

Foundation Studies

Business Environments

Part 3: The Sustainability Environment of Business

Unit 11

Sustainable Business Practices and Innovations

Lecturer:

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Overview

- Sustainable Business Models
- Ethical Sourcing & Supply Chains
- Role of Technology
- Consumer Influence
- Economic Benefits of Sustainability
- Future Trends
- Bringing It Together



The Atacama desert in Chile is overrun with the waste created by the fast fashion industry.

Photo: getty

Introduction

- **Previous units:** Explored the impacts of climate change on businesses and the importance of Corporate Social Responsibility (CSR) in addressing these issues. We also discussed stakeholder theory and the ethical obligations of businesses.
- **This unit:** How businesses can implement sustainable practices, the role of innovation, and the future of sustainable business.



[Picture Source](#)

UNSW and Sustainability

A top-ranked Australian university for Sustainability (2024 QS World rankings)



UNSW publishes the most comprehensive scope 1, 2 and 3 greenhouse gas inventory of any university in Australia. UNSW reduced total emissions by 27% between 2018-2023.



UNSW has one of the largest electric vehicle (EV) charging facilities in Sydney with 6 solar-powered EV charging systems installed in the Botany St Car Park.



UNSW diverted 82% of general waste from landfill in 2022.



UNSW saved 1 million plastic liners per year by phasing out under-desk bins in 2019.



UNSW is the first institution in Australasia to successfully implement the Laboratory Efficiency Framework (LEAF), with more than 60 UNSW lab groups now participating.



UNSW has installed 15 PV systems at Kensington and Paddington campuses with installed capacity of 1.4 MW.



The Role of Business in Sustainability

- Businesses play a crucial role in combating climate change and driving sustainability. Their decisions impact not just the environment but also society at large.
- CSR and ethical practices are central to this role, ensuring that businesses contribute positively to both the planet and their stakeholders.



[Picture Source](#)

Sustainable Business Models

- Sustainable business models are frameworks that integrate economic, social, and environmental considerations into all aspects of business operations.
- These models help companies reduce their environmental impact, enhance social value, and achieve long-term profitability.
- These include the Social Enterprises, Circular Economy, and B Corporations.
 - Social enterprises: Prioritise social and environmental goals alongside profit.
 - Circular economy: Focuses on minimising waste and maximising resource use.
 - B Corporations: Meet high standards of social and environmental performance, accountability, and transparency.



[Picture Source](#)

Social Enterprises



Who Gives A Crap

Funny name, serious business. We're an Australian social enterprise making environmentally-friendly toilet paper from recycled paper or bamboo. We also donate 50% of our profits to building toilets for the 2bn people in need (\$10 mil so far). We deliver to 1mil homes and businesses, which means we have the infrastructure to support large customers across many sectors.

Service locations:

SA, TAS, NT, ACT, QLD, WA, NSW, VIC

Products & Services:

Cleaning Services & Equipment & Supplies, Office supplies & services

Beneficiaries:

A particular geographic community



The Bread & Butter Project

The Bread & Butter Project is Australia's first social enterprise bakery, investing 100% of profits into training and employment pathways for people seeking refuge and asylum who aspire to become bakers. Since 2013, The Bread & Butter Project has been producing delicious artisan sourdoughs and pastries, while successfully graduating professionally trained bakers into employment in Australia's hospitality industry.

Service locations:

NSW

Products & Services:

Catering & Hospitality, Community & Social Services, Food & Beverage Products

Beneficiaries:

New Migrants & Refugee Communities



Thankyou Group Pty Ltd

In response to Covid-19: Thankyou will be able to fulfill large orders from May. Thankyou is a social enterprise. We believe we can end global poverty in this lifetime, together. That's why we commit 100% of the profit from our products to helping people in need.

Service locations:

ACT, NSW, NT, QLD, SA, TAS, VIC, WA

Products & Services:

Catering & Hospitality, Cleaning Services & Equipment & Supplies, Food & Beverage Products, Gifts or rewards, Merchandise and Personal Products, Personal & Domestic Services

Beneficiaries:

People in developing countries

[Source](#)

Characteristics of Sustainable Business Models

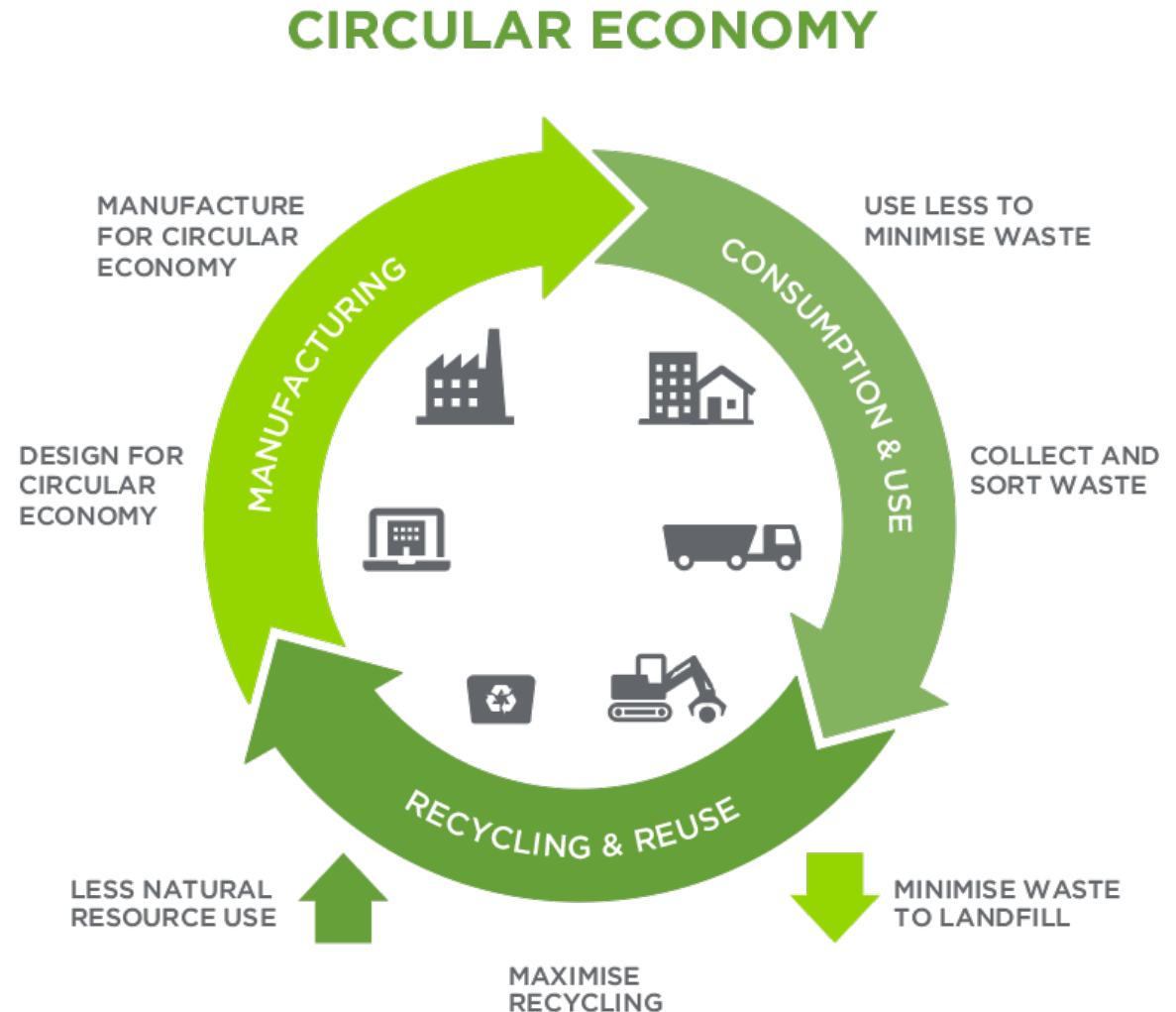
- **Triple Bottom Line:** Focus on people, planet, and profit.
- **Long-term vision:** Emphasises future viability over short-term gains.
- **Stakeholder engagement:** Actively involves all stakeholders, including customers, employees, and communities.



[Picture Source](#)

The Circular Economy

The circular economy is a model aimed at eliminating waste and the continual use of resources where products and materials are reused, refurbished, and recycled, minimising waste and environmental impact.



[Picture Source](#)

The Circular Economy

- **Interface**, a global flooring company, uses recycled materials in its products, contributing to waste reduction and resource efficiency.
- **Thankyou**, an Australian social enterprise, integrates a circular model by using 100% recycled materials in their product packaging.



[Picture Source](#)

Benefits of the Circular Economy

- **Environmental impact:**
 - Reduces waste and conserves resources.
- **Economic opportunities:**
 - Creates new markets for recycled products and materials.
- **Social benefits:**
 - Encourages sustainable consumption patterns and community engagement.



[Picture Source](#)

Challenges in Implementing the Circular Economy

- Infrastructure needs:
 - Requires investment in recycling and manufacturing facilities.
- Consumer awareness:
 - Public understanding of circular economy practices is still limited.
- Regulatory barriers:
 - Existing policies may not support circular economy initiatives.

Challenges in Implementing Circular Economy



[Picture Source](#)

A Circular Business

Close the Loop, an Australian company, exemplifies the circular economy by recycling printer cartridges and other e-waste into new products.

- This reduces landfill waste and promotes the efficient use of resources.



**Close the Loop
GROUP**

Create - Recover - Reuse

[Picture Source](#)

Renewable Energy in Australia

Renewable energy reduces reliance on fossil fuels.

- **Solar power:** Australia has the highest uptake of solar globally, with over 3 million rooftop solar power systems.
- **Wind energy:** Wind farms, like those in South Australia, contribute significantly to the national grid.
- **Hydropower:** The Snowy Scheme is one of Australia's most significant renewable energy projects.



The Snowy Scheme consists of eight power stations, 16 major dams, 80 kilometres of aqueducts and 145 kilometres of interconnected tunnels

Innovations in Sustainable Agriculture

- Precision farming: Utilising technology to optimise resource use and increase crop yields.
- Organic farming: Growing popularity in Australia due to increasing consumer demand for organic produce.
- Vertical farming: Urban agriculture that reduces land use and transportation costs.



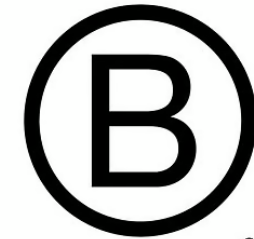
Sundrop Farms in South Australia, a pioneer in using seawater and solar power for greenhouse farming.

Green Business Certifications

- Certifications like ISO 14001, B Corp, and Fair Trade help businesses ensure their practices meet high environmental and social standards.
 - **ISO 14001**: Standards for environmental management systems.
 - **B Corporations**: For-profit companies certified by B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency.
 - **Fair Trade certification** ensures that producers in developing countries get a fair price for their goods and that production meets high social, economic, and environmental standards.
- These certifications help businesses demonstrate their commitment to sustainability and build trust with stakeholders.



Certified



Corporation



Sustainable Supply Chains

- Sustainable supply chain integrates environmental and social considerations into the entire supply chain process.
 - For example, ethical sourcing, reduces environmental impact, and ensures fair labour practices throughout the product lifecycle.
- It helps businesses reduce risks, improve efficiency, and enhance brand reputation.



[Picture Source](#)

Sustainable Supply Chains

- Key practices: These include ethical sourcing, reducing carbon emissions, and ensuring fair labour practices.
- Key elements of a sustainable supply chain:
 - **Ethical sourcing:** Ensuring that suppliers adhere to environmental and social standards.
 - **Resource efficiency:** Minimising waste and energy use throughout the supply chain.
 - **Transparency:** Clear communication of sustainability practices and impacts to stakeholders.
- Example: The Australian company, Cotton On, has implemented sustainable sourcing practices for its cotton supply chain.

Challenges in Sustainable Supply Chain Management

- Global complexity:
 - Managing sustainability across diverse regions and regulatory environments.
- Cost considerations:
 - Initial investments in sustainable practices can be high.
- Supplier compliance:
 - Ensuring all suppliers meet sustainability standards.

Ethical Sourcing

- Ethical sourcing involves obtaining materials in a responsible and sustainable manner, ensuring that workers are treated fairly and that environmental standards are met.
- Example: The Body Shop sources ingredients through Community Trade programs, supporting sustainable farming and fair wages.



[Picture Source](#)

Ethical Supply Chain

Patagonia, a global outdoor clothing brand, is known for its ethical sourcing and supply chain transparency.

- By ensuring that its materials are sourced sustainably, Patagonia enhances its brand reputation and consumer trust.



[Picture Source](#)

Reducing Carbon Footprints in Logistics

- Businesses can reduce their carbon footprints by optimising logistics, such as using energy-efficient transportation, sourcing locally, and reducing packaging waste.
- Strategies:
 - Optimising transportation routes to reduce fuel consumption.
 - Investing in electric or hybrid delivery vehicles.
 - Sourcing materials locally to minimize transportation distances.
- Example: IKEA has committed to using electric vehicles for home deliveries to reduce emissions.



[Picture Source](#)

Carbon Footprint Reduction

Woolworths Group in Australia has implemented energy-efficient logistics by upgrading its fleet to low-emission vehicles and optimising delivery routes.

- This initiative reduces the company's overall carbon footprint and supports Australia's climate goals.



[Picture Source](#)

Sustainable Product Design

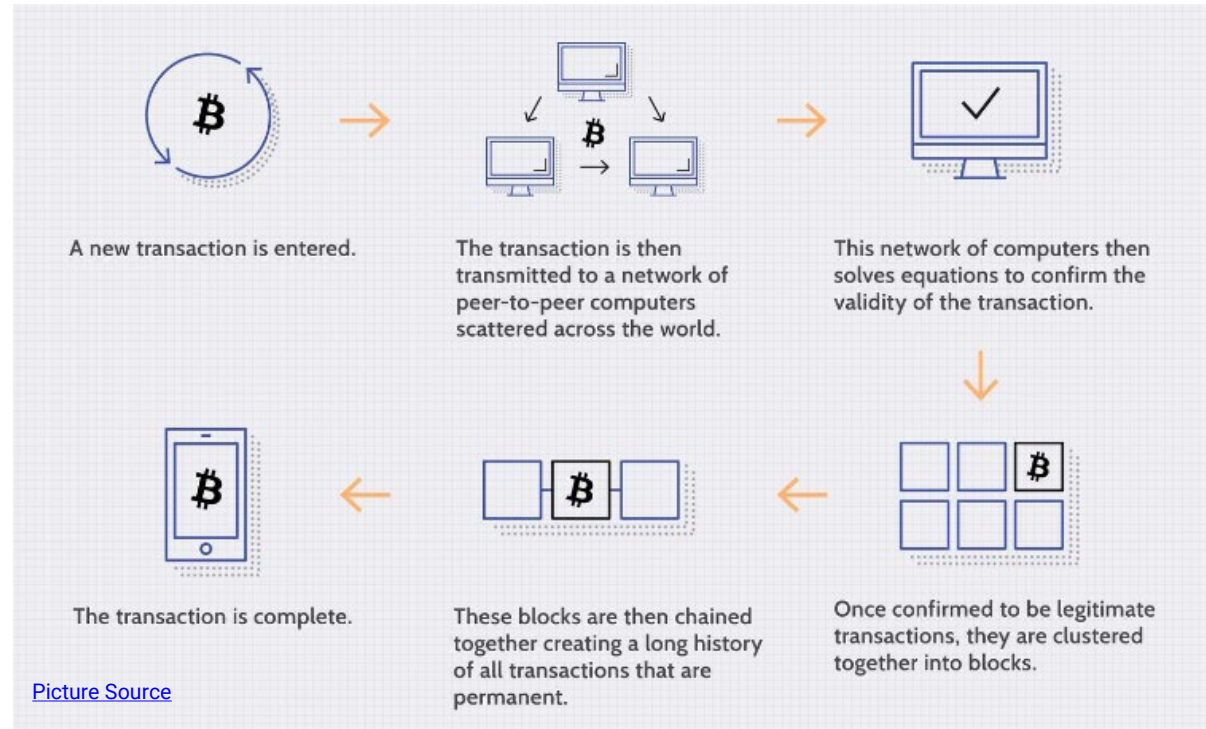
- Sustainable product design focuses on creating products that minimise environmental impact through the use of renewable materials, efficient manufacturing processes, and designing for longevity.
- Example: KeepCup, an Australian reusable coffee cup, is designed to reduce single-use plastic waste, a major source of waste.
 - This product is widely adopted, illustrating the positive consumer response to sustainable innovations.



[Picture Source](#)

The Role of Technology in Sustainability

- Technology plays a crucial role in advancing sustainability, from renewable energy solutions to AI-driven efficiencies in resource management.
- **Technological advances:**
 - AI and machine learning: Optimising resource use and improving efficiency in energy management.
 - Blockchain: Enhancing transparency in supply chains, ensuring traceability of sustainable practices.
 - Renewable energy technologies: Innovations in solar, wind, and other renewable sources.



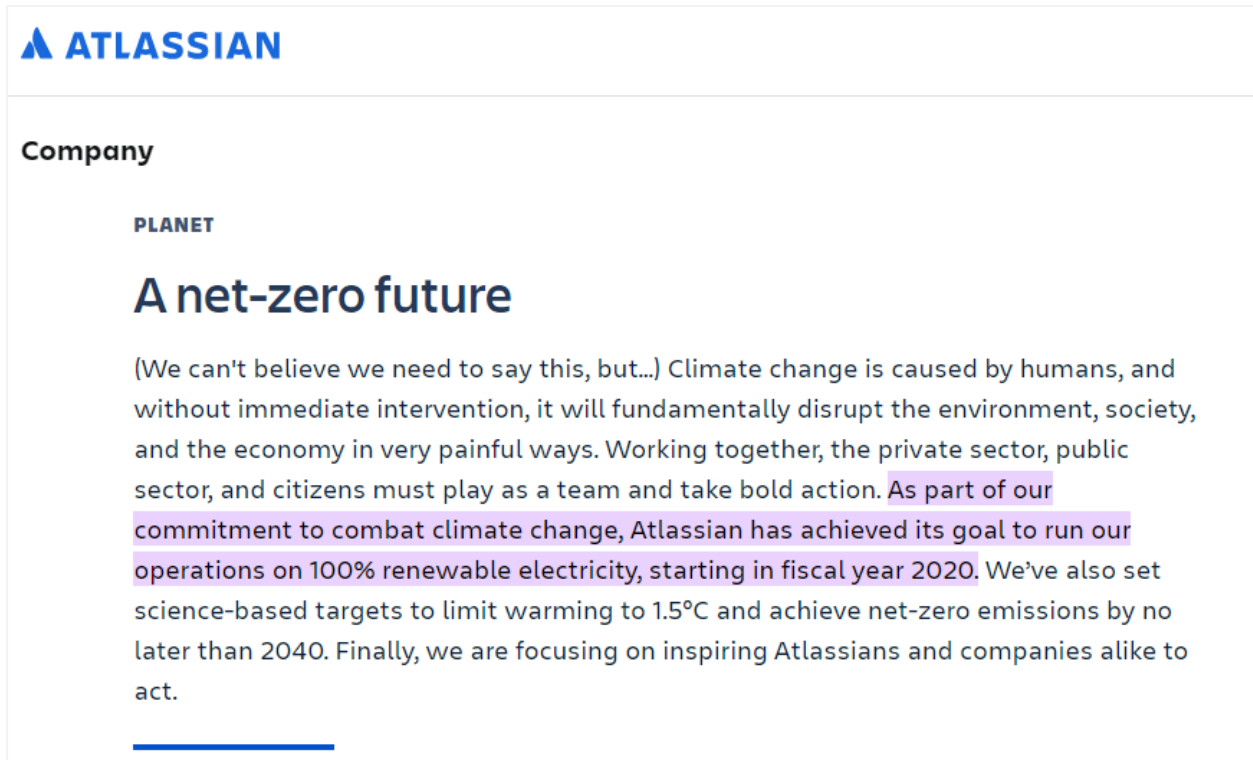
[Picture Source](#)

Blockchain

Technology for Sustainability

Atlassian, an Australian software company, uses 100% renewable energy for its global operations and invests in tech solutions to reduce energy consumption.

- Atlassian's initiatives contribute to significant reductions in carbon emissions.
- Their commitment to sustainability strengthens their brand and appeals to eco-conscious stakeholders.

A screenshot of the Atlassian Planet website. At the top is the Atlassian logo. Below it is the heading 'Company'. Underneath is the 'PLANET' section. The main heading is 'A net-zero future'. The text below reads: '(We can't believe we need to say this, but...) Climate change is caused by humans, and without immediate intervention, it will fundamentally disrupt the environment, society, and the economy in very painful ways. Working together, the private sector, public sector, and citizens must play as a team and take bold action. As part of our commitment to combat climate change, Atlassian has achieved its goal to run our operations on 100% renewable electricity, starting in fiscal year 2020. We've also set science-based targets to limit warming to 1.5°C and achieve net-zero emissions by no later than 2040. Finally, we are focusing on inspiring Atlassians and companies alike to act.'

[Picture Source](#)

Challenges in Implementing Sustainable Practices

- Businesses face challenges such as high costs, consumer awareness, and regulatory obstacles when implementing sustainable practices.
- Common barriers:
 - High initial costs: Investments in sustainable technologies and practices can be expensive.
 - Lack of consumer awareness: Difficulty in educating consumers about the benefits of sustainable products.
 - Regulatory hurdles: Navigating complex environmental regulations and standards.
- Ethical considerations: These challenges can create ethical dilemmas, where businesses must balance profitability with cost of sustainable practices.

Challenges in Promoting Sustainable Consumption

- Price perception: Sustainable products are often perceived as more expensive.
- Consumer habits: Changing long-established consumer behaviours can be difficult.
- Greenwashing: Misleading claims about sustainability can erode consumer trust.



[Picture Source](#)

Overcoming Barriers

- Businesses can overcome barriers by adopting incremental changes, leveraging innovation, engaging stakeholders, and seeking government support.
- Effective leadership is crucial in driving the adoption of sustainable practices within an organisation and overcoming resistance.

Consumer Behaviour and Sustainability

- Consumer demand:
 - Consumers are increasingly demanding sustainable products and transparent business practices.
 - Ethical consumption is driving businesses to adopt more sustainable models.
- Connection to Stakeholder Theory:
 - Consumers are key stakeholders, and their preferences directly influence business strategies.”
- Trends:
 - Increasing demand for eco-friendly products and transparency in sourcing.
- Example: The rise of ethical consumption has led to greater transparency in supply chains and product origins.

Consumer-Driven Sustainability

Lush Cosmetics, known for its environmental and ethical practices, has responded to consumer demand by eliminating plastic packaging and sourcing ethical ingredients.

- Lush's commitment to sustainability has strengthened its brand loyalty and market position.
- Lush's commitment to sustainability has built a loyal customer base and enhanced its brand reputation.
- Their approach demonstrates the power of consumers in driving corporate sustainability.



[Picture Source](#)

Economic Benefits of Sustainability

- Long-term benefits:
 - Cost savings: Reduced energy and resource use lead to significant cost savings.
 - Brand loyalty: Companies that prioritise sustainability often enjoy higher brand loyalty and customer retention.
 - Compliance and risk reduction: Aligning with environmental regulations reduces the risk of penalties and enhances compliance.
- Triple Bottom Line:
 - The triple bottom line approach: People, Planet, Profit — ensures that companies balance economic, social, and environmental considerations.

Future Trends in Sustainable Business

- Emerging trends include green finance, sustainable innovation, and ESG (Environmental, Social, Governance) investing, which are shaping the future of business.
 - Digitalisation: Leveraging technology to improve sustainability, such as using AI for energy efficiency.
 - Sustainable finance: Growing interest in green bonds and sustainable investment funds.
 - Consumer empowerment: Increased consumer demand for transparency and ethical practices.
- Example: Green bonds are being used to finance environmentally friendly projects, showing how finance is driving sustainability.

Bringing It All Together

- Sustainable business practices are deeply connected to the principles of CSR, stakeholder theory, and business ethics.
- By integrating sustainability into their core operations, companies not only address environmental challenges but also create long-term value for all stakeholders.
- Recap: We have explored sustainable business models, supply chains, product design, and the role of technology, consumers, and future trends.
 - Connection to Units 9 and 10: These concepts build on the foundations of climate change awareness, CSR, and ethics discussed in the previous two units.

Bringing It All Together

- Sustainable business practices are essential for addressing climate change, fulfilling ethical obligations, meeting stakeholder expectations, and advancing social well-being as part of the three pillars of sustainability: environmental, social, and economic.
- By integrating sustainability into their core operations, businesses can achieve long-term success and contribute to a better future.

Bringing It All Together

Final thoughts:

- As consumers, we depend on a variety of industrialised products, from supermarket ready meals in packets to drinks in cans and takeaway food. Businesses are inclined to say that they continue to produce these products because these are what consumers want. To what extent would you be able and willing to give up these everyday products?
- How do you think businesses can balance the need for profitability with the growing demand for sustainability?
- Consider how you, as future business leaders, can contribute to a more sustainable world through innovative and ethical business practices.

This is the final lecture



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