



The Prince's  
Responsible  
Business Network



Responsible Business Tracker<sup>®</sup>

# RAISING THE BAR

Insights Report 2019



The Responsible Business Tracker has been generously supported by Sky.



We are also grateful for assistance from Lloyds Banking Group  
Centre for Responsible Business at the University of Birmingham.



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SCHOOL



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# FOREWORD

## FROM BUSINESS IN THE COMMUNITY

I am delighted to introduce the first pilot results of the Responsible Business Tracker. Thanks to the support of Sky and the University of Birmingham, we now have access to crucial insights that build on the UK's strong history of responsible business and raise our expectations yet further.

Over the nearly 40 years of Business in the Community's existence, a lot of things have changed, but one thing has remained the same. We were founded on the principle that business could – and should – do more to support the communities around them. In the same way that no woman or man is an island, no business exists in a vacuum. Each is a vital part of an intricate ecosystem.

We still stand by that principle. We are proud of the long legacy of brave companies that have put their heads above the parapet and said that they want to do more to make the world a better place. From the law firm revolutionising its recruitment practice in order to give ex-offenders the chance they deserve, to the bank solving air pollution with innovative billboards, we have many examples over the years of businesses pushing the boundaries of what responsible business can mean.

The Responsible Business Tracker marks a new era in that legacy. Taking the spirit of these excellent projects and combining it with something even more ambitious. Creating a new definition of best practice.

The 64 companies that took part in the Tracker pilot over the past year are setting a fresh standard; not just because of the trailblazing programmes they have in place, but because of their honesty.

The overwhelming majority of businesses that took part have a commitment at the highest level to act responsibly but the knowledge that less than a fifth of them have yet to embed that in a practical way at every level is a serious challenge. More than ever before, it is clear where we are not doing enough.

By opening their doors to scrutiny, these companies have kicked into gear a new way of thinking about responsible business, committing to constant, daily improvement. They have not done this because they think they have achieved perfection, but precisely because they know they want to get better – and because they want to work with Business in the Community and the rest of UK business to keep improving.

Business in the Community believes that the UK should be the best place in the world for responsible business. As a nation, we have the ambition, talent and – thanks to the Responsible Business Tracker – the information to make it happen.

I hope that we can look back on 2019 as the year that belief began to come true.



**Amanda Mackenzie,**  
**Chief Executive,**  
**Business in the Community**

# FOREWORD

## FROM SKY

When it comes to responsible business, every one of BITC's members has knowledge to share – but far more to learn. It is our joint recognition of this need, coupled with our shared desire to create positive change, that makes the BITC network such a powerful force for good.

BITC's strength lies in its role as a convener. It brings people together to share ideas, inspire one another and ultimately create change. We are far more effective working together than the sum of our individual parts, and our role is more important than ever.

In the current environment of uncertainty, where people have less and less faith in the institutions that have traditionally held society together, there is an even greater expectation on business and its leaders. Expectations are high – but the need to act is even greater. This goes to the heart of BITC, and it is why I am delighted to have supported the development of BITC's new Responsible Business Tracker, which considers the full range of what it means to be a responsible business.

Aligned to the UN's Global Goals, the Tracker's insights present a snapshot of how responsible UK business is today, from medium-sized business to those with significant scale and power.

The Tracker brings in aspirational goals and introduces the 'new possible'. It shows us how far we still must go to play our part in ensuring the Global Goals are met by 2030 and it shows us how much more we have to learn. It provides the laser focus that's needed to achieve a healthy community and a healthy environment for all.

By constantly learning, sharing and telling our stories of the positive impact business can have we will fully mobilise the power of our network and create a virtuous circle to benefit all stakeholders.

This cannot be done alone. At Sky we are on a journey to become single-use plastic free in our operations and supply chain. We are actively supporting other businesses looking to make this change by sharing what we have learned.

The insights in this report bring leaders across every part of the Responsible Business map to the fore. It maps for us those we have most to learn from, and also where we can offer most to others. And, as we set our sights on what each of us will do to help reach the Global Goals, the additional insights, information and case studies of best practice will shape our collective ambition to move forwards, faster.

The challenge for all of us is how to accelerate our progress – to design systems and processes of responsible business that shape a sustainable future. We've got a long road ahead of us.

As BITC Chairman, I would like to thank all those companies that have joined the pilot and made the insights in this report possible. I want this Tracker to represent all UK business and hold us to account on our progress. And so I hope in September 2019 you'll join Sky and the 63 other forerunners in participating in the Responsible Business Tracker, be scored on your approach, and play your part in making the UK a world leader at responsible business.



**Jeremy Darroch,**  
**Group Chief Executive, Sky**  
**Chairman, Business in the Community**

# EXPERT OVERVIEW

## FROM LLOYDS BANKING GROUP CENTRE FOR RESPONSIBLE BUSINESS

Using the Global Goals to redefine responsible business was a courageous decision by BITC when designing its Responsible Business Tracker. The strategic clarity and new insights that the Global Goals bring is both welcome and transformative. Translating this global vision of a fairer, sustainable world into everyday business thinking and action is far from a trivial undertaking. However, the results from the Forerunner Cycle reveal that leaders at all levels in all key sectors are embracing these newly defined responsible business challenges. There is evidence of effective engagement and innovation across all nine Tracker elements, with noticeably higher performance in Health & Wellbeing, Diversity & Inclusion and Purposeful Leadership.

The Tracker also revealed gaps in this progress, identifying areas for targeted actions and collective efforts. Somewhat unexpectedly our analysis revealed that the compelling waste to wealth logic was not evidenced in strong, systematic commitments to resource productivity and the circular economy. Healthy Environment was the Tracker element perceived as the least material where performance lagged well behind the other eight.

The difficulty experienced by many Forerunners in measuring performance and impact in relation to a number of Tracker elements was another noticeable finding. The old maxim of 'measure what matters, not what is measured matters' appears to apply in this case. Are businesses measuring what matters just to them or to the marginalised or disadvantaged, those denied their fair share, to future generations or our planetary ecosystems? Many essential elements of responsible business strategies remained unmeasured and detached from business scorecards or formal performance measurement systems. These knowledge gaps could lead to future problems in fully embedding

responsible business principles across all sectors, particularly in evidencing risks and value-creating opportunities associated with business interconnectedness with others and nature.

The Tracker will help connect the dots and map the essential patterns and relationships between what businesses do, want to do and what others need them to do. The new insights and visibilities created by the Tracker have highlighted progress, problems and possibilities that will inform and help shape future collective and individual actions.



**Professor Ian Thomson,  
Director of Lloyds Banking Group  
Centre for Responsible Business  
at the University of Birmingham**

# THE START OF A NEW JOURNEY

The **Responsible Business Tracker®** marks a new stage of the development of Business in the Community, the oldest and largest business-led membership organisation dedicated to responsible business.

The Tracker sets a new bar, with new aspirations to motivate and drive change, improve business performance across all areas and the focus on impact creates new ways of evaluating progress.

Many will remember widespread green-washing from companies in the 90s and early 2000s causing scepticism and erosion of trust in business. Going into the 2020s, there is increasingly and rightly a huge drive from companies towards purpose and their contribution to society. ‘Purpose’ is a popular topic and for the first time the Tracker will show how much companies are walking the talk and not falling into a new era of purpose-washing.

Informed and developed with members, the Tracker is designed to collect and share knowledge and experiences of responsible business by measuring performance against a challenging and aspirational set of desired outcomes – using the Global Goals as a framework.

Thanks to the 64 Forerunner companies who participated in the pilot, we are building the UK’s largest measure of its kind that reports on the progress businesses are making, what more needs to be done and provides a support system for businesses to improve.

As more businesses participate in the Tracker, its influence and importance will only become greater. Already, the findings provide us with a wealth of information about different aspects of responsible business and what the current understanding of responsible business is. As well as providing a detailed picture of where companies are on improving themselves, it is identifying common challenges.

Three overarching findings emerge from this first Tracker pilot that need to be explored more fully. These will help define new areas of work and the support needed from Business in the Community (BITC) and have already helped shape ways in which the Tracker can be improved.

## PARTICIPATION

The first Responsible Business Tracker® lifts up key trends and best practice from the information shared by our Forerunner companies. The diversity of participants shows the scope of responsible business across the UK.

**64 Companies**  
**24 Sectors**

## GLOBAL GOALS

Business felt they are contributing the most towards SDG 8 Decent Work and Economic Growth and SDG 3 Good Health and Wellbeing.

**42%** use the Global Goals to evaluate responsible business priorities and only **25%** are using the Goals for innovation.

## SECTORAL STRENGTHS

- ◆ Retail and Food – **Supply Chain & Human Rights**
- ◆ Utilities, Energy and Transport – **Future Generations and Net Zero Carbon**
- ◆ Construction, Engineering and Technology – **Health & Wellbeing**
- ◆ Services – **Diversity & Inclusion**

# KEY FINDINGS THIS YEAR

The Tracker will provide BITC with an annual overview of what is working and where companies need to do more. We will distil learning and trends to share with member companies that we believe will prompt more collaboration and help scale up impact against the Global Goals.

The findings reveal a great deal of activity across the agenda. However, while we would expect leadership to be setting ambition and driving strategy there is a big gap between what is being communicated and shared and how it translates through departmental or individual accountability and targets. In other words responsible business is still

not embedded into the core.

Alongside the learnings and range of activity, we have data on from this cycle, we can see three overarching trends that illustrate the disconnect between ambition and how it is being translated into individual behaviours and accountabilities.

While these findings need further exploration with companies, they provide a unique and valuable focus for discussion and invaluable learning for the responsible business movement.

## INSIGHT AND STRATEGY DRIVING IMPACT

The Tracker findings suggest that while there is increasing activity influencing and changing the way companies operate, there is a disconnect with the big increase seen in companies addressing the wellbeing and health of their employees and the concerning lack of reporting and performance on key environmental issues, particularly the Circular Economy & Resource Productivity and Healthy Ecosystems. There are many reasons as to why this is, but the overall focus on carbon reduction needs to expand to the whole environmental agenda. It is something we will address in the next cycle.

There is a lack of understanding of how to measure and report on impact, which is still mainly being

done in terms of inputs and outputs and few understanding the difference.

A good strategy will start with impact – responsible business is no different but there seems to be a lack of rigour in the methodologies being used in many of the strategies being shared in the Tracker. For as long as these remain separate from the everyday business decision-making process, risks won't be managed and opportunities won't be utilised.

The Global Goals are proving to be a challenge to many and most commonly being used as an external communication device rather than shaping internal business strategy.

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# 72%

of Forerunners have started to formally engage employees and senior leaders to identify priority responsible business issues.

## BUT ONLY

# 16%

have integrated these into the risk register or consulted externally to review against the Global Goals, ensuring a strategic approach to drive the greatest impact.

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## THE LEADERSHIP CHALLENGE

While most businesses have a senior champion for responsible business and can point to how this leadership is communicated, few have specific departmental or functional targets across the organisation.

There is an increasing amount of activity but a low level of integration across the business and consequently its impact.

There is a disconnect on how much responsible business is really being embedded into company cultures. When we see an increase in the integration of responsible business into individual's targets,

we hope to see action and a rise in the number of products and services addressing key social and environmental issues.

If there is a gap between purpose statements and integration across departmental targets, activity will be limited. There is the danger of falling into the trap of purpose-washing, where the reality of how the company actually operates is not aligned to its purpose.

## IMPACT THROUGH COLLABORATION

There is strong evidence by certain sectors that responsible business is creating a focus and prompting innovative collective action that others in sectors and across sectors can learn from.

But individual sectors face different strategic and day-to-day challenges and risks, which means that responsible business is evolving differently in each business. This presents an opportunity for a sector to prioritise issues that are material to it and create new solutions that can inform improvement individually and cross-sector.

Supply Chain & Human Rights: Only **22%** of Forerunners have verified their human rights impacts through stakeholder engagement consultations. However **55%** of Retail and Food businesses have done so.

Carbon reduction: **63%** of Forerunners have set objectives, targets and KPIs for their carbon reduction strategy. This rises to **92%** for the Utilities, Energy and Transport sector.

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# 94%

of Forerunners shared their CEO commitment to responsible business.

# 86%

have a purpose statement.

# 47%

have linked this purpose statement to responsible business.

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## BUT ONLY

# 17%

have considered what this means across departments or set clear team targets.

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# 55%

use the Global Goals to inform individual initiatives.

## BUT ONLY

# 30%

understand the strategic risk to their business model in not meeting the Global Goals.

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# THE RESPONSIBLE BUSINESS MAP<sup>©</sup>



The **Responsible Business Tracker**<sup>®</sup> helps participants understand their responsible business performance. The survey measures businesses against a challenging and aspirational set of desired outcomes and actions from our Responsible Map, which is our definition of responsible business. The Tracker is aligned to the UN’s Global Goals and has a target for ‘completion’ by 2030. Questions are therefore stretching, with the aim to drive change and to encourage continuous improvement.

# MATERIALITY AND AMBITION

## WHAT IS MATERIALITY?

### MATERIALITY DEFINES THE PRIORITY ISSUES FOR A BUSINESS.

To understand its material issues a business needs to consider:

- What will impact on the business (growth, risk or trust)?
- What they can have the greatest impact on?
- What is of high importance to stakeholders?

While the scope of responsible business is the same for all, the materiality and urgency of different Tracker elements will vary from business to business. As such the Tracker asks businesses to identify what is material to them.

## FORERUNNER RESULTS

- Each Forerunner could select two issues as highly material to their business. The top two elements rated as highly material were Health & Wellbeing and Diversity & Inclusion.
- The two Tracker elements with the lowest selection as highly material were both environmental issues. With **13%** of Forerunners selecting Circular Economy and Resource Productivity, and only **2%** of Forerunners selecting Healthy Ecosystems.

# 48%

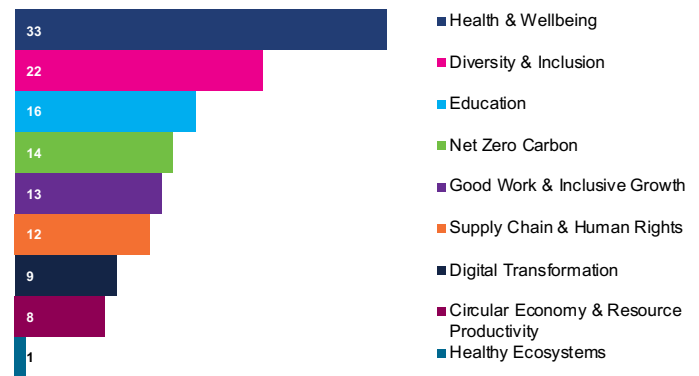
of Forerunners do have responsible business incorporated into their risk register.

# 16%

have completed all stages of a robust materiality methodology, this includes consulting with internal and external stakeholders and reviewing priority issues in accordance with the Global Goals.

## Highly material issues selected

Count of Forerunners



## AREAS OF IMPROVEMENT

Although most Forerunners consult on areas of focus within their business, this is often with those already engaged with responsible business. Also, external stakeholders and frameworks such as the Global Goals are less frequently included in decision making. This could be tackled by integrating the review of responsible business processes within key business activities.

When BITC talk about responsible business strategies and materiality exercises, we know the benefits of engaging as many stakeholders as possible across the business and outside of it. This will be invaluable not only in its purpose of prioritising environmental and social issues, but also to engage those who are necessary to the strategies success from the start.

# MEASURING IMPACT

When we ask participants to measure and monitor their impact we are asking members to understand and evidence the change they are seeking to achieve through their initiatives and whether the desired impact is happening. Both to the beneficiary of a community, school or the environment. And, to the business itself, all in line with the belief that responsible business is good business. By focusing on impact the Tracker is putting emphasis not on the volume of activity that is taking place but the quality.

This metric-based approach has many benefits; it helps a business understand the success of any particular programme and can support a business in their decision making on where to focus efforts. It also aids communication, simplifying messages and appealing to stakeholders that need numbers to back up stories.

## FORERUNNER RESULTS

Impact measurement was one of the trickiest areas for Forerunners. This was in line with expectations. Most members are tracking inputs and outputs, all of which is important. However, BITC is keen that businesses move away from talking about how many people are being reached and how many sessions are being run, to stories about how many lives were changed and how many jobs created. Yes, the numbers will probably be lower but the case studies more powerful.

Most businesses don't know where to start, looking at the healthy communities section, fewer than half (**47%**) could state what impact they expected to see on the business and **36%** on the community. Furthermore, there is limited gathering of baseline data to track progress, which will make it more difficult to measure progress. Additionally, without this baseline data it is much more difficult to integrate SMART targets into peoples' objectives.

## AREAS OF IMPROVEMENT

It is clear from the results that companies need support in this area. Given the number of different methodologies and platforms available for evaluating impact, it can be a confusing field. However, all businesses can start by defining what they are hoping to achieve and what success looks like to their business. Once that has been defined it will be much easier to work out a methodology and much simpler to communicate the benefits of responsible business on the environment, on communities, across your employees and through the value chain to the bottom line.

## BEST PRACTICE

### LINKLATERS LLP MONITORING PROGRESS

Linklaters' London schools programme runs in three-year phases to provide stability to their partner schools. They mentor students, host workplace visits and provide quality work experience. Key Performance Indicators (KPIs) focus on raising aspirations and increased understanding of future career/education options.

The programme is designed following consultation with schools and students. For example, Linklaters' partner school in Haringey recognised that students who arrived in the UK with English as an additional language often need extra support. Linklaters has developed a new programme to deliver fun, conversational English classes. The pilot was a success. The programme is now fully integrated into longer-term strategy. All participants reported improved confidence and communication skills and motivation to learn English in the future.

**A teacher said, "I have never seen one of the students smile before coming on this programme". The programme also supports parents, so they are better able to communicate with the school on their children's learning."**

# GLOBAL GOALS



A critical innovation in the Tracker was the integration of the UN Sustainable Development Goals (SDGs) – the Global Goals. Every age has a vision that helps make sense of today and shapes future thinking – the Global Goals provide this aspirational vision.

The ambition is for the Goals to become embedded within international trade agreements, financial markets, taxation systems, procurement, business communication and consumer preferences. Demonstrating business contributions to the Goals will create competitive advantage, just as preventing the attainment of them will become less valued and subject to growing distrust and unacceptability.

## FORERUNNER RESULTS

The Forerunners results suggest that there is still a lot to do on educating and integrating the Global Goals into business.

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# 55%

of Forerunners have used the Global Goals to inform responsible business initiatives.

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# 30%

understand the risks to their business model by not meeting the Global Goals.

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Businesses were asked to select the three Goals they are contributing the most towards. Overall, the priority Global Goals for each sector appear to reflect the business as usual imperatives. While we would expect Decent Work and Economic Growth to be one of the most selected, other decisions were less logical with a lack of consistency from each sector. BITC believes businesses are missing an opportunity by not integrating Goals into strategy.

## AREAS OF IMPROVEMENT

Businesses need to fully understand the nature and far-reaching consequences of the Global Goals and understand how they will be impacted, positively or negatively, by this new global measure of responsibility.

Only **25%** of Forerunners used the goals for innovation. Therefore, there is unused potential to harness this opportunity to trigger innovation creating new revenue-making opportunities and for a more universal application of the Global Goals to business in general.

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## BEST PRACTICE

### BURGES SALMON LLP MAPPING THE GLOBAL GOALS

Burges Salmon considered the UN SDGs as an opportunity to better understand how the firm was contributing towards the sustainable development agenda in terms of its direct impacts and through the firm's advice and expertise.

Burges Salmon conducted a mapping exercise by unpacking each goal and then aligning the firm's activities, income streams and interests. This then enabled a materiality exercise by identifying those goals where the aligned activity was considered most important to Burges Salmon's ongoing success. This was followed by identification of the relevant UN SDGs targets and appropriate internal measures. Application of the UN SDGs has enabled a much broader view of responsible business and provided a new engagement focus with internal and external stakeholders. Application of the SDGs has also enabled a new performance management approach for responsible business and will underpin continuous improvement.

# PURPOSEFUL LEADERS

## FUTURE GENERATIONS



### DESIRED OUTCOME

- For Future Generations the desired outcome for responsible businesses is to meet the needs of the present without compromising the ability of future generations to meet their needs.

Historically, many businesses have focused too much on the immediate future, driven by quarterly reporting and unsustainable expectations. This short-termism drives behaviour that doesn't consider the long-term sustainability of business and society. Those that will be most affected by this approach are the future leaders of the business. Therefore, it is key that they are equipped now with the skills necessary to address these future challenges.

### FORERUNNER RESULTS

There is already evidence of this commitment being embedded in a range of business practices including aspects of responsible business in new employee inductions. In total, **64%** of Forerunners offer programmes where employees are encouraged to innovate and propose more responsible ways of working.

# 72%

of forerunners use responsible business information as part of all new employee inductions.

# 17%

offer responsible leadership development opportunities throughout their supply chain.

### AREAS OF IMPROVEMENT

The more challenging elements of inspiring future responsible business leaders need to be considered. While **50%** of Forerunners offer responsible leaders development opportunities in their communities, the level offered throughout the supply chain is substantially lower at **17%**. Here a large number of businesses are missing the opportunity to engage with their key stakeholders and build relationships.

### BEST PRACTICE

#### FUJITSU RADAR PROGRAMME

Fujitsu launched its Radar pilot (50 participants) in 2019 to identify and nurture a pipeline of talent lower down the organisation, earlier in careers. It is Fujitsu's first self-nominated talent programme or 'community', designed to drive participants to invest more in their own learning by providing them with resources in targeted key technical skills as well as business behaviours. Fujitsu gamified activities that it believed will support its development and also raise its profile in the marketplace – those that contribute the most will have access to higher-value opportunities and events as rewards. Early indicators are positive with nearly **80%** actively engaged with the programme in some way since its launch this year, and ongoing impact is being measured each month as to how active, engaged and motivated participants are, as well as how they are applying their learning in the workplace.

# PURPOSE & VALUES



## DESIRED OUTCOME

- Purpose-led businesses and brands moving from a do-less-harm approach to one where they are a genuine force for positive change, creating competitive advantages, meeting changing customer needs, and attracting, retaining and developing the best talent.

## FORERUNNER RESULTS

Forerunner results indicate a good level of awareness of purpose and values. Clarifying purpose and values provides a powerful signal of intent to all those connected to a business, shaping relationships and informing decisions. This does mean that the content of these statements needs to relate both to the core practices of the business, and its commitment to responsible business. Purpose and value statements need to capture the essence of what a company is trying to achieve by being a responsible business. Thriving employees are three times more likely to work for a company with a strong sense of purpose<sup>1</sup>. For this to happen words and aspirations need to be translated into decisions, policies and practices. Businesses must show how they are delivering on their purpose in the day-to-day, measuring the impact of these actions.

# 86%

of Forerunners have a purpose statement.

# 47%

have responsible business elements in their purpose statement.

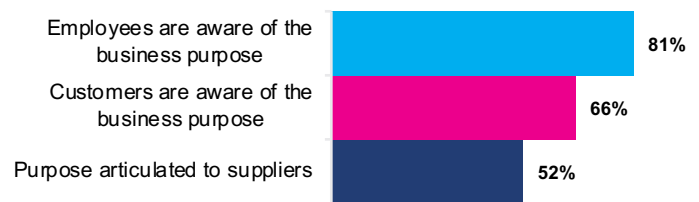
Utilities, Energy and Transport has significantly higher performance than other sectors in relation to its purpose driving innovation in products and services to enable sustainability.

<sup>1</sup> Mercer, [Global Talent Trends 2019](#)

The figure below shows the reported performance on the awareness of purpose. Without the right level of engagement the value to the business of a purpose beyond profit cannot be achieved.

## Awareness of business purpose

Percent of Forerunners



## AREAS OF IMPROVEMENT

An area requiring further development in a number of businesses and sectors is integration of purpose and values down to more operational decisions. This includes choosing employees, suppliers and inspiring others, including customers. This will drive awareness and ownership among key stakeholders. There are also opportunities for cross-sectoral learning and knowledge sharing for businesses with a shared sense of purpose.

## BEST PRACTICE

### SIEMENS INTEGRATING PURPOSE

Siemens' purpose "to provide innovations that improve quality of life and create value for people all over the world" is showcased through its approach to innovation. In 2017, Siemens created a new global venture unit, Next47. This works with start-ups that are using cutting-edge technologies and new ways of thinking to solve industry's most difficult and fundamental challenges, while also serving as the creator of next-generation businesses for Siemens to build, buy and partner with. Through its approach to open innovation, Siemens works closely with scholars from leading universities and research institutions to develop the technologies of the future. With such a big focus on ingenuity and innovation, Siemens can drive the commitments of its purpose statement.

# GOVERNANCE & TRANSPARENCY



## DESIRED OUTCOME

- Increased trust in business and enhanced belief in the potential for business to be a force for good. Improve customer loyalty, ensuring licence to operate and increasing brand value. Well-informed decision making and confidence in leaders that contribute to economic sustainability.

## FORERUNNER RESULTS

This is a complex area with many elements. One key finding from this cycle was that objectives and targets are often only incorporated in the performance management of employees involved in designated responsible business activities. Responsible business transformation needs to be driven across the business. Embedding specific responsibility and accountability at all levels and functions will lead to better outcomes.

**17%**

of Forerunners have integrated responsible business into departmental roles with clear targets at team level.

**58%**

consult with external expertise to inform the board when making decisions that affect less represented groups.

Effective independent review at a senior level of the business creates accountability and also ensures collaboration with others who can provide new and alternative perspectives. See the example below from ENGIE on its charter and independent scrutiny board, which establishes another level of review and accountability.

## AREAS OF IMPROVEMENT

Businesses need to fully integrate responsible business commitments for all employees. Responsible business leaders need to establish sensible, consistent objectives across the organisation, with success in any role including responsible business elements. If commitments are established at this level with leadership from the top, the significance of responsible business can be recognised, building the integrity and credibility of businesses, and encouraging confidence and trust.

## BEST PRACTICE

### ENGIE CHARTER AND SCRUTINY BOARD

In 2018 ENGIE launched a new Responsible Business Charter and independent scrutiny board in the UK. The charter supports the company purpose to 'improve lives through better working and living environments.' It is owned and governed at Group CEO and UK CEO level of the business and aligned to its global corporate objectives, and corporate risks and opportunities management process. The charter demonstrates ENGIE's commitment to operate to the highest economic, social, governance and environmental standards while building public trust. ENGIE will be held to account for the effective delivery of its charter by an independent scrutiny board, which will be supported by the Centre for Public Scrutiny – a national charity that supports scrutiny excellence in the public and private sectors. It meets quarterly to review ENGIE's progress on key metrics. It will report publicly in an annual report.



# POLICY ENGAGEMENT



## DESIRED OUTCOME

- Societal problems are resolved better and faster through policy dialogue and multi-sector partnerships as they generate innovation, play to each partner's strengths and enable scalability of solutions.

## FORERUNNER RESULTS

The performance in relation to Policy Engagement was positive, with Retail and Food, and Utilities, Energy and Transport sectors leading the way. Businesses' engagement activities with public policy development were transparent, with very few avoiding any policy engagement activities.

Encouragingly, very few of the Forerunners felt they were over-regulated and there was a general picture of engaging for mutual, shared benefit for the business and society.

# 98%

felt they operate with the correct level of regulation. Only 2% felt they were over-regulated with the need to engage in order to reduce their regulatory burden.

# 36%

use policy engagement as a source of innovation.

## AREAS OF IMPROVEMENT

Businesses should evaluate the benefits of more collaborative policy engagement with a focus on wider social, environmental and economic benefits, operating as advocates for regulatory reform. Currently, 45% lobby government for broader social or environmental benefit.

Businesses should also explore the possibility of using policy engagement as a source of business innovation.

We encourage business to have an open dialogue with legislators as we would for any other key stakeholders. By working together businesses can ensure that legislation is informed and effective. They can also demonstrate what is possible, encouraging governments to be more confident in responsible business legislation.

## BEST PRACTICE

### BOOTS UK INNOVATE AHEAD OF LEGISLATION

Boots UK has adopted leading practices to address the issues of plastic waste in the ocean. They were one of the first health and beauty retailers to make a commitment to remove plastic microbeads from all own-brand rinse-off products. Plastic Microbeads can easily pass through water filtration systems and into oceans, which can affect marine sea life and the food chain.

By December 2015, Boots stopped all manufacturing of own-brand and exclusive rinse-off personal care products containing plastic microbeads, and, as of 31 December 2017, Boots decided to no longer accept the supply of any rinse-off personal care products that contain plastic microbeads making the change ahead of legislation.

In 2018 Boots signed up to the UK Plastics Pact – a multi-stakeholder initiative bringing together organisations and individuals involved in the plastics value chain – to tackle plastic waste and help make a fundamental change in the way plastics are designed, produced, used, re-used, disposed of and reprocessed.

A spokesperson said: **“We want to do our bit to make sure that people can shop at Boots with confidence, knowing that the products they pick are not going to do harm to our oceans or environment. That’s why we want to continue to play our part in creating a sustainable world for generations to come.”**

# LEADERSHIP AT EVERY LEVEL

## STAKEHOLDER COLLABORATION



### DESIRED OUTCOME

- Businesses make informed decisions while being transparent and accountable to stakeholders. They co-create new solutions that generate commercial success, developing a better relationship and more trust between businesses and society.

The Tracker question set asks businesses to consider a wide variety of stakeholders. Questions look at stakeholders internally, in its communities, and beyond. Through this process businesses can further understand its impact and influence, and open the opportunities for partnership and innovation.

### FORERUNNER RESULTS

When Forerunners were asked to list their top four stakeholders the most popular group was customers/ clients (**83%**), followed by employees at (**69%**). Following that there were high mentions depending on governance structures of members, owners and shareholders as well as a surprising number of businesses mentioning government. Only **31%** considered their supply chain as one of their four most important stakeholders.

Only **45%** have formally mapped their stakeholders. Suggesting that **55%** of Forerunners listed their top four as a result of being asked by the tracker. Formal stakeholder mapping allows a business to consider the correct form of engagement and also prioritise time and resources.

# 45%

have formally mapped their stakeholders.

# 31%

consider suppliers a key stakeholder group.

### AREAS OF IMPROVEMENT

When looking at the examples provided some of the best and most innovative actions had come from ideas from stakeholders. It seems that businesses are missing these opportunities. Businesses should have stakeholder maps for all projects and a methodology to ensure that collaboration is diverse and far-reaching to ensure that great opportunities aren't missed.

### BEST PRACTICE

#### SKY COLLABORATION TO CREATE CHANGE

By engaging across its value chain, Sky is working to eliminate single-use plastics from its operations and supply chain by 2020 and inspire others in its #PassOnPlastic campaign. The flagship Sky Ocean Rescue campaign was instigated by a Sky News investigation, informed by advice from ocean health and plastics experts and developed by teams across the business. To date the campaign has reached more than 45.8 million people and they have avoided using an estimated 300 tonnes of plastic.

Sky has identified the challenges by bringing together key people in the business and every level of its supply chain, working together to trial creative solutions. It has brought this convening approach to its work with partners such as WWF and the Premier League, inspiring change through collaboration. Through its Sky Ocean Ventures impact fund it is investing in research and start-ups, learning from entrepreneurs to discover long-term solutions to plastic pollution challenges.

## PRODUCTS & SERVICES



### DESIRED OUTCOME

- Products and services that deliver social and environmental value creating economic growth.

### FORERUNNER RESULTS

The Tracker has been designed to holistically measure how responsible a business is. Part of this design is a comprehensive evaluation of the range of products, services and/or utilities offered by each business. Rather than just focusing on the process, the Tracker also focuses on the nature or impact of the products or services offered. Innovation in responsible design and composition of products and services offers transformational possibilities.

One key finding from this cycle was the importance of balancing commercial versus responsible business perspectives with regard to product or service development and innovation.

# 61%

of Forerunners consider social factors during product or service development. While 56% consider environmental factors.

# 39%

reported that processes allowed changes to be made when designs are considered to have a high level of negative impact or no demonstrable social impact.

### AREAS OF IMPROVEMENT

Businesses need to improve the capacity of employees involved in innovation and development to make informed judgements or bring in responsible business experts.

**“An important action for responsible product and service development is to review and evolve the business’s product or service portfolio to be fully consistent with its purpose, ensuring commercial versus responsible business perspectives are balanced.”**

James Deacon, Head of Corporate Responsibility, Ricoh UK

### BEST PRACTICE

#### TRIVALLIS RESPONSIBLE SERVICE DEVELOPMENT

In April 2018, Trivallis launched its Fair Rent Review, with the aim of making rents fair and affordable for tenants. As this review had the potential to impact on every tenancy, it was important to obtain the views from a large sample of customers.

During the summer of 2018 the organisation completed surveys with more than 2,200 tenants. The main question that influenced its new policy asked whether it would be fair to take into consideration particular factors when setting rent. These factors were: average income of lower earners in an area; number of people who want to live in an area; access to the job market; access to shops; access to schools and colleges. In total, **57.2%** of tenants thought it was fair to base rents on affordability, compared to **40.1%** who thought it would be fair to use the traditional desirability factors.

Following the result Trivallis implemented a rent-setting model based on differences in lower-quartile income levels across Rhondda Cynon Taff, using an adapted version of the Joseph Rowntree Foundation’s Living Rent.

The new policy ensures that rents are fair and affordable for those tenants who are working on low incomes. Over, 2,400 tenants had a rent freeze in April 2019.

# SUPPLY CHAIN & HUMAN RIGHTS



## DESIRED OUTCOME

- Greater transparency and expectations of responsible business practices across the supply chain, using influence to generate inclusive growth while working towards a global decarbonised economy. No violations of human rights across the full value chain, with particular attention paid to countries of weak governance.

## FORERUNNER RESULTS

Given the level of interconnectivity between supply chains and responsible business outcomes, supply chain decisions have a major impact on responsible business performance.

# 69%

of Forerunners ask for potential suppliers' responsible business policies to be built into the procurement process in every instance. While 53% tailor their tenders to include responsible business questions.

# 31%

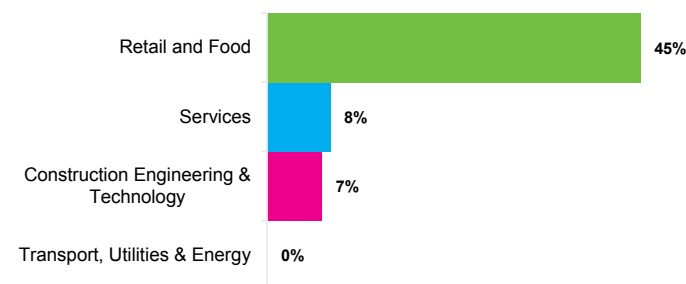
check the quality of these statements and give a higher weighting based on the quality rather than the existence of a policy.

Businesses have considerable power through their procurement processes to extend their responsible business impact. From the Forerunner results more businesses need to consider the quality of their suppliers' policies and statements. While responsible business is being increasingly integrated into the procurement process it's still not business as usual, with 31% not asking any responsible business questions at all.

Even those further ahead indicate that responsible business is rarely a contributing factor. In fact, 69% of businesses don't check or acknowledge the quality of an answer showing that those with a one-page policy may be viewed the same as those with a detailed and impactful programme. Without proper scrutiny and knowledge of their suppliers' activities businesses may well be unintentionally and unknowingly perpetuating human rights abuses or negative environmental impacts.

## Mapped Tier 3 Supply Chain

Percent of Forerunners by sector groups



Cascading responsible business throughout the supply chain is critical. At Tier 3 the level of visibility of suppliers' activities can be significantly reduced. While all sectors reported a positive approach to Supply Chain & Human Rights, the Retail and Food businesses were further advanced than all other sectors.

Although 67% of Forerunners offer safe and confidential grievance channels and processes, so communities can complain or raise concerns about human rights violations, only 22% of business have verified their human rights impacts through stakeholder engagement consultations. However, 55% of Retail and Food businesses have done so.

# SUPPLY CHAIN & HUMAN RIGHTS



## AREAS OF IMPROVEMENT

There is a need for greater understanding and clarity about the role of UK-based businesses in potential risks of human rights abuse in their value chain. Businesses have considerable influence to play in bringing about positive changes globally. Traditional procurement policies and strategies are unfortunately insufficient to deal with the contemporary problems of abusive forced labour practices. Improvements can be made by following some of practices undertaken in the Retail and Food sector, by integrating responsible business questions into every tender and ensuring suppliers follow responsible business practices.

## BEST PRACTICE

### JTI GLOBAL SUPPLY CHAINS

**ARISE** is JTI's flagship child labour elimination programme. It focuses on tobacco growing communities, as JTI believe it is its duty towards tobacco growers, their families and communities to make sure no child labour is involved in its supply chain. The programme is present in Brazil, Malawi, Tanzania and Zambia, and is implemented by partner Winrock International - a US-based not-for-profit organisation. ARISE's goal is to tackle the root causes of child labour and create a lasting change. Since the launch of the programme in 2011, more than 46,900 children were prevented from or taken out of child labour and placed in school or in vocational training – allowing them to create a better future for themselves and their communities. The programme has also allowed JTI to raise awareness on the necessity to eliminate child labour among more than 345,800 community members.

## BEST PRACTICE

### MARSHALLS HUMAN RIGHTS

Marshalls has been engaged in human rights activity since 2005 initially working on child labour issues in India. Knowledge gained over the long term – engaging with suppliers, NGOs, IGOs, UN agencies, governments, communities, workers – has enabled the business to develop effective programmes addressing sectoral issues of forced labour, bonded labour, child labour, prison labour, and the more broad issues of modern slavery in business operations in the UK and overseas supply chains.

When the UK Modern Slavery Act came into force in 2015, Marshalls had a well-developed human rights programme, operating beyond compliance and upholding the commitments it made as a UNGC signatory.

Marshalls far-reaching programmes has seen it commission undercover human rights observations in supply chains, working on global platforms such as the ILO International Programme for the Elimination of Child Labour, engaging with victim remediation platforms in the UK, training the logistics operation on how to spot the signs of modern slavery and report safely, training strategically placed internal modern slavery ambassadors, providing human rights and modern slavery online training to all of our employees, working with anti-slavery partners to delivery effective training, providing bespoke training to overseas suppliers engaging with the suppliers' base, undertaking thorough risk-mapping activity in relation to human rights.

**“My business experience over a lifetime has shown me that there is no sharp line between the moral imperative and the business one and sustainable business depends on a sustainable world. Where modern slavery and child labour persist, decent work simply cannot exist. It undermines a sustainable future for all of us.”**

Martyn Coffey, CEO, Marshalls plc

# DIGITAL TRANSFORMATION



## DESIRED OUTCOME

- The digital transformation drives smart forms of economic growth on a finite planet, reduces poverty and inequalities, and improves lives.

## FORERUNNER RESULTS

While only **14%** of Forerunners chose digital transformation as one of their two highly material issues, almost half of participants recognised the cross-cutting implications of these new technologies:

- The changing nature of work and the need to provide employees with digital skills and lifelong learning **(47%)**
- The future impact of automation and identifying where technology complements, not replaces, humans **(47%)**
- Reconsidering its value proposition to customers **(44%)**.

For the Forerunners who identified digital transformation as highly material there were two areas that had already been incorporated into their businesses. These were managing data security and privacy risks and also responsible use of data. This is perhaps due to the high-level of awareness of digital threats from poor data security, as well as the recent legislation on data privacy instigating action.

## AREAS OF IMPROVEMENT

The results of the Tracker suggest a general sense of potential disruption, but also a lack of awareness of how and where the digital revolution will impact. More work is needed by businesses to share learning from innovative organisations and sectors to identify and mitigate unintended consequences, and to capitalise on the sizeable societal and environmental opportunities.

[BITC's Digital Champions Network](#) is taking this collaborative approach to share learning and understand the opportunities and impacts. Led by this network, BITC is running a series of events to understand and address specific responsible digital business issues and challenges. These events are open to all members, with future topics including the digital skills gap, innovating for social and environment benefit, and how digital technologies and skills are addressing societal issues.

## BEST PRACTICE

### SOUTH WALES POLICE IN COLLABORATION WITH GWENT POLICE

In April 2018 Gwent and South Wales Police established a Digital Services Division, with the understanding that there were huge opportunities to improve service provisions and use digital innovation to help the public. The investment in digital innovation has led to changes that are already creating differences.

One example is a new digital way to incorporate victim statements, using devices to centralise statements so people are not asked to repeat their experience when talking to someone they haven't met previously. Making what can be a very stressful experience less difficult. It also equips the officer on duty with the information they need in advance. Throughout this work the Digital Services Division were also keen that these skills came from and were kept in the police force, meaning individuals designing the products understand the user requirements. All these changes mean that officers can spend less time at their desk and more time in the community.

# HEALTHY COMMUNITIES

## HEALTH & WELLBEING



### DESIRED OUTCOME

- A healthier, happier and engaged workforce that drives sustainable performance and productivity benefiting employers, employees, customers and makes communities more resilient.

### FORERUNNER RESULTS

Out of all the Tracker elements, Health & Wellbeing was most frequently ranked as highly material by Forerunners and there was a strong reported performance across all sectors. This was reflected in the high proportion of Forerunners choosing Global Goal 3 - Good Health and Well-Being as a priority goal. Health, mental and physical, is becoming an important component of the strategy, policies and procedures of responsible businesses. Although there is a challenge in measuring the success and impact of a Health & Wellbeing strategy through clear performance indicators.

- **67%** report a parity of focus on how risks on mental and physical health and wellbeing are understood.

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# 88%

have identified Health & Wellbeing risks and opportunities for their business.

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# 53%

have comprehensive strategies with support and monitoring at the highest level, with just **45%** establishing key performance measures.

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### AREAS OF IMPROVEMENT

Businesses should set objectives, targets and KPIs for their Health & Wellbeing strategy, which should include clearly defining and valuing the direct business and wider societal impact that can be expected. Only **38%** have defined the direct business impact expected from their Health & Wellbeing strategy and **23%** have defined the anticipated societal impact. This is a key part of determining the value case for improving Health & Wellbeing in the business, as well as for the local community and across its value chain.

### BEST PRACTICE

#### KIER LTD PARITY ON PROGRAMMES

With a comprehensive Health & Wellbeing strategy, Kier recognised it needed to change attitudes on mental health within its business, by creating a more balanced business and overcoming some of the perspectives present in the sector. The first step was to train mental health first aiders, who are aware of, and can speak on, matters of mental health. Kier's comprehensive training programme has created a community of more than 300 trained mental health first aiders.

They have three levels of intervention:

- Rapid referral within 48 hours to face-to-face counselling with specialists in mental health. Having a diverse workforce, Kier provides support in multiple languages.
- Access to community psychiatric nurses and physicians who provide specialist care to those with complex issues.
- Trauma counselling is available for site employees and supply chain partners in the event of a major incident.

# DIVERSITY & INCLUSION



## DESIRED OUTCOME

- Individuals' career prospects and progression are independent of their personal characteristics, background and circumstances. Businesses benefit from a diverse workforce, and can access diverse markets and grow their talent pipeline. Individuals can live safely, free from abuse and harassment.

## FORERUNNER RESULTS

Diversity & Inclusion was the second most frequently selected highly material issue, with the service sector leading the field in this Tracker element.

Workplaces that are diverse and inclusive are pivotal to the success of a responsible business. Ensuring diversity at leadership levels allows a range of opinions to be considered in decision making. Businesses need to go beyond having a commitment to diversity at a senior level and encourage action through formal SMART targets.

# 83%

explicitly consider diversity criteria when making promotions and staff development decisions for senior employees.

# 39%

have targets for diversity in the composition of their management teams that drive appointments.

Every business needs to offer fair, equal and unbiased recruitment, promotion and reward systems, as well as a safe, inclusive and agile work environment where all talent can thrive at every level. Encouragingly, **83%** of Forerunners have a senior diversity champion, who can use their influence to champion initiatives that create workplaces that work for all employees.

Diversity & Inclusion had the highest reported performance on strategy and monitoring across all the Tracker elements, with **66%** of Forerunners using a comprehensive strategy that addresses related risks and opportunities and **64%** setting objectives, targets and KPIs for workplace

## AREAS OF IMPROVEMENT

Businesses need to monitor intersectional data to target and measure diversity in recruitment and progression, including at senior leadership levels.

Only **45%** collaborate with other organisations in their value chain to identify and address workplace diversity risks and opportunities. More businesses should be collaborating with organisations in their value chain to maximise the societal impact of their strategy on diversity and inclusion.

## BEST PRACTICE

### LLOYDS BANKING GROUP DIVERSITY IN SENIOR MANAGEMENT

Lloyds Banking Group has developed a sponsorship programme to nurture and progress its home-grown talent. The programme is innovative because it pairs talented middle-management women with influential leaders who are willing to advocate them for their next key role. It ensures that they fully capitalise on this opportunity by providing bespoke development solutions to improve their transferrable skills, which include Your Personal Brand, Career Journeys, Interview Readiness, and Stepping out of Your Comfort Zone. Over the past year, the programme continues to produce exceptional results, with women achieving promotion to a senior management role at the rate of **18.2%**, 5 times greater than the Group average for female progression of **3.5%**. The Group is also seeing an improvement in lateral moves into different parts of the business, providing colleagues with career breadth. Initially developed for women, the programme has been extended to include Black, Asian and Minority Ethnic colleagues.



# EDUCATION



## DESIRED OUTCOME

- Businesses create the conditions for every person to achieve a successful and rewarding working life. People can transition into the jobs of the future. Businesses are more adaptable and resilient to market disruptions, they will find the skills and knowledge they need in a fast-changing marketplace and they will benefit from a more engaged workforce.

## FORERUNNER RESULTS

Education is one of the top four ranked highly materiality elements and an area where all sectors performed at a similar, positive level. Businesses from a wide range of sectors are actively working to build young people's essential skills. Compared with other Tracker elements, a strong performance for Education is demonstrated in collaboration with others (**66%**), both in formal and informal educational programmes. There would be considerable benefit in extending these activities across value chains.

# 77%

have identified risks and opportunities related to schools and wider education.

# 42%

have a comprehensive strategy for schools and wider education. **44%** have set objectives, targets and KPIs to monitor and evaluate the effectiveness of their strategy.

Surprisingly, given the level of awareness on risks and opportunities related to schools and wider education, there was a low number of Forerunners with a comprehensive strategy supported by monitoring for their engagement with education. Taking a planned strategic approach that considers the rationale for engagement will help businesses to plan and allow them to deploy resources more effectively.

## AREAS OF IMPROVEMENT

Businesses should develop an Education strategy that incorporates opportunities for collaboration and is based on clear measures of the value to the business, local societal impact and impacts across its value chain. This will improve the effectiveness of engagement and allow businesses to clearly articulate the reasons behind their engagement with schools and wider education. Doing so can demonstrate what they are hoping to achieve and the impact for the business and beneficiaries.

## BEST PRACTICE

### A.F. BLAKEMORE & SON LTD EDUCATION PARTNERSHIP

A.F. Blakemore & Son's (AFB) partnership with The Westminster School in Rowley Regis, a school for young people with disabilities, was established in May 2017. One of the key business risks is the company not tapping into the diverse skills and insights under-25s can bring. As part of the partnership, study tours and enterprise events took place providing students with an insight into work, and the skills and attitudes required.

Since the partnership was established, more than 200 students have been engaged. Plans are under way to work with other special educational needs schools. In addition, three young people have started their journey as supported interns, which will then lead on to a supported warehousing apprenticeship in the business.

**“Displays of our students working at the company have inspired younger students to work as a warehouse operative and they are looking forward to hearing about the skills they would need when AFB return in 2019 to support our job awareness week. The vision of both the school and company are aligned, and this will only pave the way for more young vulnerable members of society to get into paid employment.”** Ben Taylor, Assistant Head Teacher at Westminster School

# GOOD WORK & INCLUSIVE GROWTH



## DESIRED OUTCOME

- A resilient society where employers and stakeholders work together to continually reduce inequalities. Businesses help achieve full employment by ensuring good jobs are accessible to all – increasing levels of pay and ensuring good terms and conditions for all employment. Businesses invest in skills at every level while making the most of loyal, skilled and fulfilled employees who come from different backgrounds.

## FORERUNNER RESULTS

For Good Work & Inclusive Growth all sectors had a consistent performance with no distinctive sector leader.

# 73%

of Forerunners consider research and engage with stakeholders to understand the most effective way to ensure they offer accessible, good work.

# 34%

have a comprehensive strategy linked to risks and opportunities for ensuring accessible good work in all areas of the business.

## AREAS OF IMPROVEMENT

There are similar difficulties across Education and Good Work in translating purpose and intention into strategy with value and performance measurement. For example, **41%** have identified business challenges to address, and have goals and KPIs for ensuring accessible, good work. Only **34%** have a comprehensive strategy linked to risks and opportunities for ensuring accessible good work in all areas of the business.

This indicates the need for knowledge sharing and targeted intervention to ensure businesses can establish comprehensive strategies and monitoring based on effective measures of the value to the business, local societal impact and impacts across its global value chain.

As businesses change, the people who have contributed to the business's success to date should always be considered. Allocating budget for training and finding innovative solutions is important to minimise the impact and support employees. Lincolnshire Co-op has provided an example on its approach.

## BEST PRACTICE

### LINCOLNSHIRE CO-OP BUSINESS CHANGE IN A CO-OPERATIVE WAY

In 2017, Lincolnshire Co-op closed its food distribution centre. This affected 127 employees who the Lincolnshire Co-op supported to help prepare them for the next stage in their working life.

A support centre, run by HR staff, was on site for three months, with regular communication to colleagues via newsletters, meetings and noticeboards. The support centre offered one-to-one meetings with affected colleagues, helping them to prepare their CVs, apply for roles internally and with other employers. Guidance was given on interviews and application forms. Sessions were also organised from Jobcentre Plus, National Careers Service and local employers with vacancies.

Lincolnshire Co-op offered externally recognised qualifications, including first aid at work, food hygiene, forklift truck licence, advanced driving, and digital literacy, as well as assertiveness and confidence building. In total, 132 courses were completed. Of the 127 employees, 11 remained with the company, and 93 achieved alternative employment, training or lifestyle change.

# HEALTHY ENVIRONMENT

## CIRCULAR ECONOMY & RESOURCE PRODUCTIVITY



### DESIRED OUTCOME

- Natural capital is restored, preserved and enhanced, resource yields are optimised, waste is designed out of the product cycle and the risks associated with finite raw materials are minimised. Stimulating innovation and creating sustainable long-term growth and new employment.

### FORERUNNER RESULTS

This element of the Tracker reported a poor performance across the Forerunner cohort, demonstrating the challenge businesses face in identifying solutions to reduce and manage resources more effectively. In total, **44%** of Forerunners have carried out environmental lifecycle assessments for all or some of their products and services to understand their impact and inform resource productivity and circular economy strategy.

The Retail and Food, and Utilities, Energy and Transport sectors outperformed Construction, Engineering and Technology, and Service sectors.

# 50%

collaborate with other organisations in their value chain to identify and address future resource risks and circular economy opportunities. This increased to **73%** for Retail and Food producers.

### AREAS OF IMPROVEMENT

Businesses would benefit from a more collaborative approach on this issue to share ideas on approach and innovative solutions.

Just **33%** of Forerunners have a circular economy strategy and **22%** have defined the direct business impact they are expecting from their strategy. More businesses should investigate the many potential benefits for the business, society and the environment from improving the productivity of their resource use and applying the principles of the circular economy.

Waste to Wealth is a great starting point on this journey, providing a commitment to define individual and collaborative action plans, and start identifying innovative solutions to shared challenges.

### BEST PRACTICE

#### VIRIDOR, PENNON GROUP COLLABORATION FOR INNOVATION

As a founding signatory of the UK Plastics Pact, Viridor joined forces with three major UK retailers and a food packaging manufacturer to put recycled black plastic into new food grade packaging. The result was a circular economy solution to a previously challenging material, which saw 20 tonnes of black plastic (eight million items) recycled a month. The breakthrough took place at Viridor's plastics recycling facility at Rochester, and its polymers reprocessing plant at Skelmersdale. The project team proved that black plastic from mixed household recycling can be sorted using different configurations of existing sorting technology to create food grade packaging.

The key to this project's success was collaboration across the supply chain, with the retailers creating the sustained demand for the recycled material and the innovative packaging products, incorporating recycled content provided by Faerch Plast. This pilot project has helped demonstrate commercial viability, and findings were shared within the wider work of the UK Plastics Pact in identifying best practice long-term solutions for the recycling of black plastics.

# NET ZERO CARBON



## DESIRED OUTCOME

- Limited increase in global average temperature to less than 2°C.

## FORERUNNER RESULTS

Climate change is potentially the most critical challenge confronting our planet. While there is evidence of some businesses stepping up to the challenge, it is far from being embedded as a priority consideration for all business. Compared to other Tracker elements, Forerunners had a good performance on monitoring their carbon reduction strategy.

**63%**

of Forerunners have set objectives, targets and KPIs for their carbon reduction strategy. This rises to 92% for the Utilities, Energy and Transport sector.

**36%**

have identified future carbon reduction risks and opportunities in their value chain.

Comprehensive carbon reduction strategies require clear long-term roadmaps and sub-targets at department level. For many businesses their supply chain will be the largest contributor to their overall emissions; of the Forerunners, only **48%** have collaborated with their value chain. Engaging with suppliers and encouraging innovation at this level is crucial for businesses to meet reduction targets.

## AREAS OF IMPROVEMENT

The global systemic risks from climate change are such that all businesses need to reflect upon how dependent their business model is on the impacts of climate change.

There are many value-adding opportunities related to reducing carbon emissions and there is a clear business case for embracing the global goal on Climate Action to increase resilience. Only **38%** of Forerunners have defined the direct business impact expected from their strategy on carbon reduction. Learning from the leaders, collaborating with suppliers and sharing successes in this field is a priority area for improvement.

BITC is forming a Net Zero Carbon Taskforce to help senior leadership collaborate and drive learning and the action needed to achieve a net zero carbon economy.

## BEST PRACTICE

### CAPGEMINI CARBON REDUCTION TARGETS

Capgemini UK was the first company in the technology services sector to have its carbon reduction targets approved by the Science Based Targets initiative. The company has since made strong progress towards these targets, achieving a **38%** reduction in carbon emissions per employee since 2014.

One key driver is the reduction of its data-centre energy demand, achieved through rationalisation of Capgemini's data-centre portfolio and through sustainability being considered from an end-to-end perspective. At Capgemini's Merlin datacentre, sustainability has been considered in every aspect: location chosen based on meteorological conditions; construction using reused materials; energy efficient operations employing a fresh air-cooling system and flywheel technology instead of batteries. Consequently, Merlin maintains a power-usage effectiveness ratio of 1.1, well beyond the industry standards. Capgemini is committed to supporting its clients to reduce its environmental impacts. Consequently, in 2018, Capgemini launched a new public target, to help its clients save 10 million tonnes of carbon emissions by 2030.

# HEALTHY ECOSYSTEMS



## DESIRED OUTCOME

- Increased resilience of urban and rural landscapes that protect natural assets, support wellbeing and help climate-proof community and business assets.

## FORERUNNER RESULTS

This is the Tracker element with by far the lowest level of reported performance and consistently ranked as the least material to the Forerunners.

# 38%

of Forerunner have identified the business dependencies and future risks or opportunities related to the health of ecosystems. This increases to 50% of the Utilities, Energy and Transport sector.

# 11%

have a comprehensive healthy ecosystems strategy that addresses all elements and types of risks and opportunities.

## AREAS OF IMPROVEMENT

Healthy ecosystems are vital for productivity. More businesses need to identify their dependencies on resources through mapping their ecosystem risks and opportunities. Through collaboration, businesses can develop comprehensive strategies and programmes to reduce negative impacts on water, land, biodiversity and air quality. This is a key initial step. BITC's Water Taskforce is a cross-sectoral group that convenes to collaborate on shared problems on water and the natural environment.

The example provided by Northumbrian Water Group demonstrates how businesses can collaborate with key stakeholders to develop an area that will benefit the environment and communities, as well as business.

## BEST PRACTICE

### NORTHUMBRIAN WATER GROUP PROTECTING NATURAL ASSETS

Northumbrian Water Group's Abberton Scheme secured drinking water supplies for 1.5 million people in Essex at a cost of £150m, and increased storage capacity from 26 billion litres to 41 billion litres. A predicted increase in demand for water in Essex, resulting from population growth in the driest region of the UK, was the driver for this large strategic scheme and secured water resources for a generation.

With Site of Special Scientific Interest, Ramsar and Special Protection Area status, Abberton Reservoir is of great international ecological importance. Working in partnership with Essex Wildlife Trust and Natural England, the project shows what can be achieved when engineers and environmentalists share a common goal.

The scheme, with its various habitat creation and management measures, was designed to enhance the site for waterfowl and other wildlife. As well as securing water supplies for the local population for the next generation, a key outcome is that the populations of breeding birds have increased significantly as a result of the construction. Abberton now provides additional public amenity benefits for people who visit the site.

On opening the reservoir, Sir David Attenborough said: **"I can remember a time when nature conservation and development were seen to be in opposition – you either developed or conserved – and that led to confrontation. Here at Abberton Reservoir this is fundamentally, extraordinarily and wonderfully different. This development has been constructed hand-in-hand to create a wonderment for people and wildlife who live and visit here, and a godsend for people who depend on it for water."**

# ACKNOWLEDGEMENTS

Thank you to all the participants of the Responsible Business Tracker® Forerunners' Cycle. Your support, ideas and contributions to the pilot have been extremely valuable and insightful. You have helped us to develop a new measurement tool that, as it grows in participation, will drive practical action and impact, identify best practice and make change happen.

Addo Food Group	Intellectual Property Office	Robertson Group
A.F. Blakemore & Son Ltd	Intu Properties	Saga Group
Association of Accounting Technicians	ISS UK	Scottish Qualifications Authority
BCS Consulting	JTI	Shoosmiths LLP
British Airways	Kelda Group	Siemens
Burger King	Kier Group	Sky Plc
Burges Salmon LLP	KPMG	South Wales Police
CalMac Ferries	Leeds Building Society	The Co-operative
Calor Gas	Lincolnshire Co-op	The Midcounties Co-operative
Capgemini	Linklaters LLP	The Scottish Salmon Company
Catsurveys	Lloyds Banking Group	The University of Birmingham
CBRE	Marks & Spencer	Trivallis
CNOOC International	Marshalls	Turner & Townsend
Coutts	Medline International BV	UK Power Networks
Coventry Building Society	Next	Unipart Group
DWF LLP	NFU Mutual Insurance Co.	VGC Group
ENGIE	North Star Housing Group	Victrex
Fujitsu	Northumbrian Water Group	Boots UK
Greggs	Pennon Group	Wesleyan Assurance Society
Heathrow Airport Ltd	Principality Building Society	WildHearts
Hermes Investment Management	Ricoh UK	WJ Group

## OFFICIAL LAUNCH 2019

### WHAT COMES NEXT?

- The Tracker team is hard at work incorporating the feedback from the Forerunners to develop the Tracker, ready for launch in September 2019.
- We'll also have scoring, benchmarking and recognition. We know that these can help businesses gain the internal traction to drive through change.
- In May, we're holding events across the UK, sharing great examples of responsible business in action.
- The Responsible Business Tracker® will be included as a cornerstone of BITC membership.
- It will help your Relationship Manager to work with you to plan how BITC can best support you, as you progress on your responsible business journey.
- Speak to your Relationship Manager to find out more, or contact the Tracker team on [RBTracker@bitc.org.uk](mailto:RBTracker@bitc.org.uk).

# APPENDIX

## SECTOR SUMMARY

### THIS YEAR'S SECTORS

As this was our pilot cycle of the Tracker, the cohort was capped at 64 participants. To analyse the results and allow for cross-sector comparison we have grouped the 26 sectors into 4 key super sectors for analysis.

#### RETAIL AND FOOD (11 BUSINESSES)

- Retail
- Food and Beverage Producers
- Household and Personal Goods

#### UTILITIES, ENERGY AND TRANSPORT (12 BUSINESSES)

- Utilities
- Oil and Gas
- Airlines
- Transport

#### CONSTRUCTION, ENGINEERING AND TECHNOLOGY (15 BUSINESSES)

- Aerospace and Defence
- Chemicals
- Construction
- Industrial and Engineering
- Software and Computing Services
- Technology (Hardware and Equipment)

#### SERVICES (26 BUSINESSES)

- Accountants and Management Consultants
- Education
- Financial - Banks and Building Societies
- Financial - Insurance
- Financial - Investment
- Healthcare
- Legal
- Leisure
- Media, Marketing and PR
- Public Sector
- Real Estate
- Support Services
- Third Sector (Charities, NGOs)



The Prince's  
Responsible  
Business Network

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