



# Disclosing environmental practices in low-impact industries

By Sandy Chong & Irene Pollach

## Environmental efforts made by low impact industries are often dismissed as trite responses to modern competitive pressures.

Environmental reports, also referred to as sustainability reports or corporate social responsibility (CSR) reports, detail a company's environmental objectives, activities and achievements. Almost thirty years ago, there was no demand for such disclosures, because the content of environmental disclosures is often irrelevant to external decision-makers.

Things have changed, however. Today, companies publish environmental information for a host of reasons: to reduce information asymmetries between stakeholders and themselves, to respond to public pressures, and to manage their reputations. Pressures from institutional investors also contribute to this trend; increasingly, social and environmental factors are being considered while making investment decisions.

In this article, we review the manner in which companies disclose their environmental practices to the public. Doing it the right way can also help to strengthen corporate identity within the organization.

Amongst the industries in which companies publish their sustainability

efforts are: those who have a high impact on the environment, and - interestingly - low impact industries (e.g. service industries like banking). Unfortunately though, environmental efforts made by low impact industries are often dismissed as trite responses to modern competitive pressures; their sustainability reports are nothing but mere "greenwashing".

The usefulness of such reports are therefore being brought into question. And, is there no genuine way for these low impact companies address environmental concerns without being dismissed as "greenwashing"?

Certainly not. The key is to implement substantive measures to mitigate climate change, and publicize them plainly. In other words - cut the "environmental terminology". Our research has shown that, more often than not, excessive use of environmental jargon reflects a company's vain public relations attempt, and readers are more discerning than companies think they are.



# Sustainability Measures

Fig. 1 shows some of the measures that European and American companies in low impact industries have taken (and reported) to address issues in waste management, energy efficiency and climate change.

Measures taken to manage waste include recycling and actual waste reduction, e.g. by reducing paper consumption. Energy efficiency is

achieved by purchasing green energy, controlling lights and temperature in office buildings, and reducing energy consumption by IT. Lastly, controlling the frequency of business travels mitigates climate change.

Interestingly, some of these measures also help to cut operational costs (e.g. less business travels by air).

## I. Waste Management

- Separation of paper waste with non-paper
- Recycling of: paper, batteries, light bulbs, office furniture, toner cartridges, and IT waste
- Use of non-disposable mugs and kitchen utensils

## II. Energy Efficiency

- Use of green energy sources, roof solar panels, and fuel-efficient/hybrid vehicles
- Use of multifunctional copiers
- Use of LCD panel screens (instead of monitors)
- Use of lighting motion sensors and energy-efficient light bulbs
- Shutting down of computer terminals and lighting automatically

## III. Climate Change

- Cutting down business travel by using video/phone/web conferencing and encouraging travel by train instead of air
- Working from home
- Cycling facilities
- Subsidizing public transport expenses, shuttle bus services and car-pooling schemes for employees

Fig. 1: Measures taken by European and American low-impact companies



## Environmental reports as means of corporate communication

Certain company documents are especially useful in reinforcing corporate identity; they contain corporate messages which are read and processed in the minds of the employees.

And when these are sent out to external stakeholders, the validity of these messages increases greatly. Hence annual reports, value statements or CSR reports are potentially the most effective albeit lesser-known vehicles to generate employee commitment and pride.

But in order for environmental reports to serve the above purposes, concrete actions - not abstract commitments - have to be clearly published. Environmental communication should come in a less technical form, whilst still communicating the pertinent facts. If external audiences were to respond to CSR messages with skepticism, the reverse of instilling corporate identity may occur instead.

In their reports, companies can also make use of external auditing services and awards to endorse and reinforce their sustainability efforts. ■

This article is an abridged version of a research paper entitled - *Corporate Sustainability Discourse as Auto-Communication: A Study of Disclosure Practices in Low-Impact Industries*.

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