

The Feasibility of Sustainability Reporting At Dartmouth College

Executive Summary

**Environmental Studies 50
Spring 2003**

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EXECUTIVE SUMMARY

The following report was compiled at Dartmouth College by the students of *Environmental Studies 50: Environmental Analysis and Policy Formulation*. The specific task taken on by this course in the spring of 2003 is to evaluate the feasibility of sustainability reporting at Dartmouth. We do this by assessing the costs and benefits entailed in that reporting, reviewing the available reporting options, and assessing the costs of data collection. We then offer recommendations on what approaches Dartmouth might take to sustainability reporting. Sustainability reporting, which involves the provision of social and environmental annual reports in addition to the traditional financial one, has developed as a trend in corporate management over the past decade but has been slow to take root among colleges and universities. Dartmouth has an opportunity to establish itself as a leader in sustainability by adopting reporting in some form.

PART I: THE CASE FOR SUSTAINABILITY REPORTING

CHAPTER 1: INTRODUCTION

Defining Sustainability

- Sustainability is providing for the needs of the present while preserving the ability of future generations to enjoy a similar standard of living.
- Sustainable development is “a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance both current and future potentials to meet human needs and aspirations.” (WCED, 1987)
- The triple bottom line of sustainability encompasses environmental, economic and social responsibilities.

The Rationale for Sustainability in Higher Education

- Colleges and universities have the social and ethical responsibility to promote sustainability, as well as the expertise and the ability to make significant progress in this area.
- Corporations have experienced benefits from sustainability reporting that are also applicable to educational institutions.

Recent Developments in Sustainability Reporting

- Heightened interest in corporate accountability has created a movement toward sustainability reporting.
- Various types of reporting options are now available for corporations, and frameworks are being developed for higher education in a variety of forms.

CHAPTER 2: BENEFITS AND COSTS OF SUSTAINABILITY REPORTING

Stakeholders

- In this section we outline Dartmouth's stakeholders, or those who are affected by College actions. These include trustees, students, faculty, staff, alumni, community, government, and granting agencies.

Reputation and Differentiation

- Dartmouth is considered a leader in environmental practices. Sustainability reporting would enhance and advertise Dartmouth's role in environmental issues and a successful report could be a key selling point for prospective students, faculty and staff.
- Sustainability reporting is ultimately about sharing information in an open, transparent manner in order to build trust. It is an attempt to protect the trust that is the basis of reputation, and can help advance that reputation, thus accruing a competitive advantage over other universities.

Institutional Management

- Sustainability reporting allows more efficient intra-institutional management. It streamlines communication between departments, facilitates idea sharing, helps manage existing sustainability initiatives, increases the college's adaptability, promotes community interaction and communication, and establishes a common language with which to communicate with other universities.

Financial Benefits

- Sustainability reporting would provide the College with a more comprehensive way of looking at short-term costs vs. long-term savings. Decreasing environmental impact can lead to economic savings.
- Sustainability reporting introduces a common language with business, which may lead to profit opportunities for Dartmouth that would not otherwise be available.

Risk Reduction

- Sustainability reporting is a proactive measure that can be employed to decrease some of the risks that Dartmouth is exposed to. These risks include liability for personal injuries, contractual liabilities related to everything from construction to research and grants, intellectual property infringement, environmental issues, employment and labor disputes, disability-related issues, and compliance with Federal education, workplace, and national security statutes.

Exposure of Good Social Practices

- Sustainability reporting can enhance relations within the community by highlighting the social practices that Dartmouth offers to the community, specifically in employment practices, employee diversity, community service, and health and safety.

Costs of Increased Transparency

- It is possible that reporting could expose information that is contrary to the College's mission statement and goals. Revealing such information could have negative consequences. Voluntarily excluding information could be equally detrimental, because it could create a presumption of guilt.

CHAPTER 3: OPTIONS FOR A COMMITMENT TO SUSTAINABILITY

Reporting Options

- There is significant overlap between the various reporting options. This section individually compared them to the Global Reporting Initiative (GRI), the most thorough reporting mechanism to date.
- The Global Reporting Initiative (GRI), developed in 1997, promotes the dissemination of information in a structured format for easy comparison between reports and encourages stakeholder involvement. Its mission is to develop and disseminate globally applicable sustainability reporting guidelines to report on the economic, environmental and social effects of their activities, products and services.
- We also address other sustainability reporting options, which address some aspects of the triple bottom line but are not comprehensive.

Declarations and Charter

- Since 1972, institutions of higher education have also adopted declarations, charters and action plans in order to address their roles in sustainable development. These serve as important frameworks upon which colleges and universities can build.

Survey of Other Schools

- Included in this survey are five universities that have completed some form of sustainability reporting. These reports range from comprehensive catalogues of university practices to simple discussions of how sustainability can begin to be incorporated.

PART II: DATA-RELATED COSTS OF SUSTAINABILITY REPORTING

The second part of this report catalogues the availability at Dartmouth College of the data required by the Global Reporting Initiative. The GRI entails the reporting of

indicators under three main classifications: economic, environmental, and social. For the purposes of an educational institution, a fourth category, education, has been added. These sections detail the relative amount of effort necessary to gather the data.

CHAPTER 4: ECONOMIC INDICATORS

Economic indicators involve monetary inputs and outputs encompassing all of Dartmouth's stakeholders. Problems concerning the application of GRI guidelines to educational institutions continue with these specific guidelines. Many of the indicators designed to provide fiscal disclosure do not apply to an educational institution, such as Dartmouth College. However, each of the listed sections is necessary for a comprehensive sustainability review. A brief summary of each indicator section is listed:

Customers

- A study of Dartmouth's customers involves breaking down data according to each stakeholder. Each monetary input of the school discloses information relating to the net income. Also a geographic breakdown of markets reveals the origins of monetary income. These indicators provide information relating to the net income and the diversity of Dartmouth's customers. Overall data availability is good. All of this information is already collected annually for the financial report and tax information. Data collection costs involve only a minimal amount of data aggregation.

Suppliers

- This indicator group, Suppliers of Dartmouth, examines the costs of all goods, materials and services provided, contract responsibilities, and payroll liabilities. This information discloses Dartmouth's monetary outflows and liabilities. Data was already available, previously collected for the annual financial report and tax audits. Collection costs involves only an organization of data. Full GRI compliance is recommended.

Providers of Capital

- Providers of Capital reveal the nuances of Dartmouth's incoming monetary flow excluding main tuition funds, which is reported under the customers section. Data includes Dartmouth's holdings in the equity and debt market, alumni gifts, and student contributions. An increase/decrease in retained earnings is also reported to evaluate firm performance over a given period. Finally, a total sum of taxes is broken down by geographic region. All of the required information for full GRI compliance is already readily available in the annual financial report or on file in the treasury office. Collection costs will be minimal involving mostly an organizing an aggregation of data.

Public Sector and Indirect Economic Impacts

- As an educational institution, Dartmouth has significant effects on the public sector. In order to quantify this indicator, the school's monetary donations can be examined; however this information is costly to obtain. There is no aggregate

campus-wide data available yet, so data collection will involve a variety of sources.

- By breaking down Suppliers by organization and country, a list of the top supplier vendors at Dartmouth will be used to show Dartmouth's economic impact on external firms. Collection will be time-consuming, as data must be compiled from individual revenue data from each involved firm. However, this section is a non-core indicator and is not required for GRI compliance.
- Another non-core indicator, indirect economic impacts attempts to quantify the effects students have on the economy after graduation, by administering a contingent valuation survey. Survey questions attempt to estimate employment and salary from its graduating seniors. Survey information is readily available from institutional research, but may be inaccurate and unreliable as information is easily subject to change as students change employment. However, this is another section that is non-core and is not required for GRI compliance.

CHAPTER 5: ENVIRONMENTAL INDICATORS

Overall, the data for the environmental indicators of the GRI is already being collected by the College and is readily available. In some instances, time and extra labor are required to change the format of the data to the GRI format. The indicators that are the most costly are the ones that are least quantifiable. We did not experience any data sensitivities with respect to environmental indicators. What follows is an explanation of our focus in each category of indicators:

Materials:

- For these indicators, we considered the total volume of materials that enter the College, everything from paper products to fertilizers to food to lab chemicals. We found that the data is available for the most part. The main issue is its organization and tracking since, at present, materials enter the College through four separate routes.

Energy:

- For energy, we looked at how energy consumption is tracked by Dartmouth and how it could be improved in the future. We considered types of fuel used directly as well as indirect energy uses. The information is already collected. Reporting on sustainability would likely move Dartmouth towards greater energy efficiency as well as more centralized processes for data collection.

Water:

- The water indicators did prove to be slightly complex because water is managed in part by the College and in part by the town. The situation is one where the data is available, but it requires effort to isolate Dartmouth water use and management from the entire system in place.

Biodiversity:

- We found the biodiversity indicators to be the most difficult to report on. The data is not very available because it is hard to quantify. However, the indicators are very general and allow room for interpretation. In light of this, we found that a summary of Dartmouth's policies and initiatives regarding biodiversity would be the best way to fulfill this part of reporting.

Emissions/effluents/waste:

- This section covers the wastes of Dartmouth's processes to air, water, and the solid waste stream. Overall, this data is readily available. Again, the main issue becomes how to centralize the data. At present, several different offices on campus collect the data for these indicators.

Suppliers:

- This indicator does not consider the environmental impact of the actual products supplied to the institution. Rather, it assesses the process by which such products were created. Therefore, the main consideration in this section was how Dartmouth decides upon the products it buys. The data for this indicator is also not very quantitative. There is room for interpretation in terms of how Dartmouth could best capture the environmental impact of its suppliers.

Products and Services:

- These indicators are not very relevant to an educational institution. Rather, they apply to industry where the principal products and services are clearly defined. Still, to the extent that this indicator applies to Dartmouth, we found that the College does take steps to reduce the environmental impacts of its operations.

Compliance:

- The data for this indicator is minimal and readily available. The College maintains excellent records of incidents of and fines for non-compliance with environmental regulations. These violations, though, are infrequent.

Transport:

- This additional indicator looks at the significant environmental impacts of transportation. The data is available though difficult to quantify since the indicator is so general. For early sustainability reports, the College could narrow this indicator to parking operations and wintertime procedures such as salt and sand application, since this data is most easily accessible.

CHAPTERS 6 AND 7: SOCIAL AND EDUCATIONAL INDICATORS

- During our research to provide information about the data availability at Dartmouth of the “Social Indicators” section outlined by the GRI, we found it necessary to articulate supplementary indicators that made such standards

applicable and relevant to the university setting. In addition, we have developed a separate indicators section entitled “Education Indicators” for this purpose.

- We found that the majority of the information required by GRI standards (and supplemented at our discretion) is available and readily accessible through already existing college resources in an appropriate data format. If the College were to decide only to compile and report on such readily available indicators, the labor and materials required would be negligible in relation to the estimated benefits.
- The indicator data requested by the GRI (and our supplements) that is not immediately available and accessible can be roughly defined as falling into two general categories: (1) missing data, and (2) missing mechanisms.
- The vast majority of “missing data” type indicators would not require significant additional labor or materials to gather. Because Dartmouth College already has extensive and relatively well-streamlined database systems and information gathering mechanisms, technologies, and institutionalized procedures, most “missing data” type problems could easily be solved by asking/gathering the lacking data in new question within existing surveys and departmental reports. The labor/materials required to address such “missing data” gaps would be minimal. We believe that the part-time work of supervised interns with appropriate administrative support could successfully network with offices already responsible for maintaining similar data collection services and information.
- The second category of “missing mechanisms” includes indicators that request a description of policies, procedures, monitoring systems, and mechanisms to respond to results of monitoring. For these “missing mechanisms” type indicators, which are very few, the amount of labor and materials required to develop responses to GRI standards, and our own, would be significant.
- Because we are not familiar with the processes and politics involved in negotiating relative data sensitivity issues in relation to estimated benefits, especially in reference to the investment methodology changes we have recommended, which would need to be critically constructed in coordination with the Office of the General Counsel, we do not feel confident in judging the precise amount of effort required to accomplish the collection and reporting of the social and educational indicators.

CHAPTER 8: RECOMMENDATIONS

- We recommend that Dartmouth employ some form of the GRI. However, producing a full GRI report may prove too costly for Dartmouth, at least at the outset. Therefore, we refrain from complete endorsement of full GRI. Dartmouth’s decision makers will ultimately choose what type of report to

employ, based on the financial commitment they would like to make and what benefits they are willing to forgo.

- The Full GRI is estimated to take 670-1010 hours for student interns to compile. Though it captures all of the benefits enumerated in Chapter Two, it is very costly. By removing the most time-consuming data collection, we were able to trim estimated time by about two-thirds. Other ways for Dartmouth to save on costs are to eliminate the education indicators or to report on only the environmental indicators. For each alternative option, Dartmouth loses out on a number of benefits. Dartmouth must consider the costs and benefits of each option in deciding how to move forward.
- Regardless of what form of GRI Dartmouth decides to employ, we suggest the following next steps. A student intern should beta test the data collection, attempting to verify our time estimates for a fraction of the indicators. The student would write up a report that would serve as a corollary to this report. Being better informed as to the costs of data collection and reporting, Dartmouth could make a better decision as to what form of GRI to pursue.