

The business case for environmental compliance

 By [Roger Metcalfe](#)

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The recent [prosecution of a director](#) whose company contravened environmental regulations sent shockwaves through corporate boardrooms, pulling the issue strongly back into focus.

However, before company directors view compliance as a necessary evil, it is important to realise that compliance with natural law, and the law itself, has many benefits. The current focus is on the corporate sector, but governments can equally gain from intelligent, responsible compliance.



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Tipping point

Extremists warn that environmental degradation has reached a tipping point and if not actively addressed, humanity faces eventual extinction.

Having researched this topic fairly extensively, it seems clear that we as consumers are degrading and rendering unsustainable the very biosphere that sustains us. The earth is simply viewed as a resource for human consumption with scant consideration for eventual degradation and depletion.

The almost pathological obsession with economic growth and development is seriously destabilising the complex interdependence of our closed, delicately balanced ecosphere which is being degraded at a rate faster than it can recover.

Profiteering is certainly a major problem, exacerbated by directors thinking only in short time frames.



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The planet will no doubt survive, as it has done for the last 4.5 billion years, but the biosphere is what keeps us alive and healthy. When calculating the increasing damage to land and sea, the possibility of eventual extinction may not be such an extreme view. Consider the damage that water, land and air pollution, resource degradation and climate disruption can do to our biosphere. If, for example, fracking goes ahead in South Africa, there exists a real risk that our precious underground water reservoirs, or aquifers, will be compromised. Such destruction has a knock-on effect, impacting directly on water security which will exact its own price at a future date. Besides water quality, other externalised costs include community displacement, health, food security and related issues.

Being at the top of the food chain, humans are simultaneously consuming and destroying the earth's life-giving resources which could take centuries to recuperate.

How close are we to the point of no return?

The toxicity of our environment is unsustainable, and already affecting the health of millions.



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If future generations are to be given a fighting chance, government and the corporate sector need to manage energy systems more responsibly. This spans the entire spectrum including food, fuel, employment, electricity, alternative energy,

entrepreneurship, legislation and much more. Profit is today's idol, worshipped by many in this increasingly unstable 21st century. The irony is that an exclusive focus on profit inevitably leads to loss of peripheral vision, and this is becoming the Achilles heel for many non-compliant directors.

The paradox of compliance

Compliance certainly requires investment, but a win-win scenario would immediately arise if directors interpreted 'return on investment' differently.



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My prediction is that those companies who will survive and prosper will be those able to trade with some vision beyond corporate self-interest. The paradox is that by trading ethically, and operating in harmony with the natural and the human environment, the company often best serves itself.

Whilst jostling for position at the feeding trough, profit-obsessed, short-term planners would do well to lift their heads, scan the landscape and re-think the advantages of operating in compliance with environmental laws. They will discover several surprising advantages.

The case for compliance

Efficiency is a first benefit. Directors will discover improved productivity through efficiencies which invariably accompany best environmental practices. Such efficiencies filter through to all levels of the corporate operation, sending a positive signal to the marketplace. Both staff morale and the corporate offering improve. This creates a positive feedback loop, resulting in healthy, sustainable growth.



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A healthy corporate image through environmental compliance generates effective material for the advertising mill, for now there is 'a good story to tell'. Advertising becomes value driven, greener and more effective. If the organisation projects a responsible image and offers a quality product or service, the market will sustain it. This level of eco-advertising also provides a sound foundation on which to build a long-term branding strategy across a broad market base.

Environmental compliance can open up new markets. This is due to an increasing number of customers, locally and abroad, requiring proof of compliance before signing purchase agreements.

Sustaining the environment is a worthy cause, and cause marketing has proven its effectiveness. If approached authentically, such companies earn serious consumer trust points. All things being equal, the genuinely greener company will gain a competitive advantage - genuinely meaning directors who walk their talk and are worthy of trust.

Cape Town-based Hotel Verde is a good example of a leading green operation taking environmental compliance to a new level. Hotels don't come any greener and more environmentally compliant than this. The operation not only highly efficient, but makes its guests part and parcel of an uplifting green experience. Testimony to its success is the impact on the bottom line.

Another compliance benefit relates to carbon tax which the SA Treasury intends implementing in January 2016. Living in harmony with the environment leads to a smaller carbon footprint and [reduced carbon tax](#).

Finally, there's that deeper satisfaction of knowing you're trading ethically and playing a responsible role in promoting and protecting the ecosphere. Respect for the environment reveals self-respect.

Dealing with non-compliance

It is becoming increasingly apparent that voracious consumerism is undermining the very biosphere that sustains us. One would hope that leaders will respond in time to what is effectively a self-destructive trend, and co-create a sensible, sustainable solution.

Until recently, capacity for enforcement has been low, but the landscape is fast changing. If one listens to what environmental advisors and protectors are saying, the compliance issue is gathering momentum. The first sign that enforcement is underway lies in the application of the law.



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Apart from litigation, irresponsible organisations face mounting resistance on several fronts. Increasingly, the market place is becoming environmentally aware, and today's information technology enables efficient tracking of air, land or water pollutants. Consequently, prosecuting unethical companies is becoming more successful, and some organisations are making it their business to prosecute non-compliers.

The Centre for Environmental Rights (CER), is one such organisation. It is at the cutting edge of environmental change and driven by an impressive team of committed, environmentally trained lawyers.

"The law is the law", replied attorney Tracey Davies, CER's programme head for Corporate Accountability and Transparency, when I suggested that compliance might be costly, especially for marginal companies. "And where there is blatant flouting of environmental regulations, particularly where vulnerable communities are involved, we have no option but to take action."

She is not alone in this, but the CER proves that responsible concerned citizens are taking the fight to the polluter. CER's field of endeavor encompasses wetland degradation, biodiversity, air, land and water pollution as well as traditional territories which are often plundered for profit, especially in more remote areas of our pristine South Africa.

"But surely one cannot expect a company director to know all the ins and outs of environmental legislation?" I ventured.

"Lawyers exist to advise directors on precisely that," returned Tracy.

Her experience suggests that in many cases, profit has overtaken ethics. Many companies blatantly lie or disregard regulations, and this causes irrevocable environmental damage in the process. Rampant corruption is a further complication.



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Another organisation with a powerful African presence is ERM (Environmental Resource Management). Being among the world's top sustainability consultancies, ERM offers knowledge leadership in the field of environmental health, safety, risk and social consultancy. When guided by such professionals, corporate decisionmakers in all sectors will discover the improved efficiencies and performances that accompany environmental compliance.

There's a profound wisdom in taking the high road and going beyond self-interest. By being environmentally compliant, decisionmakers will not only ensure their company's survival fitness, but will promote sustainable growth.

ABOUT ROGER METCALFE

Roger Metcalfe is an award-winning journalist and filmmaker specialising in the environment, technology and medicine. He received the SA National Cancer Association's Award for Enterprising Journalism for nationally televised documentaries (MRI, breast cancer). Roger has written over 50 magazine articles, been interviewed on radio (Fukushima, water), is an ex-diplomat and former council member of the Writers Guild of SA. He recently graduated with a Postgraduate Diploma in the [Flinic] Arts. Contact Roger at roger@global.co.za.

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