

WHAT'S BEHIND

# THE GREEN DOOR



The environment is sick and big business is largely responsible. For too long, the pursuit of wealth without consequence greedily saturated the free market and the result drained the environment of many of its ecosystems.

Now it's payback time! Kerry Dimmer explores the environmental footprint that big business has in South Africa

The environment can only be sustained by human awareness and the creation of a collective consciousness. Where better to start, therefore, than with big business? It already has a 'collective' spirit that realises the good and the harm it does with its presence. As technology advances, it is logical to think that the same technology should be used to facilitate a healthier way of doing business, to make reparations and heal our planet.

Such efforts require huge funding and governments cannot sustain this alone. We are living in an interdependent world where a country's economy is largely inseparable from the resources of its land.

If the land fails to regenerate, the effect is a tsunami-like catastrophe. So many industries would be affected that a country such as South Africa, dependent on its mineral wealth, tourism and agriculture, could run the risk of total ecological and economic collapse.

We expect big business to have a social conscience. In most cases, large corporations tend to link their 'green contribution' to their core business or product. Indications are that South African businesses are just not doing enough. Peet du Plooy, the World Wildlife Fund's South African Trade and Investment Programme Officer is concerned: 'Despite South African companies being rated as the most "Responsibly Competitive" among all developing nations (by the Accountability Rating), environmental sustainability has only become a serious issue in the past year. Corporate environmental topics are generally supported through Corporate Social Investment (CSI) portfolios but we are seeing that the CSI spend on environmental projects is often a small percentage of overall CSI spend.

Considering that the environment forms the basis of our South African economy, this is a crucial oversight.'

Business Leadership South Africa determined some years ago that only four percent of CSI budgets actually goes directly to addressing environmental issues. The rest is granted to people-oriented projects probably because these are easy to market and judge effectiveness. This is not necessarily a bad thing because, as Du Plooy puts it: 'They all ultimately contribute to the long-term well-being of people in South Africa.'

There is one sector of big business that one would not ordinarily think of as having an incredibly big environmental impact but in fact, it is so huge that there is terminology specific to it ... sustainable banking! Banks are key levers of social change because of the investments they make, the loans they grant and the assistance they provide in development.

And there is a lot of power there ... a blessing or a curse? Again the WWF responds. Thérèse Brinkcate, Ecosystems Partnership Manager, confirms that the challenge for banks is to 'help create effective market-based solutions to address climate change, ecosystem degradation and other critical environmental issues, and to create new business opportunities that benefit

the environment.' In this vein, a number of leading banks joined together in 2003 to design The Equator Principles which provides a framework for banks to review, evaluate and mitigate, or avoid environmental and social impacts and risks associated with the projects they finance. Nedbank is the only South African bank to have signed on to The Equator Principles.

Nedbank has been lauded internationally for its very successful campaign of 17 years, The Green Trust, which is a partnership with WWF-SA. Brinkcate elaborates: 'In addition to seed capital, what Nedbank did was to implement a suite of affinity banking products – savings accounts, chequebooks and credit cards. These products allow Nedbank Green Affinity clients to support the aims of The Green Trust and WWF-SA, at minimal cost – or effort – to clients.'

More than R70 million has been accrued from The Green Trust by what Brinkcate describes as 'this catalytic power of the collective.' And more than 125 conservation and environmental projects have benefited, with the focus on community-based conservation and species of special concern. Nedbank looks at its own direct and indirect impact on the environment such as its buildings and loan schemes.

There is more to sustainable banking than just gaining good press. 'Maintaining intact ecosystems will ultimately help buffer against the impacts of increased extreme events that will take place as a result of climate change,' says Brinkcate. 'Banks, for instance, that invest in the agricultural sector are at risk of losing returns on investment through increased periods of drought. Ensuring that fresh water resources remain intact is key to reducing this risk.'

Sanlam is also making inroads with sustainable banking methods. Its CSI budget is directed at taking leadership on nationally important issues (such as water management) in order to have a far-reaching positive impact on environmental, social and economic matters. Currently Sanlam is the key financial supporter of the WWF's Sanlam Living Waters partnership, a marine and freshwater programme. Dr Deon Nel is the manager and explains that there are five pillars to Sanlam's plan: contributions to conservation work, joint communications and marketing, improving Sanlam's sustainability practices,



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creating mechanisms for Sanlam staff involvement and developing the financial mechanisms for further work.

There is a plethora of worthy environmental programmes that need sustained investment. Selection must be tough but perhaps a good starting point is with the youth – if they grow up with green consciousness, surely the environment has an improved chance to heal?

Environmental education is where packaging giant Nampak focuses, sponsoring the Eco Schools programme. Nampak has always been acutely aware of the damage that paper littering causes. Developed in conjunction with the Wildlife and Environment Society of South Africa (WESSA) and the WWF-SA, the Eco Schools programme encourages curriculum-based action by teaching children at an early age to care for all aspects of their environment, starting with honouring their own school.

Looking in-house is just as important as sponsoring external worthy causes, comments Graham Hayward, Group Investor Relations and Property Manager of Nampak Management Services. 'On a daily basis, all Nampak's operations have a number of procedures that are followed to protect the environment, such as the disposal of hazardous waste or emission control. In addition, Nampak is extensively involved in the collection and recycling of used packaging products made from glass, paper, plastics

and metal. The Collect-a-Can venture, jointly with Mittal Steel, collects and recycles 67% of used beverage cans in southern Africa making it one of the highest collection rates in the world.'

Mondi is another paper/packaging company committed to making an environmental difference through its support of the Mondi Wetlands project. Dr Nel of the WWF explains that wetlands are a particularly threatened habitat. 'It is estimated that we have lost more than 50% of our wetlands. These ecosystems provide a very important socio-economic function, including the purification of water as well as decreasing the risk of floods.'

Environmental support by big business doesn't always have to be of a financial nature as ably demonstrated by the Mazda Wildlife Fund (MWF). Established by the Ford Motor Company of South Africa and its nationwide network of Mazda dealers, the MWF has invested R20,5 million towards the conservation of biodiversity since its inception in 1990.

'This is a long-term commitment,' says Humphrey Le Grice, manager of the fund. Along with leading

NGOs and through the creation of an advisory board, the MWF has ensured that 140 environmental and conservation projects have received support.

'As a rule,' he says, 'sponsorship is provided in the form of Mazda vehicles which are placed with projects on a loan basis, renewable annually. Limited financial support is only considered for the publication of books and reports on key environmental issues relating to projects that are currently being sponsored.'

So active and beneficial is the MWF that in 2004, the Ford Motor Company of South Africa won the American Chamber of Commerce 'Stars of Africa' Award for conservation.

It is not enough for South African big business to run an internally green organisation. The flow has to go external at some point. Surely we do not need to be told to respect the environment? Du Plooy has a closing statement: 'It is very important for business to understand that social issues cannot be divorced from environmental issues and by getting involved with environmental projects, business will contribute to a better life for all South Africans.'