GREEN LIGHTS SUSTAINABILITY INITIATIVE

Sustainability for South African Enterprises and Large Businesses

Training Manual

Introduction

Sustainability has become an essential prerequisite for sustained success amidst complex and evolving challenges. It has become a strategic necessity for businesses facing complex global dynamics.

This training delves into why sustainability has become a business imperative, how to measure and report on sustainability and an audit of existing sustainability initiatives. Armed with this awareness, businesses can embark on their sustainability journey. Partnering with sustainability experts at the Green Lights Sustainability Initiative, organisations can seamlessly integrate sustainability within their business operations.

Key Concepts

1. What is the Business Case for Sustainability?
2. What is Sustainability?
3. How do we go about implementing sustainability?
4. What if we don't cultivate sustainability?

Sustainability for South African Enterprises and Large Businesses

Section 1

What is the Business Case for Sustainability?

Topics

- The Value of Sustainability
- Sustainability in today's South Africa: The King IV Code

Practical Application

Noting sustainable business practices within your organisation.

The Value of Sustainability

When a company prioritises sustainability, it demonstrates its commitment to responsible stewardship of resources, reducing harm to the environment, and ensuring fair and equitable treatment of its stakeholders. The value of sustainability extends to multiple dimensions:

The Value of Sustainability

Reflect

1. Review the Value of Sustainability on the previous page. Which of these outcomes does your organisation most need to focus on?

Business Leader Responsibilities

Business leaders in our current times have the added responsibilities of helping to restore balance in how we:

- Use raw materials
- Foster opportunity for growth and development of our staff and teams
- Support communities and their specific needs
- Contribute towards rewilding and growing natural areas for the prosperity of all living creatures
- Support opportunities to minimise the income gap
- Instill values and ethics in our work environments and day to day living
- Support enterprise and supplier development initiatives, and encourage growth and prosperity within the SME business sector
- Support the creation of new employment opportunities

Reflect

2. As a leader, which of these responsibilities do you most need to focus on?

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Sustainability in today's South Africa: The King IV Code

King IV represents the fourth iteration of codes aimed at fostering effective governance within organisations. It outlines the philosophy, principles, practices and desired outcomes that serve as the benchmark for corporate governance in South Africa. King IV was introduced on November 1, 2016, with its applicability starting from financial years commencing on April 1, 2017.

This outcome-oriented approach revolves around ethical and effective leadership and encompasses four distinct areas of measurement that the governing body is obligated to meet, adhere to, and provide explanations for how organisational practices contributed to achieving the Code's defined principles and outcomes:

- Cultivating an ethical and engaged organisational culture.
- Ensuring strong organisational performance and meeting the expectations of both the organisation and stakeholders.
- Establishing sufficient and effective controls and oversight within the organisation.
- Ensuring the organisation's legitimacy, trustworthiness, and public confidence.

The Six Capitals

The Code advocates for a comprehensive approach to governance, known as Integrated Reporting, and suggests considering six capitals as key areas of focus. These capitals directly influence stakeholder relationships and encompass:

FINANCIAL CAPITAL
The pool of funds available for business activities, which can be obtained through financing or generated from activities or investments.

NATURAL CAPITAL
The resources and services provided by nature, such as raw materials, water, fuel, and ecosystems.

SOCIAL & RELATIONSHIP CAPITAL
Networks within or between organisations that contribute to value creation, including relationships communities, governments, suppliers and customers.

MANUFACTURED CAPITAL
Physical objects, including buildings and infrastructure, which may be purchased from other entities or internally generated.

INTELLECTUAL CAPITAL
Organisational knowledge-based intangibles, including intellectual property, patents, rights, and organizational capital like tacit knowledge, systems and protocols.

HUMAN CAPITAL
The skills, know-how, commitment, and motivation of an organisation's personnel, which affect their ability to fulfill their roles.

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Reflect

3. In which ways could adopting the King IV code make your business more sustainable?

SECTION 1 TASK

Noting sustainable business practices within your organisation.

4. Consider your organisation. Make notes on the following topics. Complete as many question are possible, depending on which stage your organisation finds itself in.

Sustainability Competency Stage 1

- What social and/or community initiatives do you have?

- What environmental initiatives do you have?

Sustainability Competency Stage 2

- Why should a client consider or continue using your enterprise and its services as their new or preferred service supplier?

- Who are the typical clients that see value and use your organisations services?

- How does the business ensure that the product or service the organisation provides in the market is professionally delivered and represents an orderly and sustainable service offer?

Sustainability Competency Stage 3

- What is your message to the market that confirms the commitment of the enterprise, staff, and teams to provide quality services?

- Can you describe any notable achievements of the enterprise in the context of sustainability?

- How would you explain the prevailing culture within the enterprise, especially as it relates to sustainability?

- Could you provide details about the level of commitment from stakeholders when it comes to sustainability initiatives?

- What are the critical considerations for ensuring the success and long-term sustainability of the organisation?

What is Sustainability?

Topics

- Sustainability, ESG and Sustainable Development
- Achieving Sustainability through Partnerships
- Sustainability as a Spectrum
- A Strategic Approach to Sustainability
- Sustainability Reporting

Practical Application

Examining accreditations and compliance related to sustainable business practices.

Sustainability, ESG and Sustainable Development

Let's unpack some key definitions...

- **Sustainability** is a broad concept that refers to the ability to meet the needs of the present without compromising the ability of future generations to meet their own needs. Sustainability encompasses a wide range of issues, including environmental protection, social justice, and economic development.

- **ESG** stands for environmental, social, and governance. It is a framework for evaluating the sustainability performance of companies. ESG factors include a company's environmental impact, its social responsibility, and its corporate governance practices.

- **Sustainable development** is a specific type of sustainability that focuses on the economic, environmental, and social dimensions of development. Sustainable development aims to create a better future for all people, while also protecting the environment.

Achieving Sustainability through Partnerships

Partnerships are essential for achieving the Sustainable Development Goals (SDGs). These days, we face complex and interconnected challenges that no one country or organisation can solve on their own. We need to work together across sectors and borders to find solutions that benefit everyone.

Reflect

5. Which partnerships would support your organisation in achieving the UN Sustainability Goals?

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Sustainability as a Spectrum

Looking at sustainability as a spectrum is a way of understanding the different approaches that businesses can take to sustainability. It is a continuum, with the pure financial model at one end and the sustainability approach at the other.

APPROACH	FOCUS	KEY CONSIDERATIONS
Pure Financial Model	Fiscal	Shareholder Profits
ESG Model	Profitability and ESG factors	Environmental, social, and governance factors are considered in decision-making
Double Materiality	Long-term value for all stakeholders	Creating a net positive impact

A Strategic Approach to Sustainability

Because sustainability affects businesses as a system, leaders need to think about sustainability initiatives in three temporal phase: short, medium and long term:

- **In the short-term**, companies need to focus on reducing their environmental impact and improving their social responsibility. This could include things like reducing their carbon emissions, using sustainable materials and paying fair wages to their employees and suppliers.
- **In the medium-term**, companies need to focus on developing sustainable business models. This could include things like investing in renewable energy, developing new products and services that are more sustainable, and working with suppliers to improve their sustainability practices.
- **In the long-term**, companies need to focus on creating a sustainable future. This could include things like developing new technologies that will help to reduce our reliance on fossil fuels, investing in renewable energy infrastructure, and protecting the natural environment.

Sustainability Reporting

There are different types of sustainability reporting, including:

- **Financial reporting:** This is the traditional form of reporting that focuses on the organisation's financial performance. It includes information about income, expenses, assets, liabilities, and shareholders' equity.
- **ESG reporting:** This type of reporting focuses on the organisation's environmental, social, and governance (ESG) performance. It includes information about the organisation's impact on the environment, its social responsibility, and its corporate governance practices.
- **Integrated reporting:** This is a comprehensive approach to reporting that integrates financial, social, and environmental information. It is designed to provide a more holistic view of the organisation's performance.
- **Sustainability reporting:** This type of reporting focuses specifically on the organisation's sustainability performance. It includes information about the organisation's environmental, social, and economic performance.

Reflect

6. What support do you need with sustainability reporting?

SECTION 2 TASK

Examining accreditations and compliance related to sustainable business practices.

7. Complete the checklists for the relevant Sustainability Competency Stage of your organisation. Is the information up-to-date and readily available?

Sustainability Competency Stage 1

Creating Profile and Online Presence

☐	**Company Details** • Name • Registration number • Date trading commenced • Contact details • B-BBEE status & certification
☐	**HR Records** • Owners • Directors / Members / Trustees: • Management • Operations • Sales • Administration • Other
☐	**Products and Services** • Clear offering
☐	**Digital Presence** • Website • Social media
☐	**Promotional Material** • Photographs of staff and business • Marketing videos, images and copy • Flyers, brochures

Sustainability Competency Stage 1

Review the checklist on the previous page. Note down any areas for development and include a plan of action.

Required Action	By when, whom, how...

Sustainability Competency Stage 2

Compliance and Best Practice

☐	**Enterprise Information** • Date Commenced • Enterprise Profile
☐	**B-BBEE Certificate / Affidavit** • Date Commencement / Termination • Certificate / Affidavit
☐	**Tax Clearance Certificate** • Date Commencement / Termination • Upload of Certificate
☐	**CIPC** • Annual Return Completed (Date) • Certificate
☐	**VAT (If applicable)** • Registration Number • Certificate / Affidavit
☐	**COIDA (Compensation for Occupational Injuries and Diseases Act)** • Date of Letter of Good Standing • Certificate / Affidavit
☐	**Financial Compliance** • Date Financials Submitted to SARS • Financial Year End • Appointed Auditors (if Applicable) • Appointed Financial Director / Manager • Appointed Financial Officer
☐	**Protection of Personal Information Act (POPI Act) Compliance**

Sustainability Competency Stage 2

Review the checklist on the previous page. Note down any areas for development and include a plan of action.

Required Action	By when, whom, how...

Sustainability Competency Stage 3

Quality Assurance Accreditations

☐	**Sector Association Member (MBA. SAIPA, SAICA)** • Date of Accreditation • Level of Accreditation • Certificate
☐	**SANAS (South African National Accreditation System (If Applicable)** • Date of Accreditation • Level of Accreditation • Certificate
☐	**SABS (If applicable)** • Date of Accreditation • Level of Accreditation • Certificate
☐	**HACCP (Hazard Analysis Critical Control Point - food related) (If Applicable)** • Date of Accreditation • Level of Accreditation • Certificate
☐	**ISO (If applicable)** • Date of Accreditation • Level of Accreditation • Certificate
☐	**Background Checks** • Credit Worthiness • Date of Review • Criminal Check • Date of Review • Certificate
☐	**Mentoring Programme** • Name of Programme • Date of Accreditation • Level of Accreditation • Certificate

Sustainability Competency Stage 3

Review the checklist on the previous page. Note down any areas for development and include a plan of action.

Required Action	By when, whom, how...

How Do We Go About Implementing Sustainability?

Topics

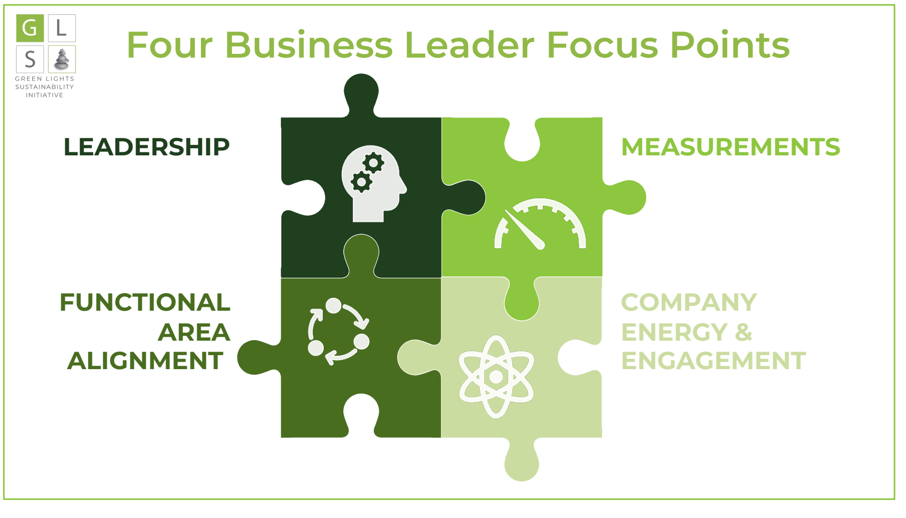
- Developing Leadership
- Supporting Functional Areas
- Measurement of the Business
- Energy and Engagement

Practical Application

Evaluating sustainability in four focus areas: leadership, functional areas, measurement and stakeholder engagement.

Four Focus Areas of Sustainability

When implementing sustainability initiatives, we consider these four focus points:



Developing Leadership

Leadership can be broken down into two main qualities: vision and confidence:

Supporting Functional Areas

Support the activities and integration of functional areas within the enterprise to ensure synergy and awareness of each activity, constraint, and opportunity.

Key functional areas include but are not limited to:

- Human Resources
- Marketing and Sales
- Operations
- Finance
- Legal
- B-BBEE and Transformation
- IT and Systems
- Procurement and logistics

Measurement of the Business

Outline the intentions of the organisation and how these will be measured. Key measurement areas to focus on include governance and stakeholders.

GOVERNANCE	STAKEHOLDERS
• Ethical and Effective Culture • Productive processes that meet intended organisational outcomes • Adequate Controls and Risk management • Legitimacy	• Employees • Customers • Suppliers • Shareholders and funders • Government (SARS, DoL, Seta's, WC, UIF) • SDG and ESG Measures

Energy and Engagement

Entrepreneurs and business leaders cannot do all the activities in a business by themselves. They need to draw people into the enterprise that have similar purpose and commitment.

PURPOSE

- Embrace the vision, values and ethics of the leader and organisation (like the work of the organisation)
- Have experience and ability to contribute towards the organisation's mission and intention.
- Contribute towards a greater cause (what the world needs)
- Receive fair pay, reward, etc.

COMMITMENT (SENSE OF CONTRIBUTION AND BELONGING)

- Understanding all that makes the organisation work (language of the business)
- Understand "Zone of Influence". How each person contributes to the organisation meeting its outcome intention.
- Believing in and supporting the values and culture of the organisation
- Developing relationships with colleagues, clients, suppliers, etc

SECTION 3 TASK

Evaluating sustainability in four focus areas: leadership, functional areas, measurement and stakeholder engagement.

On the following pages, give a rating of 1-4 for the four focus areas according to these descriptors:

Four Areas of Sustainability Rating

MASTERY
4 - Demonstrates mastery with a clear sense of purpose, capable of independent action, and grasps the intricacies of business growth dynamics.

PROFICIENT
3 - Shows valuable insights, takes initiative in actions, and requires minimal mentoring for implementation.

COMPETENT
2 - Displays an understanding of what and why tasks need to be done but lacks the 'how.'

UNENGAGED
1 - Fails to apply practical knowledge gained from the mentoring process.

8. Rate your organisation's leadership on a scale of 1-4.

Focus Area: Leadership

Give a rating from 1 - 4
(1 = Unengaged; 2 = Competent; 3 = Proficient, 4 = Mastery)

	Understands and effectively communicates a compelling WHY behind the business, showcasing a clear purpose that extends beyond financial gain
	Has a a well-defined vision for the enterprise's success and is able to articulate it clearly
	Focuses on sustainable products or services that add value for consumers and society without causing harm to the environment
	Employees business mindedness to ensure core competencies support enterprise growth and success
	Ensures values and culture are consistent with ethical and effective leadership
	Understands and contributes towards the organisation's plan and strategy for propelling the business forward
	Leads with passion and beliefs that are aligned with organisational ethics, values and governance expectations
	Has the relevant experience, resilience and know-how
	Is supported by business networks, other leaders and organisations
	Can detail the organisations resources capacity and needs
	Acts with authenticity, honesty and integrity
	Has identified a path to success with key milestones. Has a clear strategy to meet the enterprise's vision, measurements and engagement

Focus Area: Leadership

Review the ratings on the previous page. Note down any areas for development and include a plan of action.

Required Action	By when, whom, how...

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Focus Area: Functional Areas

Give a rating from 1 - 4

(1 = Unengaged; 2 = Competent; 3 = Proficient, 4 = Mastery)

	Marketing • Specific target market and means to reach this target market
	Sales • Sales pipeline
	Finance • Clearly defined budget • 12-18 month cash flow forecast • Research optimum pricing strategy • Break even points are determined (incl. per product & service) • Annual Financial Statements • Record of accounts
	Operations • Clearly defined operational process • Upholds service delivery standards (as expected by customers)
	Legal • Service agreements • Supplier agreements • Licences
	HR • HR infrastructure in place (payroll, contracts, role clarity, policies, induction)
	B-BBEE and Transformation • BEE Scorecard or Affidavit • Understands BEE Environment • Understanding Procurement, ED and SD Elements on the BEE Scorecard
	IT and Systems • Effective information and communication technology in use • Effective software in use (manage, process and record workflows) • Cyber-security protection • Back-up systems
	Additional Requirements • Environmental Responsibility • Aligned to Occupational Health and Safety • Employee Assistance Programme (EAP) • Other?

Focus Area: Functional Areas

Review the ratings on the previous page. Note down any areas for development and include a plan of action.

Required Action	By when, whom, how...

Focus Area: Measurement

Give a rating from 1 - 4
(1 = Unengaged; 2 = Competent; 3 = Proficient, 4 = Mastery)

	Governance measurements within the enterprise, including Engaged and Ethical Culture, Productivity in meeting Operational and Stakeholder requirements, Adequate controls and risk management, and Legitimacy
	Operational measurements for the enterprise
	Stakeholder measurements within the enterprise, covering Customers, Employees, Suppliers, Funders, Stakeholders, Government (DoL and SARS), Environment, and Society
	Financial measurements for the enterprise
	ESG measurements in the enterprise
	Sustainable Development Goals (SDG's) in the enterprise
	Human capital measurements in the enterprise
	Any other relevant measurements in the enterprise

Focus Area: Measurement

Review the ratings on the previous page. Note down any areas for development and include a plan of action.

Required Action	By when, whom, how...

Focus Area: Energy and Engagement

Give a rating from 1 - 4

(1 = Unengaged; 2 = Competent; 3 = Proficient, 4 = Mastery)

	The organisation attracts and retains talent
	Staff and teams are good in their roles.
	Staff and teams enjoy the work they have been employed to do.
	Staff and teams recognise that the work they are doing is meeting operational, governance and stakeholder measures, and is also for the benefit of the greater community.
	Clearly defined staffing renumeration strategy.
	Staff and teams understand how business works, what makes the business successful and sustainable. Staff understands he language of the business.
	Staff and teams know what is expected of them in their roles. They understand their zone of influence and ability to contribute towards organisational outcomes, governance expectations and stakeholder measures.
	Leaders and teams have the right skills to provide quality service to clients.
	Staff and teams support the values and culture of the enterprise.
	Staff and teams build value adding relationships with colleagues, customers, suppliers and other stakeholders.
	There is a culture of authenticity, taking responsibility for mistakes, honesty, and being true to own personality, values, and spirit, regardless of the pressure created to act otherwise.
	Key performance and business measurement focus areas are in place.

Focus Area: Energy and Engagement

Review the ratings on the previous page. Note down any areas for development and include a plan of action.

Required Action	By when, whom, how...

What If We Don't Cultivate Sustainability?

Topics

- Environmental, social, and economic impacts of unsustainable practices
- Regulatory and legal implications of non-compliance with sustainability standards
- Exploring the potential for reputational damage and loss of market competitiveness

Practical Application

Taking action to develop and implementing sustainable business practices

Environmental, social, and economic impacts of unsustainable practices

The environmental, social, and economic impacts of unsustainable practices can be far-reaching. Some of the most common impacts include:

- **Environmental impacts:** Unsustainable practices can lead to air pollution, water pollution, deforestation, and climate change. These impacts can have a number of negative consequences, such as health problems, loss of biodiversity, and extreme weather events.
- **Social impacts:** Unsustainable practices can lead to poverty, inequality, and social conflict. This is because they can displace people from their homes, destroy their livelihoods, and make it difficult for them to access basic necessities like water and food.
- **Economic impacts:** Unsustainable practices can lead to job losses, economic instability, and financial losses. This is because they can make it difficult for businesses to operate and can damage the economy as a whole.

Regulatory and legal implications of non-compliance with sustainability standards

There are a number of regulatory and legal implications of non-compliance with sustainability standards. These implications can vary depending on the jurisdiction, but they can include:

- **Fines**: Businesses that are found to be in violation of sustainability regulations can be fined. The amount of the fine can vary depending on the severity of the violation.
- **Lawsuits**: Businesses that are found to be in violation of sustainability regulations can be sued by individuals or organizations who have been harmed by their actions. The outcome of a lawsuit can be unpredictable, but it could result in significant financial losses for the business.
- **Loss of licenses:** Businesses that are found to be in violation of sustainability regulations may lose their licenses to operate. This can make it difficult or impossible for them to continue doing business.

Exploring the potential for reputational damage and loss of market competitiveness

In addition to the regulatory and legal implications, businesses that neglect sustainability can also face reputational damage and loss of market competitiveness. This is because consumers are increasingly demanding that businesses be sustainable. If a business is seen as being unsustainable, it may lose customers and investors. This can lead to decreased profits and even bankruptcy.

Partnering with GLSI

The Green Lights Sustainability Initiative (GLSI) was initiated in 2020 by three passionate sustainability pioneers, Cathie Lewis, Wendy Mahoney and David White.

GLSI is here to help you make your oganisation more sustainable. We provide insights, information, and support needed to take action on sustainability.

The Green Lights Sustainability Initiative (GLSI) acknowledges that as service providers operating within a fragile economic context, we are responsible for fulfilling the expectations and aspirations of all our stakeholders, including employees, customers, suppliers, government regulatory bodies, communities, and environmental concerns. Our objective is to align with the principles and outcomes of best practice governance, including ethical and effective leadership and organisational culture, risk management, legitimacy and optimised productivity and performance.

We help businesses:

- Convert data into actionable knowledge: We help businesses make sense of their data and turn it into actionable insights that they can use to make better decisions.
- Move from a linear to a systems thinking approach: We help businesses understand the interconnectedness of the issues they face and develop solutions that address the root causes of problems.
- Balance ambition with reality: We help businesses set ambitious sustainability goals but also make sure that they are realistic and achievable.
- Navigate uncertainty: We help businesses make good decisions in situations where there is a lot of uncertainty.

By working with GSLI, businesses can become more agile, adaptable, and take small decisions that can have a big impact. We also help businesses consider more domains of sustainability and make high-impact changes starting now.

Contact us today to learn more about how GSLI can help your business become more sustainable. Accelerate your organisation's sustainability efforts and create a financially sound and successful business that also serves both the environment and society.