CATALYST CSR DASHBOARD
ENVIRONMENT SNAPSHOT
AUGUST 2013

CATALYST

The Catalyst Corporate Social Responsibility (CSR) Dashboard investigated what steps were being taken by 32 leading companies to improve environmental efficiency.[1]

Four indicators were developed to review performance. These covered Carbon Emissions, Energy, Water and Waste Efficiency. Each of the indicators looked at:

- Company revenue to emission (or efficiency) ratio relative to last year.[2]
- Performance against the sector benchmark.[3]
- The absolute emission in 2012 relative to last year.

The website provides a visual representation of the full results. The project did not make any evaluation about the quality or accuracy of environmental disclosures. Researchers are aware of studies that have found "irrelevant data, unsubstantiated claims, gaps in data and inaccurate figures" in environmental reporting, and Catalyst has made recommendations to improve the veracity of public information.[4]

Selective reporting

The difference in reporting between carbon and energy efficiency on the one hand and waste and water efficiency on the other was striking. Only three companies did not report on carbon emissions and four companies did not report energy usage. By contrast, eight companies did not report water usage and eight did not report waste production. An additional eleven companies reported some information in these latter areas, but provided no absolute figures for water usage or waste production.

Potential causes for the differences in reporting on these issues are multifold. First, carbon emissions and energy usage are issues that are far more topical than water usage and waste production. Second, there is seemingly more guidance when it comes to reporting carbon emission and energy usage. This is provided through the Carbon Disclosure Project (CDP) and National Greenhouse and Energy Reporting (NGER), the latter being mandatory for some companies. Third, it may be perceived that the financial benefits for efficiencies in carbon and energy are greater than they are for water usage and waste production. This is discussed below.

The role of public policy in lifting standards

Although carbon emissions and energy usage have been frequently discussed in public policy and in the media in the guise of climate change and the carbon tax, researchers expected water efficiency to be of equal concern in a country that has experienced extended periods of drought and water shortage over the last few years. Additionally, while reporting guidance does appear more elaborate when it concerns carbon emission and energy usage, reporting guidance for water usage and waste production also exists in the guise of the UN Global Compact's CEO Water Mandate and the Australian Packaging Covenant. These two initiatives do not require companies to report absolute figures. However the Global Reporting Initiative (GRI) indicators EN8 and EN22 address absolute water usage and waste production figures, just as indicators EN16 and EN3 do so for carbon emissions and energy usage. All four of these are core indicators.

Thus it appears companies are not taking advantage of these voluntary tools in the areas of waste and water, suggesting a need to raise awareness.

The argument that efficiency in relation to carbon emissions and energy usage provides greater financial benefit only holds ground to a certain extent. Perhaps there is more financial gain in carbon emission and energy efficiency, but water and waste efficiency also have the potential to reduce costs and increase a company's revenue, and appear to have been overlooked by companies.

CSR Dashboard Environment Results[5]

Carbon efficiency

Rating	No. of companies
Excellent	3
Above Average	7
Average	11
Below Average	8
None/Not Reported	3

Top 3 Performers

Downer EDI, Orica, Transurban

Twenty-nine out of 32 companies are registered with the Carbon Disclosure Project, which means that they report on carbon emission. Non-registered companies might report on carbon emission in their sustainability reports, with or without using GRI indicator EN16.

It is worth noting that sixteen out of 32 companies managed to lower their carbon emission in 2012 compared with the previous year. Sixteen companies emit less carbon than the global industry peer average. The 2012 carbon emission-revenue ratio was better for twenty-three of thirty companies compared with their 2011 ratio, meaning that more revenue was made per unit (tonne) of carbon emission. As positive as they are, it is important not to overstate these findings as data has only been gathered for one year which does not enable any trend analysis.

Energy efficiency

Rating	No. of companies
Excellent	4
Above Average	11
Average	10
Below Average	3
None/Not Reported	4

Top 4 Performers

Downer EDI, Crown Ltd, Ramsay Healthcare and Leighton

Seven out of 32 companies did not report to the NGER. Companies might also report on energy efficiency in their sustainability reports, with or without GRI Indicators EN3 & EN4.

The energy efficiency sub-indicators show that sixteen out of thirty companies are more efficient in their energy usage than in the previous year. In the absence of any industry average for energy efficiency, researchers looked at the proportion of energy that companies used in their sector and found that ten companies used less than one percent of the total energy used in their sector in Australia in 2011. Twenty-four out of thirty-two companies made more revenue per unit of energy used, leading to greater energy efficiency, while five companies had a worse energy usage-revenue ratio compared to 2011. Seven companies did not report their energy usage.

Water efficiency

Rating	No. of companies
Excellent	1
Above Average	1
Average	7
Below Average	14
None/Not Reported	9

Top 3 Performers

Woodside Petroleum (Excellent)

Orica (Above Average)

As noted previously, the ratings for water efficiency show that companies are paying less attention to environmental performance in this area compared with carbon and energy.

Nine companies out of 32 are registered with the water-reporting program of the Carbon Disclosure Project, whereas one company joined the UN Global Compact CEO Water Mandate. Non-registered companies might report on water efficiency, with or without GRI indicator EN8.

The high number of below average ratings for water efficiency related to companies reporting some information on water usage and initiatives to be more water efficient, without being transparent about the total amount of water used. A total of nineteen out of thirty companies do not disclose absolute water usage figures. The sub-indicators show that six out of thirty-two companies used less water in 2012 than in the previous year, while nine companies used less water than the global industry peer average. Seven out of thirty companies made more revenue per unit of water used, as a result of greater efficiency, while five companies had a worse water usage-revenue ratio compared to 2011.

Waste efficiency

Rating	No. of companies
Excellent	2
Above Average	2
Average	3
Below Average	16
None/Not Reported	9

Top 3 Performers

CSL, Telstra (Excellent)

Stockland, Origin (Above Average)

Similar to the water efficiency score, the majority of below average scores is due to companies reporting some figures in relation to waste production, such as waste to landfill or recycling figures, without providing absolute waste production figures. A total of nine out of thirty-two companies do not disclose waste figures, while twelve companies disclose some waste information but no absolute figures. Eight out of thirty-two companies produced less waste than in 2012, while all eleven companies that report absolute waste figures produced less waste than the global industry peer average. Four out of thirty companies made more revenue per unit of waste used compared to the previous year, as a result of improved efficiency, while seven companies had a worse waste usage-revenue ratio.

Summary

In summary, companies should adopt a more consistent approach to disclosure across the spectrum of environmental indicators. To date, attention has been focused on carbon and energy usage. Both are areas informed by external guidance, including mandatory reporting under the NGER act. Initiative in these areas sits in stark contrast to the approach taken to addressing water and waste efficiency, where companies appear to lack initiative despite some guidance being available through the GRI and other voluntary tools. It is clear that companies would benefit from further encouragement in these areas, resulting in greater efficiency and reduced costs for business and improved environmental outcomes.

---

[1] The CSR Dashboard investigated six topic areas: Environment, Community Investment, Labour Standards, Supply Chain, Gender Equality and Sustainability Engagement. The companies selected for review are leaders in their sector according to the according to the ASX Global Industry Classification Standard, a system developed by Standard and Poor's ratings services. For an overview of this project, see *A More Complete Picture of Sustainability*.

[2] For example the amount of carbon emissions as a proportion of revenue in 2012 compared with 2011, Energy Efficiency relative to revenue in 2012 compared with 2011 and similar metrics for Water Efficiency and Waste Efficiency.

[3] The benchmark for carbon, water and waste is based on external data purchased from Trucost, a global organisation that provides comprehensive data on corporate environmental impacts.. See www.trucost.com In the case of Energy Efficiency this assessment was against national benchmark for the sector based on data extracted from the 2012 Australian Energy Update, published by the Bureau of Resources and Energy Economics.

[4] Juliette Jowit "Howlers and omissions exposed in world of corporate social responsibility" www.theguardian.co.uk November 24, 2011. The article refers to an examination of more than 4,000 corporate social responsibility reports by a team of researchers at Leeds University and widespread errors in environmental disclosures. Limitations on the use of public data are addressed in *A More Complete Picture of Sustainability*; and recommendations are outlined in *Sustainability Performance Snapshot*

[5] Note two of the 32 sample companies had not released their Sustainability Report at the time of publication. This information will be added to the CSR Dashboard website when available.