

# SDG 12: Ensure sustainable consumption and production patterns

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1 Oct 2021

## Doing more and better with less

Without sustainable production no local, national or global economy can ensure long-term viability. It is a core development objective for any responsible manufacturing concern - but how easy is it to reach this aim?



The [United Nations Sustainable Development Goals \(SDG\)](#) clearly explain the main issues embodied in SDG 12: 'Worldwide consumption and production - a driving force of the global economy - rest on the use of the natural environment and resources in a way that continues to have destructive impacts on the planet. Economic and social progress over the last century has been accompanied by environmental degradation that is endangering the very systems on which our future development - indeed, our very survival - depends.'

Among the frightening realities noted by the UN to support the need for action is the thought that, 'should the global population reach 9.6 billion by 2050, the equivalent of almost three planets would be required to provide the natural resources needed to sustain current lifestyles.'

What then should be the focus of a changed approach?

The UN statement points out that sustainable consumption and production can 'contribute substantially to poverty alleviation and the transition towards low-carbon and green economies.' It is about 'doing more and better with less. It is also about decoupling economic growth from environmental degradation, increasing resource efficiency and promoting sustainable lifestyles.'

Two local companies' approaches illustrate some of the ways to reach the SDG 12 goals of addressing the production challenge. Here are their experiences...

## Trellidor's SDG 12 experience

Damian Judge, CA(SA) and the CFO of Trellidor South Africa, says: "During the course of 2020 we embarked on a journey to accelerate our sustainable development practices. The first step in the process was to understand that adopting sustainable practice cannot be left up to one individual in an organisation. It requires the collective effort of employees, service providers, suppliers and customers."

Once the issues are understood, it then means taking action: "Within Trellidor, we put together a sustainable working committee (SWG) from the production, design and development, human resources, sales and marketing and finance divisions to develop our road map to sustainable production patterns."

He stresses how this inclusive approach continues to motivate their staff: "I believe that everyone is passionate about making a difference, and when they are given a voice in the workplace to make that difference, the positive impact is tangible. My takeaway from this important step is that if you are trying to get sustainable projects off the ground in your organisation, you should build a team to drive the process. It will not only make the load lighter but will also make the implementation of sustainable practices much easier."

The results of their team's work have been impressive. Judge provides some of the comprehensive initiatives that cover all production and support systems:

**Improved waste and effluent management.** "The production and product development representatives of the SWG investigated how best to measure these outputs at each plant. Based on the outcomes of this investigation, we focused on the inputs to the process to reduce harmful outputs. We have replaced environmentally-harmful chemicals with more environmentally-friendly alternatives and have reduced our operating temperatures from 60°C to 45°C in the pre-treatment process of the powder-coating plant. In the jig-stripping plant, we have been adjusting the size of our sludge filters to identify the optimum level to maximise the use of more harmful chemicals. We reduced the quantity of harmful chemicals purchased in this process by 66%. Focus will now shift back to the pre-treatment process where we will be looking to replace the use of deionised water with portable water through a reverse osmosis process. Thus, we will eliminate the need to use caustic and hydrochloric acid in the pre-treatment process. All regenerated water can now be recycled through the factory and used for things like toilets and floor cleaning. This will reduce the load on the effluent plant and also reduce the disposal of waste-water."

**Taking the lead on green initiatives.** "In 2021 we approved the installation of a 546 MWh per year solar panel installation. This will reduce our reliance on coal-fired energy by 30%, and is the first of a two-phase process which aims to reduce our reliance on coal-fire energy by 60% in total."

**Employee financial education and development.** Trellidor engaged FNB to conduct financial awareness training for all employees and also place a 'banker' on site for a period of time to engage one-on-one with employees. The objective of this training is to provide employees with basic personal finance skills and propose new structures to minimise the cost of banking.

**Entrepreneur development programme:** A training programme was developed in partnership with SAICA Enterprise Development.

Damian Judge applauds the fact that there is local expertise available to assist, where necessary, a company's internal sustainability teams. He also adds another reminder: "In working towards SDG 12 you also need to embrace SDG 17, which refers specifically to partnerships working towards achieving goals. Without partnership we cannot succeed."

## Energy Partners SDG 12 Experience

Charl du Plessis, business development executive of Energy Partners, explains what their company does. Their three divisions (Refrigeration, Solar and Steam) have two supporting divisions, namely Energy Intelligence and Engineering. It also has the "expertise coupled with funding to deliver the world class projects enabling our clients to become more sustainable and ultimately more competitive."

Du Plessis comments on the current trends for adoption of sustainable practices: "For years the key to successful and profitable manufacturing lay in overall efficiency (think back to the drive to implement Japanese best practices like the Kaizen or 'continuous improvement' business philosophy). Today the pressure on margins continues, but there is now a situation where efficiency gains locked up specifically in sustainable practices can mean the difference between profit or loss. Examples include Pick 'n Pay, where the electricity bill per annum is close to R800m and their net income for 2021 was R967m. Their efficiency gains over the period of their engagement with Energy Partners has been a reduction in energy intensity of 40%. In other words, without this gain they would have paid R530m more for electricity and made R433m profit—55% less than if they did not focus on sustainability."

He adds that those efforts demanded long-term commitment and "resulted from sustained focus on the strategy over ten years with the assistance of one consulting company."

Indeed, Du Plessis quips, "there is no quick, magic, sustainability solution."

He also points to the pressure exerted by Eskom on the local manufacturing industry as they raise electricity tariffs to repay debt and compensate for a growing figure of unpaid electricity bills (mostly at municipal level). "Turning Eskom around to profitability will mean that the burden on companies to focus on energy efficiency will keep on increasing." Electricity prices have increased by over 500 % since 2007, and are bound to keep on increasing. He says that poses continued challenges for local industry.

Should sustainable production approaches only be adopted by large corporates, or are there steps that smaller and medium-sized enterprises (SMEs) can start taking? Du Plessis says that although environmental, social and governance (ESG) scorecards and carbon footprint discussions are most notable among large corporates, listed companies and entities depending on international investors for funding, the benefits of sustainable approaches are relevant to all companies. "We at Energy Partners have seen small family-owned franchise PnP stores benefit as much from more efficient refrigeration plans as larger companies benefit."

He adds: "The benefits of steps such as energy management to achieve savings and implementing solar co-generation projects are equally applicable for small and large companies. What is true, is that large companies (like Clover and ABINBEV) often have dedicated internal resources and even whole departments focusing on efficient solutions. This means that smaller companies might be a little more dependent on outside or external help in achieving their efficiency and co-generation potential."

Du Plessis discusses two of the key principles that companies have adopted for a successful shift into sustainable practices:

**Measure actual energy efficiency (electrical energy but also other forms of energy) and quantify their financial cost.** This will make it easier to evaluate business cases for potential projects to improve efficiency. In an environment where coal consumption is notable, "a major company in South Africa has achieved a 10% savings of their total coal consumption over the 20-year life of their plant by redesigning and upgrading their boilers. This translates into significant efficiency gains, costs savings and a positive environmental impact based on the absolute savings of over 300 tons of coal per month."

**Develop a Sustainability strategy.** It is important to understand what drives decision making within a company. "Is it driven only by profitability, or is there a drive towards environmental goals as well?" Du Plessis believes although different companies have different goals, one focus is important: agreeing on what is important for the particular company to achieve in order to become more sustainable.

Lastly, because energy costs are so important for sustainable production, Du Plessis also comments on the recent breakthrough development when President Ramaphosa announced that local businesses would now be allowed to generate power of up to 100 MW each without a licence. It "will expand electricity generation by companies rapidly and be a fantastic enabler towards sustainable production at an affordable price."

Nevertheless, he cautions that "business forecasts in this regard should be very conservative, because structural changes that Eskom might make in future could influence this development as well."

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