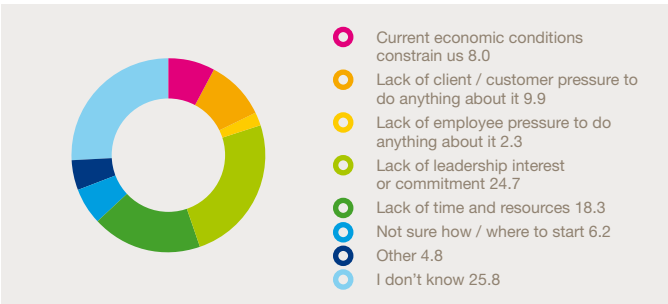
This finding is reinforced when we look at what employees in non-reporting organisations have done to encourage sustainable practices in their workplace. While 13% of individuals said they haven't done anything because they are not interested, more than half (53%) have thought about it, but have done nothing.

Employees' initiatives to encourage sustainability reporting



Question: What have you personally done to encourage your organisation to tackle sustainability issues?
 Base: Employees whose organisation DOES NOT do or who don't know if they do sustainability reporting

Perceived obstacles in committing to sustainability reporting



Question: What do you perceive is currently the single greatest obstacle to commencing sustainability reporting in your organisation?
 Base: Employees whose organisation DOES NOT do or who don't know if they do sustainability reporting

SUSTAINABILITY REPORTING AND STAFF ATTRACTION, SATISFACTION AND RETENTION

The results in this section are based on 2028 employees who say that their organisation is currently undertaking sustainability reporting, and 3461 employees who say that their organisations does not do sustainability reporting, or who don't know whether it does or not.

Employee satisfaction is likely to be supported and enhanced by sustainability reporting: employees report feeling more proud of their organisation as a result of them tackling sustainability issues (54%).

And there are flow-on effects for productivity; a substantial proportion also report feeling their workplace is healthier and more productive (52%) and wanting to work harder to make our organisation successful (30%) as a result of sustainability activities in their organisation.

In particular, organisations should note the benefits of promoting their sustainability profile to potential recruits: 41% of employees in reporting organisations agreed that if they moved organisations they would not want to work somewhere that doesn't tackle sustainability issues.

These effects are even starker among employees whose organisation is not yet doing sustainability reporting: 70% agree 'I would feel we were promoting a healthier and more sustainable organisation', almost half would be more proud of their organisation (48%), almost a quarter would feel more loyal to their organisation (23%) and about one in five would want to work harder to make their organisation successful (20%), if the organisation made a commitment to sustainability reporting.

Effect of acting sustainably on employee behaviour %



Question: If my organisation were to make a commitment to sustainability reporting, I would ...?
 Base: Employees whose organisation DOES NOT do or who don't know if they do sustainability reporting

Personal feelings regarding employers commitment to sustainability %



Question: What are the outcomes for you personally of your organisation tackling sustainability issues?
 Base: Employees whose organisation does sustainability reporting

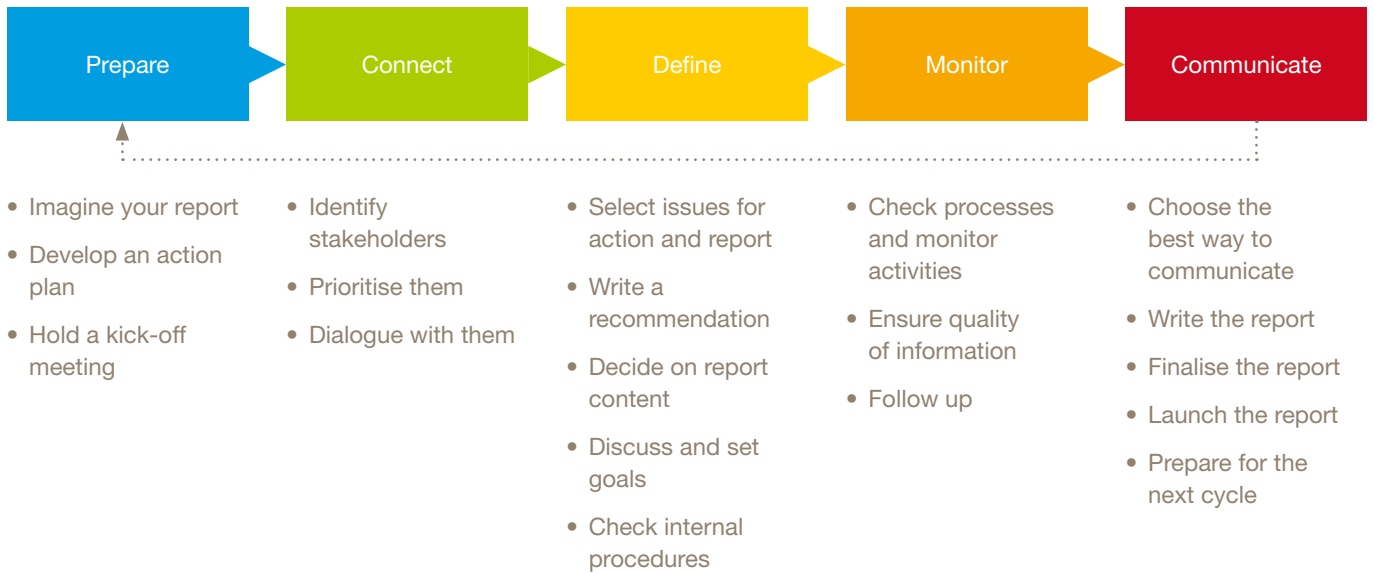
PRACTICAL TIPS FOR STARTING SUSTAINABILITY REPORTING

The Global Reporting Initiative (GRI) develops the world’s most widely used sustainability reporting framework. In 2008, the GRI established a Focal Point – housed at St James Ethics Centre (SJEC) as part of the Federal Treasury funded National Responsible Business Practice Project. <http://thehub.ethics.org.au/gri/>.

Small-to-medium enterprises interested in starting sustainability reporting can also join **the Good Business Register** (www.goodbusinessregister.com.au) to share experiences with other organisations starting the reporting journey. This register has been developed as part of the National Project and has been mapped to GRI Indicators.

The GRI Reporting Process summarises the main steps to starting sustainability reporting.

GRI REPORTING PROCESS



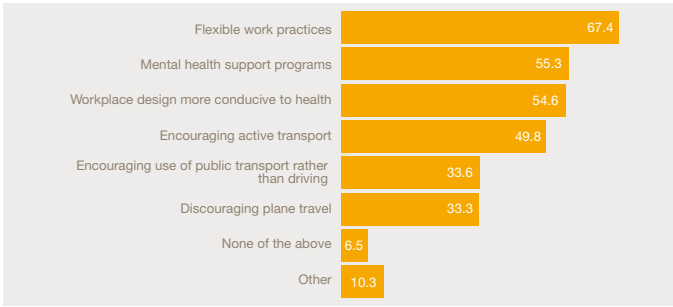
HEALTHY WORKPLACES

The study found that organisations that conduct sustainability reporting have a high proportion of employee health initiatives in place. People management policies are an important part of sustainability reporting in accordance with global standards, and these results might support and in part explain the employee satisfaction findings of the previous section.

Flexible work practices are the most common employee health initiative, followed by mental health support programs, with the majority of employees saying these are in place in their organisation. Reporting organisations should highlight these people management initiatives in the context of their sustainability activities – this will broaden employees’ understanding of the broader concept of sustainability, and demonstrate that sustainability is embedded in the organisation’s systems and processes.

Awareness of employers’ employee health initiatives

%



Question: What sustainability initiatives related to employee health is your organisation implementing to your knowledge?

Base: Employees whose organisation does sustainability reporting

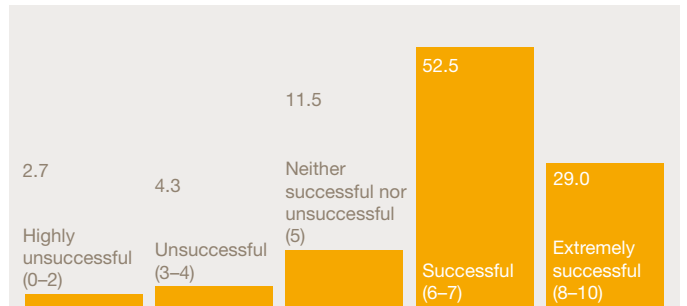
SUCCESS AT EMBEDDING SUSTAINABILITY REPORTING

Employee attitudes about sustainability reporting are likely to be influenced by the way it is communicated to them. Their opinions on whether they feel their organisation is making a real difference are important and give an indication of the likely longevity and success of the reporting.

Over half of employees in reporting organisations heard at least monthly about what their organisation is doing in the area of sustainability reporting. Around 30% of organisations have some work to do, with employees only hearing about the activities once or twice a year.

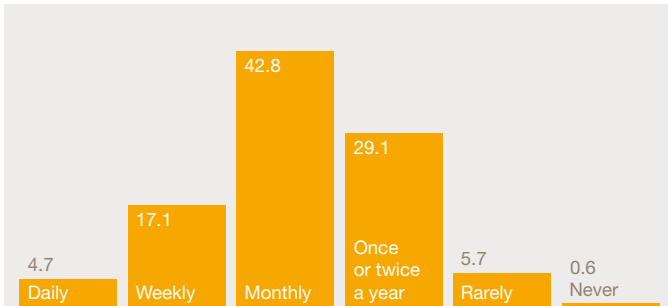
Around 80% of employees in reporting organisations said their organisation was successful in making real changes in the area of sustainability.

Employees perceived success of their organisations sustainable practices
%



Question: How successful do you believe your organisation is in making real changes in the area of sustainability?
Base: Employees whose organisation does sustainability reporting

Awareness of employers' sustainability practices
%



Question: How often do you hear about what your organisation is doing in the area of sustainability?
Base: Employees whose organisation does sustainability reporting

DISCUSSION AND IMPLICATIONS

The results of this report support the growing body of research that suggests a solid business case for sustainability reporting.

A WIN-WIN SITUATION

Leading companies are not usually undertaking sustainable development strategies and actions from a sense of philanthropy only; they are aiming to achieve win-win benefits with their stakeholders. From this study and other detailed case studies of advanced sustainability companies (Goldsmith and Samson, 2005¹), we find that addressing sustainability issues gives companies and their executives the opportunity to implement their business strategies more effectively. Sustainability is not separate from their mainstream business strategies and is not just done for charitable reasons, but is part of, and relates to, the businesses mainstream. Only when embedded in business strategy do sustainability activities become sustainable! On the other hand, when it starts as a charity or fad, there it finishes.

EFFICIENCY BENEFITS

Underpinning leading sustainability actions are three major categories of business advantage, namely efficiency, reputation and market edge (Goldsmith and Samson, 2005¹). Efficiency can come from such simple yet powerful actions as cost reduction through waste reduction, energy auditing and reduction of use, becoming paperless or close to it, recycling materials, and reducing transport tasks by examining methods and optimising resources allocated to these activities. For companies that have not examined these issues or not done so recently, there may be large and direct 'cost-reduction' benefits waiting to be harvested.

REPUTATION BENEFITS

Reputation benefits can come from 'doing the right thing' by stakeholders, such as when mining companies deal favourably with local small businesses and employ and train local people. This reputational edge helps with future access to resources and markets. Organisations with a reputation for doing good things are often more attractive in labour markets, helping them in the 'war for talent'. Those that invest in providing employee benefits receive back from their staff an increased motivation and productivity – this common sense approach is supported by the results in this study. Reputation also

counts with governments, which increasingly award business contracts on the basis of a broad range of criteria that includes demonstrable (measured) sustainability performance.

COST-BENEFIT ANALYSIS

How much and what types of sustainability actions should an organisation undertake? Although sustainability actions are usually not free to implement, the benefit-to-cost ratio can be maximised through a broad consideration of the benefit categories here described, and through taking an incremental approach to the investments. There are usually some significant 'low hanging fruit' waiting to be picked. Then there are more substantial reputation factors that bring longer-term advantages. This can include anything from stakeholder engagement to product and services redesign. The main criterion for assessing these should be 'strategy effectiveness'.

ACT NOW FOR THE LONGER TERM

Hence a formal commitment to sustainability needs to be considered within the context of risk analysis as well as cost-benefit analysis over at least two time horizons; short-term direct efficiencies, and medium- and longer-term productivity and reputation factors.

Increasingly there is also an investment attractiveness factor, which links up sustainability activities and performance measures with the perceived (and actual) riskiness of an organisation, when considering it as an investment prospect.

Perhaps the most compelling recent illustrative case of advancement in sustainability reporting and activity is the mining industry, in which Australia is the world's leader. The mining industry has come very far in the past decades, having realised that, with poor performance environmentally and low stakeholder engagement, their position was, literally, not sustainable. Mining companies are today generally very active in pursuing cost reduction through waste and energy reduction, building strong relationships and benefits for local stakeholders and undertaking comprehensive measurement of their achievements. The good news for people, productivity and the planet is that the same forces that have led most mining companies to move forward actively in sustainability activities and reporting are increasingly influencing other organisations and industries.

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