

## Profits and Sustainability

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Can profits and sustainability coexist? A growing number believe it is possible, and more businesses are going along the green way.

Sustainable business is an enterprise that has minimal negative impact, or potentially a positive effect, on the global or local environment, community, society, or economy. It follows the Triple Bottom Line: economic, social and environmental sustainability. Among others, sustainable businesses have progressive environmental policies (Fig. 1).

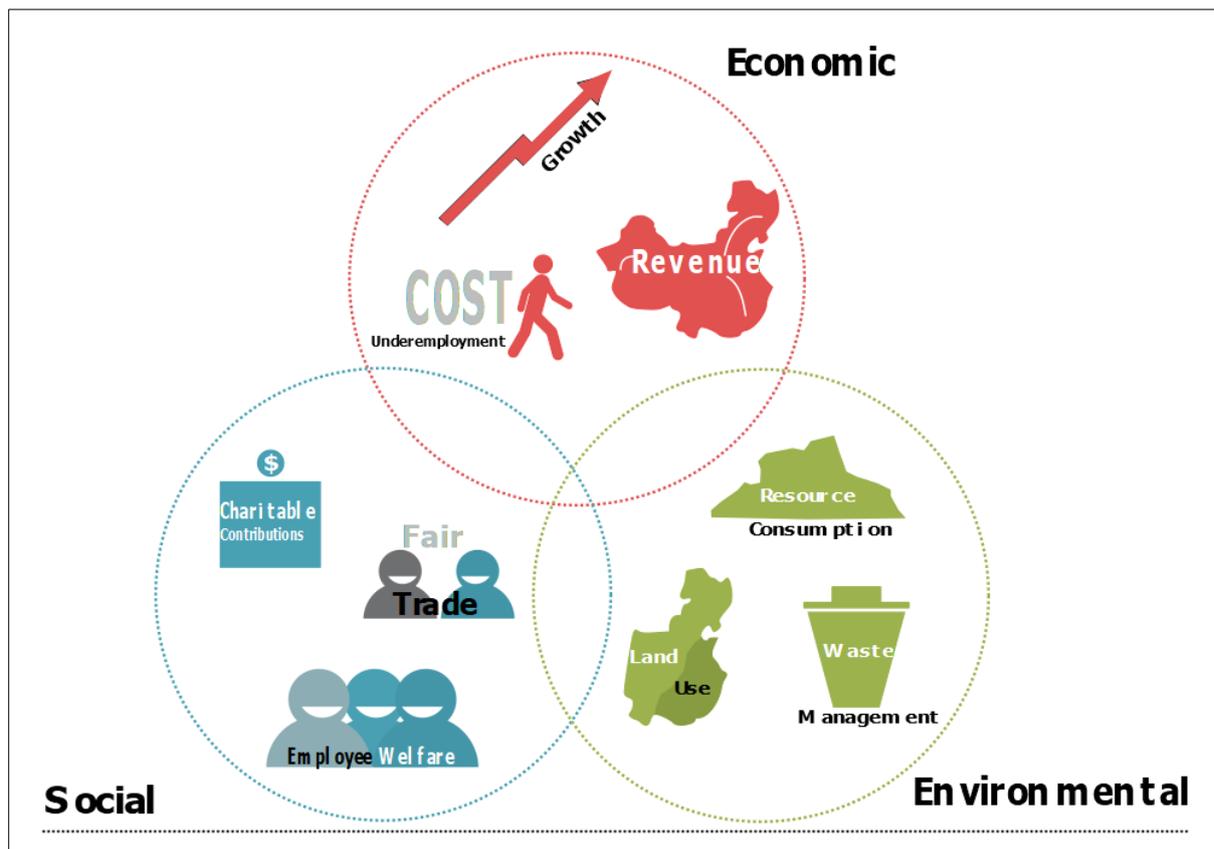


Fig. 1: The Triple Bottom Line of Sustainable Business.

A business is described as “green” if it matches the following four criteria:

1. The business incorporates principles of sustainability into each of its business decisions.
2. The business supplies environmentally friendly products or services that replace demand for non-green products and/or services.
3. The business is greener than traditional competition.
4. The business has made an enduring commitment to environmental principles in its business operations.

One the goals of a sustainable business is to eliminate or decrease the environmental harm caused by the production and consumption of their goods. Such businesses take a wide range of green initiatives from going paperless or sending electronic correspondence in lieu of paper when possible to *refurbishing used products* (e.g., tuning up lightly used commercial fitness equipment for resale); *revising production processes* to eliminate waste (such as using a more accurate template to cut out designs); and choosing nontoxic raw materials and processes.

Currently, “green” investment firms are consequently attracting unprecedented interest. These firms usually employ circular business models: business models that are closing, narrowing, slowing, intensifying, and dematerialising loops, to minimise the resource inputs into and the waste and emission leakage out of the organisational system. This comprises recycling measures (closing), efficiency improvements (narrowing),

use phase extensions (slowing or extending), a more intense use phase (intensifying), and the substitution of product utility by service and software solutions (dematerialising).

Among the challenges green businesses face is that by implementing sustainable business, practices may have an effect on profits and a firm's financial 'bottom line'. Also, if an organisation's current business model is inherently unsustainable, becoming a truly sustainable business requires a complete makeover of the business model (e.g. from selling cars to offering car sharing and other mobility services). Despite these challenges, several high-profile companies are leading the way in sustainable business practices that take advantage of sustainable revenue opportunities.

Europe is front-and-center in the tidal shift towards more sustainable business, driven by far-reaching regulations, according to Toronto-based media, research and financial information company *Corporate Knights'* 2020 Global 100 ranking of the world's most sustainable corporations. Nearly half the world's most sustainable companies are located in Europe. Companies were weighted according to 21 key performance indicators across these categories, among others:

- Resource management (energy, water and waste production, greenhouse gases and other emissions)
- Clean revenue (percentage of total revenue derived from "clean" products and services)

Australia has two companies that are included in Corporate Knight's 2020 Global ranking: National Australia Bank Ltd (ranked 42nd), and Westpac Banking Corp (ranked 75th). In Queensland, one company is leaps and bounds ahead in integrating sustainability in their business philosophy.



*Fig. 2. Sunny Verghese, founder and CEO of Olam International.*

Sunny Verghese, founder and CEO of the world's third largest agricultural conglomerate *Olam International* is at the forefront of sustainable business (Fig. 2). He said that farmers cannot expect to make profits year in and year out anymore, but instead must find ways of coping with drought and adapting to mitigate the impacts of climate change. According to Verghese, we have to find ways of coping with current realities and adapting to mitigate the impacts of climate change through employing artificial intelligence, big data genetics, adopting the latest technologies.

The United Nations Food and Land Use Commission reports that while the total value of all food production globally is US\$ 10 trillion annually, the real cost of producing that food including degraded land, forests, biodiversity and water resources was US\$ 12 trillion, costing the world a net deficit instead. Because of this, Verghese is convinced that the whole food and agricultural system is broken.

Vergheze is aware that agricultural and food production accounts for 25% of global greenhouse gas emissions, and 75% of biodiversity loss. According to him, this is not sustainable and is causing irreversible climate change and believes that the only way to fix the system is to transform the way we do agriculture; producing more food and fibre with less waste, less water, less land and less emissions.

His company has instituted green practices from procuring cutting edge technology to reduce water consumption, developing carbon emissions tracking app to all employees, to calculating carbon footprints of every flight taken, meal eaten, champagne flute drunk and limousine used and offsetting these by planting thousands of shaded trees around Olam's global pepper plantations. Vergheze is also determined to use the corporate power of Olam to advocate for a carbon trading price, carbon tax and mandatory carbon emissions and waterwise disclosures on every food brand and product sold in all countries where it farms or processes food - including Australia.

If large agricultural conglomerates like Sunny Vergheze's Olam International managed to kick-start a green revolution, it is definitely possible for small and medium businesses in the region to follow suit.

"Forward thinking companies that adapt positively to the sustainable business agenda will be at the forefront of resource productivity, reducing waste and of environmental reporting. They and their management teams make things happen ahead of their competitors." - Michael Meacher, Environment Minister (addressing ENVEC, October 2002)

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