



Sustainability SMART[©]

(Sustainability Self-Managing Assessment and Rating Tool[©])

A training and diagnostic aid for organisations seeking to improve their understanding and capability in the area of sustainability performance.

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Organisations are increasingly embracing the principles of sustainable development. Many organisations now believe this principle is fundamental to their future continued success and growth.

Sustainability SMART[©] provides a systematic and proven approach for organisations to use on their sustainability journey: as a self-diagnostic tool to build internal capacity, and to facilitate learning and benchmarking. It also provides a basis for performance evaluation of business units and the supply chain. The performance ranking approach in Sustainability SMART[©] enables results to be verified or audited in a manner similar to that used for management systems.

Sustainability SMART[©] is not a reporting tool but will assist organisations that are planning to produce external reports, particularly through its focus on performance assessment.

The following pages provide an insight into the structure and function of Sustainability SMART[©]. The examples are drawn from the recently updated “Manufacturing” version. Sustainability SMART[©] can be applied in segments and may be customised to suit any industry sector.

Sustainability SMART[©] provides a systematic and proven approach that organisations can use as a self-diagnostic tool and to build internal capacity, facilitate learning and benchmarking. Its sustainability indices also provide a basis for performance evaluation of business units. The performance ranking approach in Sustainability SMART[©] enables results to be verified or audited in a manner similar to that used for environmental management systems.

Sustainability SMART[©] is not a reporting tool but will assist organisations who are planning to produce external reports, particularly through its focus on performance assessment.

The initial version of Sustainability SMART[®], the Boral Sustainability Diagnostic Tool (BSDT), was initially developed in 2001 for Boral Limited, an Australian based multinational construction materials and building products group headquartered in Sydney, and has been applied across Boral's 55 Australian and US operations in 2001, 2003 and in 2005. The scoring indices incorporated within the BSDT are being utilised to monitor sustainability performance across businesses and to identify areas of best practice. The latest version of Sustainability SMART[®] incorporates a number of refinements that reflect recent developments that have occurred in the overall understanding and application of sustainability principles. The changes also reflect the broader understanding within companies operating in accordance with sustainable development principles and the associated business implications.

Sustainability SMART[®] is particularly well suited for use by business units and corporate functional areas within organisations to evaluate their performance from a sustainability standpoint and to provide guidance on further activities that could be undertaken in order to improve.

Table 1 describes an indicative set of twenty sustainability elements, appropriate for say a large manufacturing company. The descriptions of the four stages of sustainability development for each element are provided in a continuous improvement format that provides the user with an easy ability to ascertain the current sustainable status and understand the progress required to achieve higher levels. A sample of the generic definitions for these are set out in Table 2. The Sustainability SMART[®] Element 2.2 Procurement and Supply Chain example shown in Table 3 shows some of the sustainability aspects for a specific business and enables the user to select the stage of development or progress relevant to their organisation or business unit etc. The numerical score for sustainability status for each element is then applied using the rating ruler. A weighting can be applied to individual elements if desired – this provides the opportunity to give extra importance to certain sustainability elements as required. An assessment / review form is also available for recording specific programs, documents or activities that relate to the element and is useful as a reference for subsequent assessments or comparisons across businesses.

The sustainability diagnostic tool was initially developed in 2001 for Boral Limited, a multinational construction materials and building products group headquartered in Sydney Australia, and has been applied across Boral's Australian and US operations in 2001, 2003 and 2005. The business self-assessments using the Boral Sustainability Diagnostic Tool (BSDT) form a fundamental part of the company's efforts to integrate sustainability awareness and practice into its operations. The scoring indices are used to monitor sustainability performance across the businesses and reported in the annual Boral Sustainability Report (www.boral.com.au – follow the links to Corporate, Community and Environment and the Annual Sustainability Report).

The original twenty element Sustainability Diagnostic Tool concept has been tailored for various applications including:

- medium sized enterprises using ten elements (see Table 4) being applied in association with Good Karma (www.vida.com.au/goodkarma)
- a sales oriented pharmaceutical company, using twelve elements (see Table 5).

For additional information on of Sustainability SMART[®] and its potential application in your organisation please contact:

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Objectives of Sustainability SMART[©]

- Self-diagnostic tool with whole or part of business approach
- Address key management issues including:
 - Corporate Responsibility
 - Sustainability
 - Governance
- Raise awareness of issues across functional areas
- Facilitate learning and benchmarking across business units/companies
- Can be targeted at various management levels
- Provides numerical performance indicator
- Provides basis for performance evaluation
- Auditable / verifiable
- Focused on internal capacity - not reporting
- Supports reporting needs
- Can be customised to different sectors

Table 1. Sustainability Aspects (indicative – customisable for industry sector, size, etc)

1. Business Management for Sustainability	1.1	Scope of Commitment
	1.2	Management Systems – Quality, Environmental, Health & Safety
	1.3	Accountability, Compliance Review and Reporting
	1.4	Risk Management – New Business and/or New Development, Plant and Equipment
	1.5	Continuous Improvement
	1.6	Planning, Budgeting and Cost Controls
2. Marketplace	2.1	Business Ethics and Corporate Governance
	2.2	Procurement and Supply Chain
	2.3	External Relations and Communications
3. Workplace	3.1	Communications, Awareness and Training
	3.2	Employee and Labour Relations
	3.3	Health, Safety and Well Being
4. Community	4.1	Community Relations and Engagement
5. Environment	5.1	Environment and Ecosystem Protection & Land Protection
	5.2	Resources Management, Recycling and Re-use
	5.3	Energy Conservation and Climate Change

Table 2. Generic Definition of Sustainability Performance Levels A full unit of performance indicates that overall the corresponding level is essentially satisfied, e.g. a score of 1 means that “on balance” the business effectively meets the requirements as defined in the Level 1 column.

Indicative sample only of comprehensive sustainability evaluation criteria

	Level 1 - Reactive	Level 2 – Pro-active	Level 3 – Sector / Industry Best Practice	Level 4 – World Best Practice				
Planning	<ol style="list-style-type: none"> No evidence that a sustainability approach is considered. Business is reactive to compliance requirements. No systems based approach. . 	<ol style="list-style-type: none"> Sustainability issues relevant to this Element are being considered in decision-making and in the achievement of governance. Business is proactive to compliance requirements. . . 	<ol style="list-style-type: none"> . Sustainability approach guides development of normal and strategic planning. Evidence of regular management review and improvement across majority of activities. 	<ol style="list-style-type: none"> . Range of relevant management systems/control mechanisms and review processes are fully integrated and institutionalised. . 				
People	<ol style="list-style-type: none"> Minimal awareness of sustainability. Minimal stakeholder engagement. 	<ol style="list-style-type: none"> . Stakeholder engagement occurs from time to time depending on Business priorities. 	<ol style="list-style-type: none"> . Systematic approach to instigating continual learning within the organisation. . 	<ol style="list-style-type: none"> . . Stakeholder engagement is proactive and forms part of the decision making process. 				
Performance	<ol style="list-style-type: none"> . Positive trends are driven entirely by regulatory change. No improvement activities in place. . 	<ol style="list-style-type: none"> Achieving compliance with regulatory requirements where relevant in a proactive manner. Business is starting to implement improvement and review programs. . . Evidence that improvement is being achieved in some areas. 	<ol style="list-style-type: none"> Achieving compliance with standards that are not mandated and/or go beyond regulatory requirements. . Positive trends in performance in most aspects of the Element. Among “best in class” in industry sector. . 	<ol style="list-style-type: none"> . Industry peers consider the Business to be a Global Competitive Leader/ Champion. Positive trends in performance in all aspects of the Element. . . 				
	0.5	1	1.5	2	2.5	3	3.5	4



Table 3. Example: 2.2 Procurement and Supply Chain (abbreviated sample of criteria only)

2. Supply Chain Management		2.1 Procurement and Supply Chain							
Not Applicable	Level 1	Level 2	Level 3	Level 4					
Not applicable to the Business.	<ol style="list-style-type: none"> 1. The Business encourages contractors and suppliers to comply with relevant legislation. 2. . 3. . 4. No evidence of performance evaluation by procurement functions against EHS criteria. 	<ol style="list-style-type: none"> 1. Preference is given to purchasing safe and environmentally superior products and materials and suppliers are encouraged to meet relevant environmental and workplace H&S standards. 2. The Business has identified key procurement and supply chain areas of EHS or sustainability risk and strives to trade with organisations that can achieve the desired standards. 3. . 4. . 5. The Business is involved in relevant industry programs and responds to government programs promoting sustainability in the marketplace. 6. . 	<ol style="list-style-type: none"> 1. Procurement and/or supply chain strategic plans incorporate clearly identified sustainability objectives and performance metrics and are applied 2. EHS / sustainability standards for procurement activities are in place and are supported by effective decision-making structures and resources. These include 3. Cross-functional procurement teams evaluate the performance of contractors' and suppliers' products and services 4. . 	<ol style="list-style-type: none"> 1. Supply chain programs include a strategic sustainability perspective 2. The Business is actively involved with supply partners in researching practices and other opportunities that improve 3. Supplier selection includes an evaluation of their sustainability priorities to identify and align common objectives. 4. Performance against agreed sustainability goals is monitored and joint improvement targets 5. The Business provides a leadership role in industry forums. 6. 					
N/A	0	0.5	1	1.5	2	2.5	3	3.5	4

Table 4. Example: Sustainability Diagnostic Tool – designed for Medium Sized Enterprises

PEOPLE (Staff & Community)	PLANET (Environment)	PROFIT (Business)
1. Staff Communications, Awareness and Training	4. Environment and Ecosystem Protection (land, water, air, etc.)	7. Governance and Business Ethics
2. Staff Health, Safety and Well Being	5. Waste Management, Recycling and Re-use	8. Management Systems – Risk, Quality, Environmental, Health & Safety
3. Community Relations and Engagement	6. Energy Efficiency & Conservation	9. Planning, Budgeting and Cost Controls
		10. Procurement & Marketing

Table 5. Example: Sustainability Diagnostic Tool – designed for Pharmaceutical Company

<u>People</u> Employees & Community	<u>Planet</u> Environment / Ecology	<u>Business</u>
P1 - Learning & Knowledge Management <ul style="list-style-type: none"> Tools to facilitate effective people management systems 	E1 - Resources & Waste Management <ul style="list-style-type: none"> Resource utilisation efficiency Recycling & Re-use Packaging Waste disposal 	B1 - Commitment & Accountability
		B2 - Innovation
P2 - Health, Safety & Wellbeing	E2 - Energy Conservation <ul style="list-style-type: none"> Buildings Transport & Distribution Vehicle / fleet management & maintenance 	B3 - Codes of Conduct & Business Ethics <ul style="list-style-type: none"> Sales standards & practices
P3 - Equity & Fairplay <ul style="list-style-type: none"> Recruitment Labour relations Pay practices Performance and behaviour standards 		B4 - Management Systems <ul style="list-style-type: none"> QA (ISO, Technical etc), GMPs Internal Operating Procedures <ul style="list-style-type: none"> Medical People management Finance (AHT) Asset management EHS System
P4 - Stakeholder Relations & Communications		B5 - Marketplace <ul style="list-style-type: none"> Procurement & Supply Chain Advertising
		B6 - Operational Planning & Budgeting