

## Legislating for Beyond Compliance Sustainability

One of the issues faced by environmental protection agencies nowadays is how to manage, and be seen to be managing environmental performance of organisations when there is an increasing trend towards moving to a beyond compliance approach. A myriad of voluntary drivers for positive sustainable performance have emerged in recent years, including socially responsible investment, reputation indices, sustainability awards, government recognition in providing approvals and most importantly risk management and positive community/customer response. This has meant that organisations are moving to corporate sustainability strategies, which by nature tend to cast beyond regulatory thresholds. Tools such as sustainability reports, environmental accounts and triple bottom line strategies are becoming a core part of corporate lingo.

In this climate of corporate change, environmental protection agencies are searching for instruments to capture the outcomes of some of these emerging corporate practices. Partnership programs with industries, development of best practice tools and benchmarks and encouraging voluntary codes and signatory programs are becoming a core part of their mandate. One tool that clearly seeks to 'legislate' for a beyond compliance approach is EPA Victoria's Sustainability Covenants. The EPA describes sustainability covenants as being voluntary agreements through which EPA Victoria and a company, a group of companies or an industry sector can explore new commercial opportunities by using creative ways of reducing the environmental impact of their products and services. It further goes on to say that sustainability covenants are an instrument that can add to the options provided by the other statutory tools within the (Environmental Protection) Act by providing an opportunity to focus on issues such as product design and broad ranging business, social and environmental considerations, as opposed to a sole concentration on traditional point source management.

The first such sustainability covenant was signed earlier this year between the EPA and VicSuper. VicSuper is the corporate trustee of VicSuper Fund, one of Australia's largest regulated superannuation funds with more than 177,000 members and over \$1.9 billion in assets under management. VicSuper is one of several 'non-traditional' organisations that are pioneering a transition to a sustainability focussed management philosophy. Indeed, VicSuper was the recent winner of two business category awards at the 2003 Banksia Environmental Awards, including the award for Business Environmental Responsibility and Leadership. According to VicSuper Chief Executive Bob Welsh, 'There is a strong link between superannuation and sustainability practices. Super isn't about getting rich overnight. It's about accumulating wealth over a working lifetime. To create wealth for our members we need healthy economies in which to invest. Healthy economies require healthy societies. Healthy societies need a healthy natural environment....Sustainability is our central operating principle and underpins everything we do. This means integrating economic, social and environmental considerations into all our decision support systems.'

In this global climate of increasing corporate tendency to move to a beyond compliance focus on matters relating to environmental and social risks and opportunities, I believe implementing tools such sustainability covenants will become central to the role that environmental agencies will play in the future.

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