



ENVIRONMENTAL MANAGEMENT REPORT

Focus on Environment & Corporate
Responsibility Communications

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Trends and Best Practice in Environmental and Corporate Responsibility Communications

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Jane Taylor and Kerry Wastell

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“At first people refuse to believe that a strange new thing can be done . . . Then they see it can be done. Then it is done and all the world wonders why it was not done centuries ago.”

Frances Hodgson Burnett, *The Secret Garden* (1911)

Executive summary

Introduction

This guide describes the key mechanisms for the integration of CR (corporate responsibility) practices into everyday organizational thinking and doing: communication of your CR agenda.

Communication of an organization's CR programme, and its longer term vision such as progress toward a sustainability goal, is critical for the associated concepts and policies to be taken on-board. Corporate governance and liability is a hot issue in financial markets and business performance indicator indexes. Media sources now keenly explore CR performance and these issues are prime media fodder with potentially fatal implications to business longevity and reputation. Several major multinationals have seen some significant consequences, not just in terms of reputation, but also direct negative impacts to share price, as a result of adverse media coverage.

To what extent does a company take on-board corporate responsibility reporting and communicating? The potential is vast and the opportunity exciting – how far should you get on-board? Your CR agenda can be one of three things (or in transition between two):

- fully integrated with your business systems;
- business as usual with a little green side salad; or
- procrastinate and wait to see what happens

'No change' is not a viable business option

In the current political, economic and environmental climate, 'no change' is simply not a viable business option. A CR communications strategy which is structured, innovative and inherent to sustainable business practices must be the long-term goal and must be embedded into every business system. This guide is about how to achieve that goal.

What is sustainability in business?

Strategically, it's about recognition of the interrelationship between social, environmental and financial concerns that may result from the impacts of ongoing business activities. These concerns, i.e. social, economic and environmental, are known as the triple bottom line of sustainability.

Sustainability in practice is about ownership of actions and responsibilities to the wider environment and community. It can also have significant financial savings, and hence affect potential profit margins, as a business becomes more efficient and streamlined and wastage, in all areas, is reduced through effective CR integration.

Sustainability encompasses key issues that can affect an organization's performance such as team working and improvements to the working, living and business environment.

To reach sustainable development means balancing the needs of each factor in the triple bottom line in each decision, to ensure that each component is considered as an integral part of everyday organizational practice.

How do you communicate this important part of your organization and what are the current reporting trends and best practices in communications? Each organization will have different strengths and weaknesses on which to build and the information provided in this guide will help lead you through the range of frameworks, guidelines and research in CR communications.

CR is now mainstream

The CR pace quickens as a multitude of pressures, not least legislation and increased costs of non-renewable resources, progressively force organizations to embrace a new way of thinking.

The window for the 'wait and see' option for CR has closed; the only option left open to an organization is action. The corporate responsibility challenge has become mainstream, enabling companies to demonstrate not only their commitment to environmental improvements, but to encompass the full spectrum of their work in every area of corporate responsibility, e.g. human rights and community relations.

Recognition of the whole topic of environment and CR is increasing globally. To work internationally, particularly in Europe and the USA, suppliers and customers increasingly ask for demonstration of an organization's commitment to CR.

So how can an organization communicate and deliver a groundbreaking corporate responsibility programme that adds real value to the business?

An overview of this guide

This guide aims to provide an overview to this increasingly wide topic, describing the current and forthcoming issues and providing an aid to best practice.

ISO 14063, '*Environmental management — Environmental communication — Guidelines and examples*', aims to facilitate the international exchange of goods and services and develop mutual cooperation across every area of commerce, e.g. intellectual, scientific, technological, and economic activity, and facilitate stakeholder engagement, both internal and external. This supporting guide has been published to complement ISO 14063, providing practical tools and examples of how this standard might be applied.

This guide offers a way through the vast amounts of research, legislation, best practice and frameworks surrounding the topics of corporate responsibility and communication processes. Dip in to specific sections or chapters that are most relevant, or read through from cover to cover and widen your knowledge and understanding of reporting and communicating the CR agenda of your business. Be encouraged, and acknowledge that although there is a lot to cover, communicating your CR agenda is achievable and the journey can be inspiring and motivating, not only for the executive board but for those within the business and the stakeholders related to the nature of your work.

Chapters 1 and 2 look more closely at what is meant by CR communications, providing explanation, research and detail for review and use as you consider your options to develop your CR communications strategy. The key to combining the two topics of CR and communications is to have an understanding of each and how they can link and weave together. Chapter 3 provides a quick start guide to reviewing your CR communications agenda. Each organization will respond uniquely to the challenge and this is where ideas

and questions are presented to start the process of considering your organization's position, current and indeed future actions.

Chapter 4 provides a background to some of the drivers behind CR communications and considers the UK Government Sustainability Strategy. How CR communications are communicated externally and internally will vary in every organization, although by the very nature of communications will overlap. Getting it right, avoiding the pitfalls, will help ensure your CR message is getting across, is understood and facilitates feedback from stakeholders. Chapter 5 focuses on external communications, the types of strategy used and the formats and tools available to support and develop this. Chapter 6 looks at nine key messages and initiatives to communicate within your organization through action within the workplace.

An important aspect to CR communication is understanding human behaviour and how people assimilate information and translate it into understanding and learning. This is discussed in Chapter 7. In order to bring about change to a CR agenda and communicate it effectively, you must consider that if employees or other potential stakeholders have no prior knowledge of CR, then a form of learning and education must take place. 'Telling' is one thing, learning and doing are two others. Chapter 7 explores understanding of human behaviour in respect of information delivery. Stakeholder engagement is an important aspect of CR communications and Chapter 8 looks at some of the specific guides and best practice documents related to CR, from the Aarhus Convention (1998) to *BS Environmental Communication Guide* (2006). Chapter 9 provides research on the key formal external guidelines and frameworks. The guidelines discussed include the *Global Reporting Initiative*, the *AccountAbility Assurance Standard* (AA1000) and *Environmental Management Systems* (14001 and EMAS). With all the different options available, the overview of each will help decide which is the best CR communication vehicle for your company.

Behind all the best practice and current trends in reporting there are increasing legal requirements for information disclosure and these are discussed in Chapter 10. Finally, in Chapter 11, several case studies are provided to show how different organizations have taken on-board different elements of the CR agenda and how they have communicated it in their organizations. These are split into brief case studies and more in-depth reviews.

The role of communication in the CR agenda

Communication, both internal and external, is a critical part of an organization's CR infrastructure. If companies are to 'inform' external stakeholders and not simply 'disclose' to them, a broad insight across various internal company disciplines will be required to provide the background for positive external reporting, i.e. not only confined to the environment or CR department. This is due to the dilemmas that can arise in CR thinking and the need to ensure any process of prioritizing is open, transparent and clear.

CR is unique in this need to call upon a broad variety of skills and capacity right across an entire company, i.e. not just the company's 'sustainability professionals' to deliver a result.

Internal CR communication requires teamwork across departmental and site boundaries, aiming for multilateral buy-in, both internally and externally. Design and implementation of the internal communication strategy will need to be inspiring, relevant and most importantly, frequent and two way, to provide the basis of a message of substantive change and commitment externally.

External CR communications are not only about a formal annual report, but occur continuously in the day to day running of the organization. For example, a customer may ask in a shop if the timber sold comes from a Forestry Stewardship Commission source, or a new recruit may ask CR questions when making a decision if they want to join a company. In these instances, and many more, the response can impact on the organization's success in some way.

The requirement for basic sustainability literacy in a workforce, providing personnel with basic knowledge, and empowering cross-department teams will provide the building blocks for ownership of the organization's CR challenge. In addition, the potency of external communications will be enhanced if a clear focus across the business can be demonstrated and CR is captured as part of the business strategy. A CR strategy that is peripheral to corporate strategy will fail.

The environment profession and the wider business community have begun to develop greater maturity in environmental and CR thinking. Various external frameworks for assessment of a company's CR and environmental programme such as AccountAbility, Global Reporting Initiative etc. have been developed, and provide realistic, consistent

external reporting tools. This guide summarizes the external reporting frameworks currently in use and the circumstances in which they might be suitable.

External frameworks provide demonstrable, externally verified evidence of a company's sustainability commitments and priorities, and verify performance in respect of:

- depth of analysis;
- progress towards the longer term objectives;
- the range of CR topics captured.

In addition, external reporting frameworks, and measurement tools such as the KPIs (key performance indicators) developed by DEFRA (Department of the Environment Food and Rural Affairs) enable companies to benchmark their performance on the sustainability journey; providing the added value needed to bolster long-term sustainability goals with shorter term benefits.

One of the most significant problems in CR communications is getting across a message that is believed to be sincere and accurate by recipients, and not simply 'greenwash' – a term coined by environmental pressure groups for companies who have made claims/promises that have subsequently been called into question. Internally and externally, communications need to recognize the organization's current limitations, i.e. avoid simply 'selling' the 'green message', instead acknowledge that the organization is on the road to sustainability and has not yet arrived at the destination.

Multi-dimensional communications

External communications have to demonstrate sustainability has been assimilated into the heart of the business in order for CR reporting to have the integrity required to address and/or stay stakeholder concerns.

The organization's communication programme (internal and external) should provide superlative insight into the organization's understanding of its CR challenge, and a 'believable' desire to deliver tangible, measurable improvement.

Internal and external stakeholders will look to you to communicate at all levels (Figure E1.1). You will be expected to:

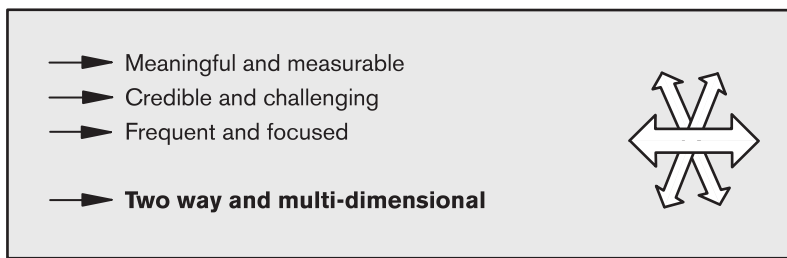


Figure E1.1: The rule of thumb guide to CR communication both internally and externally

- encourage;
- listen;
- support;
- lead;
- maintain momentum; and
- inspire.

Show sustainable practices as they are evolving throughout the company and you will achieve results on the bottom line, the brand and within the teams that delivered it!

An organization's communication framework will need multi-dimensional feedback loops; without listening how does an organization know the message has been heard, or indeed the message was received and understood as intended?

Feedback provides the opportunity to capture ideas, and collate indicators to measure the concerns of stakeholders. This is critical information when prioritizing a CR programme both internally and externally.

Delivering a CR report is a significant investment, listening is the key to ensuring optimal return from your investment; ill-defined or largely procedural, one way communication will fail to deliver progress – proactive endeavours to capture feedback must be part of the package. If communication is worth the investment so are the feedback mechanisms.

Required: stakeholder engagement (all of them, not just a select few!)

Stakeholders, both internal and external, have increasingly high expectations in respect of corporate responsibility (CR). Investors are aware of the potential costs of poor CR

performance and increasingly call upon companies to go beyond the basic legal disclosure requirements.

The Operating and Financial Review (OFR), which was due to come into force from 2006 and required an element of statutory environmental reporting, is currently under debate and undergoing additional consultation. However, in the interim, companies need to build on the basis of this potential legal requirement for disclosure, with information that reassures investors of their commitment to improve performance in an area where costs have been and will continue to rise.

A key focus to success in external stakeholder engagement is building ongoing partnerships, working with external interested parties. For example, partnerships with NGOs are increasingly a feature of CR best practice, providing a route to innovation and endeavour, and ultimately providing ‘... new forms of social enterprise and a new type of blended business value’ (SustainAbility).

An organization’s CR programme should have a longer term sustainability goal. Communicating externally how the organization intends to deliver excellence in corporate responsibility, and work towards sustainability, is now a critical aspect of an organization’s brand. It will impact not only the investor/customer base externally, but internally it will impact on human resources, recruitment, in fact every aspect of an organization’s function from design through to delivery.

Looking at examples in practice – case study summary of learning points

Case studies and other research quoted in this report demonstrates that companies that have fared best in the potentially muddy waters of credibility are those that have consistently communicated their CR programme internally and externally, with a bold commentary, nurturing and harnessing feedback and setting challenging goals as part of a clearly demonstrable corporate vision.

However, even if a well-structured, measurable and ‘from the heart’ message is delivered, who is listening? Across the sustainability agenda, competencies, understanding and requirements among stakeholders vary widely. A CR message will be lost unless delivery is

designed around imaginative communication protocols, encompassing a variety of media and in formats that go well beyond the traditional annual CR report.

Internal CR communications require champions across departmental and site boundaries, aiming for multilateral buy-in, internally and externally. To deliver an external communication strategy, organizations need to equip internal personnel with the knowledge, enlightened thinking and skills to deliver the new agenda. In addition, and probably more importantly, if you foster a new mindset to meet the challenge, internal personnel will be the organization's CR ambassadors – inspire them!

The case studies described in the final chapter of this guide, and other research quoted throughout the text, demonstrate a range of common factors in organizations that have been able to achieve increased profitability as a result of implementing environmental and CR controls, these are as follows.

Key communicative characteristics for high performing CR standards

Businesses and organizations that have high performing CR standards typically fall into the profile below. They will generally have:

- ☑ *a meaningful goal, and believe in it.* The organization's vision and core values shine from every part of its business profile, CR and environmental awareness can be seen as embedded into the company's day to day activities;
- ☑ *specific goals for improvement and ownership of their CR impacts.* The organization is able to demonstrate clear understanding of its corporate responsibility impacts, and how it is addressing them. They can clearly describe, both internally and externally, what strategies are in place to maintain continual improvement, and how that fits into the overall business plan;
- ☑ *skills and training.* Organizations that have excelled in the CR agenda have robust internal training programmes; they invest in regular and varied training and identify CR and environmental related skills for job profiles. The CR element of workplace activities is clear and support for reducing impacts is evident with awareness campaigns etc. The organization encourages personnel to take an active role in the organization's CR programme and to 'feel' part of the overall achievement, e.g. through teams, champions etc.;

- ☑ *clear and accountable performance tracking.* There is use of regular monitoring and performance tracking tools internally, utilizing external standards to provide verifiable and credible performance improvement data. There is also use of external benchmarking systems to evaluate and report market position;
- ☑ *evidence of engaging in open, wider debate with stakeholders.* There will be robust and regular communications and feedback mechanisms with NGOs, investors, local community, employees and other groups who might have an interest in the company's CR performance;
- ☑ *celebration of achievements.* External awards are entered, providing companies with celebration and external recognition. Internal awards are in place to provide a focus for capturing and encouraging best practice.

If this prompted ideas, capture them now while they are fresh in your mind!



Introduction to communicating CR and the environmental agenda

1

Why should an organization engage in environmental or broader corporate responsibility communications?

The CR agenda, environment and sustainable development

What does it mean?

Simple economics dictates that in global terms we cannot continue to ‘spend’ the earth’s natural capital (non-renewable resources such as oil), we have to start living on the income, i.e. produce and consume resources that can be renewed.

The Brundtland Report, World Commission on Environment and Development, provided us with a working definition of sustainability in 1987: ‘development which meets the needs of the present without compromising the ability of future generations to meet their own needs.’

Since this embryonic stage, the wider ‘sustainability agenda’ has now arrived as a central theme of international debate and investor concern, and many organizations are responding to this with a CR or environmental improvement agenda. To support this movement for change, various NGOs and other stakeholders in the sustainability debate have worked to provide an applied understanding of what sustainable development means in practice, e.g. ‘The Natural Step’ through the 2020 Vision project (by Building Futures).

At its simplest, sustainable development for an organization is a journey towards a synergy of community, business and environment, building a tapestry between them rather than the historic fractured approach. At its core, recognizing and acting upon the interdependency between environment, social and economic factors and the integration of these factors should provide mutual long-term benefit, and hold the key to a secure future.

An organization is not sustainable if it is not financially secure, but neither will it be secure if it does not have the support of the community it serves or the environment from which it draws its materials and 'life support'. That is exactly the point at which sustainable development recognizes the symbiosis between money, people and environment; it is these that are inherent in its meaning and its goal.

Do stakeholders actually understand what the CR agenda means?

Research undertaken by Andrew Darnton (May 2004), on behalf of DEFRA following their 'Do your bit' campaign, revealed that public awareness and understanding of key terminology played a large role in the outcome of the responses and subsequent adaptation of behaviour and culture.

Although the CR agenda is seen as a high level reporting process, how this actually gets taken on-board in business systems and understood and implemented at shop floor, factory or site level are two potentially different things.

Darnton's research indicates that people are often aware of the phrase 'sustainable development' but many were unable to explain what it actually meant. However, when the discussion became relevant to daily lives or the culture at home, then those interviewed were keen to discuss the component issues that make up sustainable development. This revealed a range of social, economic and environmental concerns mostly related to common aspects associated with their daily lives such as rubbish and antisocial behaviour.

As every organization has its own unique diversity of personnel and stakeholders, it will need to take a unique view of its CR strategy. Therefore, how the CR agenda is uniquely assimilated and communicated by each organization, is critical to its success, continual development and implementation.

This guide to CR communications looks at some of the best practices associated with communicating an organization's responsibility to everyone related to the exclusive nature of its operations. It can be relevant to people directly involved and employed by your organization, and those indirectly affected, such as suppliers and local communities. On a wider scale, it is relevant to all recipients indirectly affected by a company's contribution to international issues, such as global warming and international trade.

How does an organization address the whole CR agenda?

How an organization embraces this new agenda to ensure that the environmental and community parts of sustainability are linked into the financial concerns of an organization's strategy is a matter of wide scope and interpretation.

An evolutionary process is happening in organizations across the globe and communication and education is a key area in development of sustainability. Without this, professionals cannot deliver wide ownership of the need and joint development of sustainable solutions.

Integrating corporate responsibility into organizations is about teams working together, communicating the aim and understanding the rules of the game. It is also about working as integrated communities, placing critical importance on encouraging feedback and developing understanding and ownership in others.

Through knowledge, stakeholders are able to play their part in the wider sustainability challenge, and in turn this empowers them to share best practice with others. Use of a variety of business training and communication tools will deliver an inclusive message, and in this multimedia world there are a number of tools available.

Trends in corporate responsibility

SustainAbility, a strategic management consultancy and think-tank, describes three waves relating to an organization's responsibility and sustainability. The three waves have the following features:

- first wave: 1960s and 1970s. Typified by the rise of NGOs and an emergent 'green' movement seeking to change government approaches to the agenda. The world order was characterized by the Cold War status quo;
- second wave: late 1980s to early 1990s. Markets, big business and their brands were firmly placed in the NGO and media spotlight at the end of the Cold War, following a series of environmental and social catastrophes;

- third wave: post 2000, or more the 'down-wave period', following an intense era of globalization and of anti-globalization. The main business focus is increasingly on responsible globalization, enterprise and innovation in the community/social and environment sectors. Changes in global and corporate governance are required to be strengthened following market demand.

Sustainable development is a key government policy reflecting public awareness and concern for environmental issues and the real strain on the environment from physical development (landfill, ground contamination, natural resource depletion). There is often a big time lag between environmental cause and effect. The impact of actions and outcomes are not always clearly visible or understood

Wake-up calls

State of the world

No one can doubt the urgency of the need to communicate a call for change. The England and Wales Environment Agency Report for 2004 logs 1,250 serious pollution incidents in 2003 alone. Carbon dioxide, methane and nitrous oxide levels are at an all time high (carbon emissions were recorded at less than 1 billion tonnes in 1900, currently in 2006 some 6 billion tonnes of carbon are being emitted annually) and waste costs are escalating (as demand increases alongside landfill tax).

This doesn't only affect our own backyard but the planet as a whole, from glacial melting to deforestation and increased desertification of the sub-Saharan regions. All organizations contributing to these environmental and forced social changes have an opportunity to review their current practices and communicate at corporate level how they are managing their responsibilities to themselves, their current stakeholders and future generations.

Reality strikes

Tim Wirth, the Under Secretary of State for global affairs in the Clinton Administration of the United States Government, eloquently said, 'The economy is a wholly owned subsidiary of the environment', which sums up dependence on our environment and links it into the business agenda.

Then, as Dr Edward Wilson reminded his audience (at the John Chaffee Memorial Lecture on Science and the Environment in the USA in 2001) ‘for every person in the world to reach present American levels of consumption with existing technology would require four more planet earths’. He goes on to point out that ‘humanity has awakened at last to the realities of the natural economy that underlies the market economy.’ In other words, the financial pound on the bottom line is, and will continue to be, affected by the urgent need to increase environmental protection.

Clearly the USA is by no means a typical example of global consumption, but it illustrates the need to think in terms of ‘sustainable consumption’. That is the finite nature of the resources in everyday, unsustainable use in developed nations.

Chris Patten in his BBC Radio 4 Reith Lecture in 2000 entitled ‘Respect for the Earth’ described the definition of sustainability put forward by Brundtland and postulates an alternative definition he sourced from ‘a friend’: ‘We should live here on earth as though we were intending to stay for good and not just for the weekend’.

So, if you have decided to build corporate responsibility and environmental best practice into your business culture, this guide is about how you can communicate it. The guide will help you to demonstrate your company is planning to stick with its commitments to CR and not just ‘stay for the weekend’ whilst it’s in vogue.

Come on-board, embrace the opportunity or resign yourself to battling the tide and all the business risk inherent in that option!

Has this prompted ideas? Capture them here:



Communications overview

No single solution will deliver your CR communication programme; you need to take a broad view across the business and implement a range of options at different times and with different focuses.

Communication should be regular, in a variety of formats, and using an imaginative architecture, not forgetting feedback. Remember, an organization's intranet and web pages are not a panacea to all your CR communication challenges. Beardwell and Holden note that: 'All organizations need communication systems to function, whether these are overtly recognized or subconsciously taken for granted.'

The importance of creating effective communications is becoming more and more critical as new technologies and external pressures mean a company must work hard to keep a competitive edge in business. As the work-life balance ethic becomes more important, many employees are also looking for better internal working relationships, understanding and meaning to their jobs, and indeed lives. Messages to and from the workforce are becoming more significant. Political, social and economic trends will also influence attitudes and communications in the employment relationship and these may well change and evolve over time.

Definition of communication

When thinking about communication there are many definitions to consider. The *Oxford English Dictionary* describes it as:

'**noun** 1 the action of communicating. 2 a letter or message. 3 (**communications**) means of sending or receiving information, such as telephone lines or computers.'

Rollinson, Broadfield and Edwards (*Organisational Behaviour and Analysis*, p579) describe the following description dating back to Merihhue in 1960: 'Any behaviour that

results in an exchange of meaning or mutual exchange of facts, thoughts, opinions or emotions'. This takes on-board the following:

- unless the message content is mutually understood then communication has not taken place;
- communications can take place in many different forms.

Baguley (1994, p6) defines communication as 'the process that occurs when ideas, information and feelings are conveyed between individuals or groups of individuals for deliberate purpose'.

Defining communication is not simple. However, for the purpose of this guide 'communication' is taken to mean that the information exchange:

- is results orientated;
- can be achieved through a variety of means and mediums; and
- that at least two individuals or parties are required to participate.

A communication can be short term or instant, as in a greeting, directions or a simple request, or it can be part of a more developed long-term plan or strategy. This guide provides information on communications as part of integrating corporate responsibility (e.g. environmental messages and policies) to a wide audience and explores how to effectively communicate messages to embed a strategy into everyday activities.

Aims of business communications

Generally, the key aims of internal business communications are to:

- pass on requests and instructions;
- inform employees and colleagues about new procedures or policies;
- confirm understanding of instructions and actions completed;
- obtain feedback on ideas and information passed out;
- pass feedback, innovations and best practice outwards;
- encourage suggestions and ideas from the business;
- foster team working and build ownership of a strategy.

The typical aims of external business communication will include:

- informing the public and third parties about a product of the business;
- encouraging and marketing ideas, products and services;
- informing existing customers, and supporting development of new customer bases;
- raising awareness, interest and ultimately financial investment to the organization, e.g. developing positive brand awareness;
- encouraging stakeholder engagement for a win-win scenario;
- reporting on financial aspects, progress and corporate responsibility;
- capturing market intelligence and engaging in external debate, i.e. benchmarking.

Communication as a process

It must also be recognized that communication is a process, with a range of factors that influence the process. The multi-perspective model of communication, as shown in Figure 2.1, summarizes the range of factors to be taken into consideration. Most communications follow a similar process, although there are several variations on this. The following descriptions apply to each stage:

- sender – also referred to as the communicator;
- encoding – formulation of the message in simple ideas or terminology;
- receiver – the person/s to whom the message is directed;
- decoding – the process of creating a meaning from a message;
- channel – the carrier of message media used;
- message – configuration of ideas and thoughts;
- feedback – process used to return information or clarification following receipt of a message;
- noise – also referred to as interference.

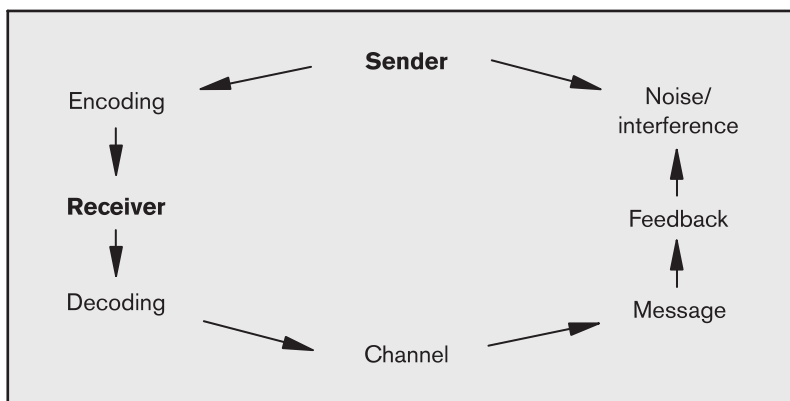
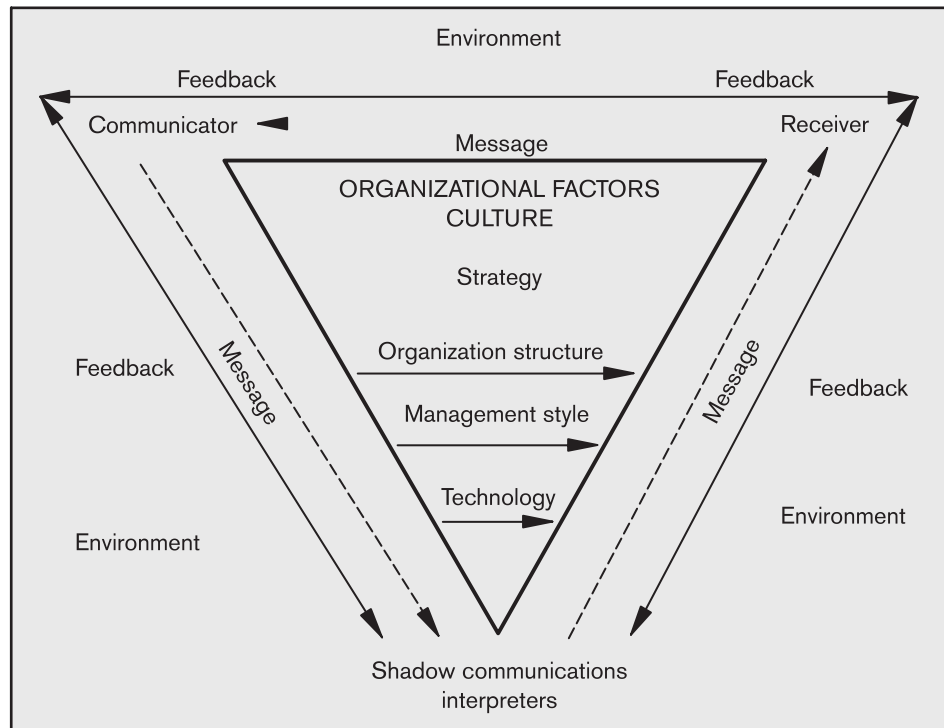


Figure 2.1: Essential components of communication models

Figure 2.2: The multi-perspective model of communication. (Simplified from Rollinson, Broadfield and Edwards, 1998)



Employee involvement

Figure 2.2 (from Rollinson, Broadfield and Edwards, 1998) indicates how important it is to take account of organization structure, culture and other unique aspects to a business. They all have an impact in the communication process. Rollinson et al, among others, describe a multi-perspective communication model that actively involves the environment as well as the communications sender and receiver.

Employee involvement communications are processes that allow employees to have a greater say in business management. One of the case studies at the end of this guide describes a good example of this at the BBC. Any sort of communication involving employee involvement needs to be clear on its dimensions and needs to consider, as phrased in Beardwell and Holden (1997):

- The *degree* of involvement (the extent to which employees influence the final decision)
- The *level* of involvement (at job departmental or organisational level)
- The *forms* of involvement (direct, indirect or financial)
- The *range* of subject matter being considered in the involvement scheme.

Forms of communication	Written	Text Diagrams Figures Tables
	Verbal	Meetings Team briefings Video conferencing Training
	Non-verbal	Body language Emotions Tone of voice Physical distance

Figure 2.3: Basic forms of communication

Forms of communication

Communication takes place in three distinct forms: verbal, non-verbal and written (Figure 2.3).

By its nature, verbal communication assumes that effective listening skills are possessed by those to whom the message is addressed. Written communication is increasing in popularity due to advances in IT and internal messaging, e.g. e-mail, internet and intranet. Non-verbal communication is the only form that requires face-to-face communications taking account of the onset and growing popularity of telephone conferences and meetings.

The term ‘quality communications’ is regularly mentioned in communication reference books, and refers to the satisfaction of both the senders’ *and* the receivers’ needs in the process.

These forms of communication can take place at a number of different levels and dimensions. When considering how to communicate elements of your CR agenda, look at the types of employee involvement, as discussed below.

- *Control*, e.g. workers or workers and managers together:
 - team working requires role planning and organization;
 - can be more complex and time consuming than smaller groups, i.e. consultational.
- *Co-determined* – work councils, unions etc.
- *Consultational* – generally two way involving:
 - job enrichment, appraisals, quality surveys, cultural or attitude survey;
 - skills required by group ‘leader’ to make the communication process effective;
 - group consultations, often requiring more interpersonal than technical skills;

- senior management considering and discussing suggestions to prevent them being time-wasting and having an adverse effect on morale.
- *Communicational* – large meetings and team briefings:
 - popular face-to-face approach;
 - opportunity to re-enhance goals and aims;
 - keep to a time frame (ideally max of 30 min);
 - give opportunity for questions;
 - consider the impact if the need arises to cancel at short notice.
- *Informational* – noticeboards, magazines, newsletters etc.:
 - generally top down;
 - can vary in quality and content depending on how established it is in the business communication system;
 - limited opportunity for feedback;
 - may be restricted by editorial control.

Principles of organization communication – ‘the seven Cs’

These communication principles are recognized in the research and are described in Rollinson et al. In short, communication is a complex process but the seven principles shown in Figure 2.4 help to identify important aspects to consider in business and organizational communications.

Figure 2.4: Seven principles of organizational communication

1. **Completeness** – typically related to the message itself and finding out what the receiver of the message wants or needs to know.
2. **Conciseness** – use plain English and avoid unnecessary repetition.
3. **Consideration** – show benefits to the reader and make more use of the words ‘you’ than ‘me’ or ‘I’. Emphasize ideas or themes most relevant to the receiver of the communication.
4. **Concreteness** – use specific facts and figures (making them relevant to the recipient).
5. **Clarity** – make the message clear, use short sentences, headings. Simplicity of the message is important to avoid confusion.
6. **Courtesy** – use tact, thoughtfulness and appreciation in your communications. Consider a direct and an indirect approach and what is most suitable in a given situation.
7. **Correctness** – use the right level of language (i.e. formal or informal) and communication means (written, visual, etc.) for the group the communication message is aimed at.

Note that with CR and environmental communications you will often need to convey a similar message, but to different groups and levels of people. Take the seven Cs into account and be sure that your communication is relevant to the receivers – this may mean several different communication strategies to different audiences.

The role of culture in the CR agenda (see also Chapter 9)

The way we do things around here

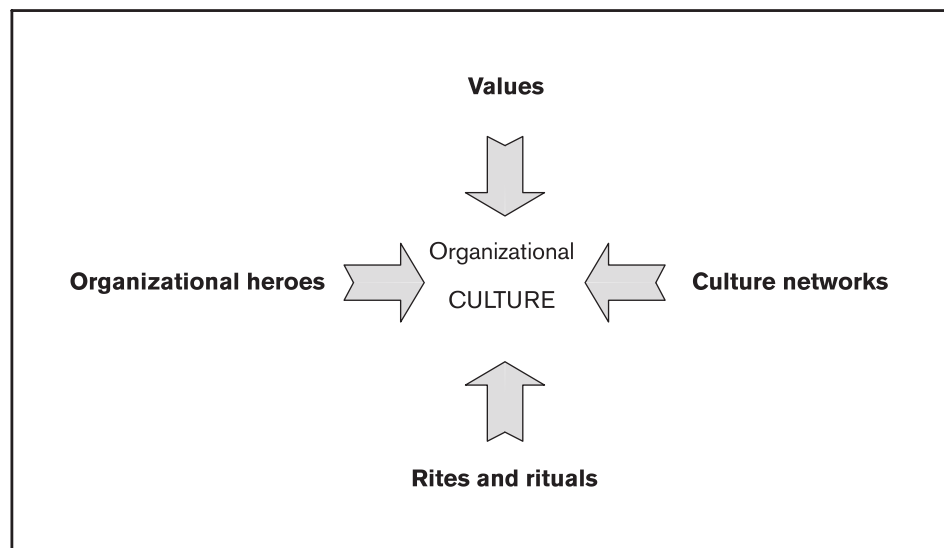
The culture of an organization is something which Lundberg (1990, in Rollinson et al) refers to as an invisible motive force of deeply ingrained ideologies, a force that gives people something in common and is unique to a particular group or organization. It is something that has a common frame of reference, a symbolic significance and the details of which are carried in minds rather than on paper. Other definitions include the simple ‘the way we do things around here’ (Deal and Kennedy 1982) to the more detailed ‘ideologies, beliefs and deep-set values which occur in all firms ... and are prescriptive for the ways in which people should work in these organisations’ (Harrison 1972).

Culture is considered a soft aspect in people’s minds, something someone may subconsciously carry out or work towards. The meaning of culture can exist at different levels and Schein (in Rollinson et al) identifies a ‘layered conceptualization of culture’ (Figure 2.5):

- artefacts and creations (such as symbols, myths and stories);
- values and beliefs such as honesty, trust, rewards;
- basic assumptions – such as the basis on which individuals are respected or the basis of the firm’s ability to compete.

A strong culture is associated with a well-developed, superior organization and contains the two elements of intensity and sharedness. Intensity refers to the level of commitment the employees or members of the business or company have to the central values. Sharedness is the extent to which a business shares the same core values between members.

Figure 2.5: Culture in the workplace. (Developed from Rollinson, Broadfield and Edwards, 1998, *Organisational Behaviour and Analysis – An Integrated Approach*, Addison Wesley Longman, Harlow)



A CR agenda needs to reflect the values at the centre of the business and this should in turn be central to communicating CR internally and externally. Analysts will be looking to see if a company is reporting on words and ideals, or if CR is being taken seriously in the workplace.

Lifestyles

A different approach to the CR agenda in the workplace may reveal differing attitudes and an underlying culture of wanting to do the right thing. Referring to Darnton's research (May 2004), sustainable development is not a commonly understood term, although it is recognized – when questions were placed in the context of people's daily lives, the understanding and relevance became much clearer: '... Shifting the emphasis towards quality of life ... [has] broadened the agenda for public engagement'.

This does come with a warning, however, that 'quality of life' and 'standard of living' may be confused and further clarification and understanding may be required.

Harrison and Davies (1998) recognize that there is growing acknowledgement of a common middle ground on environmental attitudes and social dilemmas and a growing '... relationship between individual behavioural shifts and the role of structural, institutional and communication processes for facilitating lifestyle change'.

Make your communication strategy work

Seven deadly sins

Corboy and O’Corrbui state that up to 70 per cent of business strategies fail at the implementation stage. They then identify ‘seven deadly sins’, representing the main pitfalls of successful strategy implementation as follows.

1. The strategy is not worth implementing.
2. People are not clear how the strategy will be implemented.
3. Customers and staff do not fully understand the strategy.
4. Individual responsibilities for implementing change are not clear.
5. Chief executives and senior managers step out of the picture once implementation begins.
6. The ‘brick walls’ are not recognized.
7. Forgetting to ‘mind the shop’.

The main theme of failure appears to stem from communication of objectives and implementation methods of the strategy, which can lead to confusion, inefficient use of resources and frustration at the onset of implementation. When working through your proposals for communicating the CR agenda internally and externally, make sure you have planned to avoid these strategic sins.

Barriers to communication

Following on from the seven deadly sins, which is relevant to the CR communications strategy as a whole, communication will also fail if there are more personal barriers to prevent the recipient receiving the intended message.

When considering some of these barriers, refer to the chapter on human behaviour as this may help you understand and overcome the possible barriers. These issues are picked up throughout this guide but the key points are summarized below.

- Information overload – too much information is sent therefore the recipient cannot pick out the important issues.
- Too complicated – the message content is too complex or detailed.
- Language, e.g. too complex, regional differences?

- Chinese whispers – a long chain of command can cause messages to become confused.
- Receiver breakdown – if the receiver does not want to hear the message then the communication will fail:
 - not sure what's in it for them;
 - not ready for change;
 - do not understand why the change should happen;
 - nervous that it may mean more work for them;
 - recipient may feel threatened;
 - low morale;
 - other personal or cultural traits;
 - lack of time to stop and take message on-board, e.g. skim reading;
 - skill gap, unable to understand message format, e.g. reading skills, IT skills;
 - message perceived to not be for them, i.e. someone else's problem or lack of ownership in the process.

Principles for competitive success

Change is never easy and strategy implementation is a significant challenge. Strategies must be dynamic, i.e. must remain flexible and adaptable to changes in the real world. These changes can be through market forces, legislation and public attitude or as a result of feedback and consultation. Sun Tzu's *Art of War* identifies 10 principles for competitive success. Although this text is based on a 2,500-year-old Chinese text for strategic planning in warfare, all the principles listed are still of relevance to success in any strategy, including that of communicating the CR agenda. Robertson et al supports D Krause's *Art of War for Executives* (Kraus 1999) interpretations of Sun Tzu's text, of teamwork, communication and the sharing of knowledge to work together (Figure 2.6).

Media communications

Don't ignore it

These days the media cannot be ignored – in commerce and industry the media can make or break an organization based on the information they are given or obtain. The City, major broadcasting corporations, newspapers (broadsheets and tabloids) and industry journals all want the latest story or headline. Often bad news makes a better story than good so when communicating your CR agenda to the media, preparation, and ideally

Principle	Summary
Learn to fight	Competition and change in life is inevitable and should only occur when we have something to gain or are in danger. It may not be easy.
Do it right	Competitive advantage is based on effective execution. Planning is important but actions are the source of success. Get your strategy right the first time otherwise your team may lose faith and interest. You will also waste valuable resources by not getting it right first time. Don't forget the big picture.
Expect the worst	Do not assume the competition will not attack – expect the worst in order to succeed. This principle can be linked with feedback through communication channels – some may be harsh so be prepared.
Burn the bridges	When people are unified in the purpose, no obstacle can stand in their way – a successful leader will push his or her constituents forward and then burn the bridges behind them.
Pull together	Organization, communication and training are the foundation of success. Promote group comfort and stability and cherish their morale.
Show the way	Leadership determines success and comes from seven characteristics: self-discipline, purpose, accomplishment, responsibility, knowledge, 'laddership' and example.
Know the facts	Information is the lifeblood of business; to achieve success information must be managed and communicated properly. This could mean understanding your organization's culture and the way they do things.
Seize the day	Stay one step ahead of the competition and the most important success factor in competition is speed. The CR agenda is a growing tool – make sure your business knows how to use it.
Do it better	Innovation is the weapon that makes you invincible – it is unexpected tactics that create the opportunity for victory and allow continuous improvement.
Keep them guessing	The best competitive strategies have no form – if your strategy is a mystery it cannot be counteracted and gives you significant advantage. From an external communication view this is a valuable point.

Figure 2.6: Ten principles for competitive success. (Based on Krause, D, 1999)

training, is an absolute must. Some of the most senior and the best communicators in an organization can stumble and ice up under this sort of pressure. Consequently, they are unable to get their ideas across to an audience when placed in front of a camera or microphone. What is said in an interview with the media and how it is understood and interpreted can mean the difference between surviving, with your name, business and credibility intact, or finding yourself at the receiving end of long-term harm to you and or your company's reputation.

Involve the PR professionals

Always involve and/or get advice from a professional in the field. Your PR director or marketing team will have experience with the media and often started their careers in journalism. They will know and be aware of the tricks of the trade, publication dates, deadlines and so forth. Interviews on your CR agenda and how the whole company is, for example, supporting a great energy-saving initiative will be turned on its head if you arrive in a large gas guzzling car or an issue out in the field or a regional office completely contradicts this. Focus on the task in hand and prepare not only for the questions that they are likely to ask but also those that they may not. If you state that you are saving x amount of energy through a current campaign, the media may well turn that right around and question why you were wasting it in the first place. Be sure there are no controversial issues in your CR agenda and ethical procurement, for example. Be prepared to answer or deflect questions that you have not researched. Remember the seven Cs (see Figure 2.4) – clarity and transparency, among the other Cs, are critical; a mistruth or inaccuracy in front of the media could lead to some embarrassing repercussions.

To maximize your time spent with a journalist you will need good interview techniques and be able to come up with sound bites and quotes on CR issues and put forward actions and initiatives your company is currently undertaking. Use words and phrases that enthuse and portray passion and knowledge for your CR agenda (but keep it accurate and factual). You may want your message to stand out and be different from your competitors or you may be endorsing actions and the CR agenda.

Presentations and briefings – plan from your audience's seat

There are various trends and best practice throughout this guide for encouraging good communication of CR and environmental topics. However, when training teams or giving

a briefing or presentation don't just think about what you are saying and how you are going to say it. Consider also the visual aspects of the communication process and timing of your briefing. A presentation at the end of a long day is a challenge to your audience who are tired. If you don't capture their imagination and attention, something else will, be it the to do list at work or the weekend plans they are mentally making. You may be full of adrenalin, but be sensitive about the timing and setting of presentations and briefings.

Think also about seating layout as this can be crucial to your message and how your audience hear and receive it (see also pages 24–33) and consider the following.

- Can all your audience see you and the presentation or other visuals you are providing, i.e. slide show?
 - Is a stream of sunlight making it difficult to see the screen, are there distractions like an open door leading to a noisy room or other people external to the briefing talking? All these act as a distraction to getting your CR (or any) message across.
 - If the people you are communicating to need to sit awkwardly to see you and your presentation then consider comfort and basic health (and safety) – after all the CR agenda does include the well-being and consideration of employees.
 - Who is the centre of the communications event? The slides on the screen, the projector itself, the row of other speakers or you? It should be you.
- A slide show should be a tool not the presentation.
 - Avoid over-reliance on your PowerPoint slides (use flip charts and other props as well as body language, voice tones, etc.).
 - Keep the text on slides short (a picture paints 1,000 words).
 - Try to blank the slide show when you are not using it (the B key on a keyboard does this, with any key to bring the screen up again).
 - Practice your presentation – do not type what you are going to say onto the slide and avoid reading a script as you will lose your audience if it is the entire format for the presentation. The slide should be a prompt to the content not *the* content.
- How are the chairs set up?
 - Is there an aisle down the middle which means you have no one in front of you? Or have the aisles (if a large group) been arranged to be either side (breaking the room into three)?
 - If you are expecting discussions and debate or team and group participation in CR discussions, then can everyone see each other (i.e. as in a horseshoe shape or are

the rows in straight lines?)? Eye contact facilitates discussion and aids good communication.

- Know your attendee numbers.
 - Don't lay out all the chairs in advance as the ones at the back will only fill up first! Instead, keep some to the side and bring them out towards the end when the other chairs are full (it will also serve to raise anticipation and will help the event generate a lot of interest).
 - If you can't bring extra chairs out consider having 'reserved' signs made up and placed on the chairs at the back to encourage your audience forward.
- Think about the event type.
 - Workshops may require more team working and breakout groups – consider having a series of tables in the room and breakout rooms available for additional team working.
 - Some briefings may be more formal, i.e. press briefings or meetings with shareholders. Consider different requirements and take advice from PR and media specialists in your company.
- How long is the briefing/workshop?
 - Do you need to provide comfort breaks?
 - Refreshments and snacks are often welcome for those who have travelled long distances. If your briefing is over lunch, make it clear if lunch or a buffet is included (sometimes this can attract more attendees!).
 - Consider the food supplied – heavy foods will make people tired and lethargic, as the body digests and breaks down carbohydrates, so provide fruit and crudités instead of or alongside biscuits for snacks – consider lighter buffet/meal options and save the cake and biscuits until after your presentation.
 - For longer events and workshops, you may want to consider ice-breakers and active sessions (use 'post its' and walls) to encourage attendees to move about and keep alert. This is also good for networking and communications in general, and general health and well-being.
- Notes, handouts and other takeaways.
 - Your message and the type of briefing will establish whether notes are given out at the start or the end of the communication, or if at all. This is a CR communications process so print double sided (it's the small changes that lead to the bigger ones) and recycle/collect for re-use those that aren't used.

- Can you have recycled paper for use/notes – again demonstrate the CR policy and commitment in action. Organizations can provide recycled stationery with logos etc. printed on.

Personalize your communications stage and remember that you are here to discuss and communicate on aspects of the CR agenda. Use examples demonstrated in the next chapter to bring this to life and make it relevant.

The essential guide to communicating your CR agenda

3

Introduction

This chapter provides an overview style guide to help identify where you are now in developing your communications strategy. The following points are a quick reference to areas to consider when communicating your CR agenda both externally and internally. It is a ‘nuts and bolts’ review to work through and prompt some ideas when designing a bespoke communication programme.

One size does not fit all

Be warned, there is no panacea or handy toolbox that fits all to help you achieve excellence in CR communication. For every organization, achieving excellence will depend not only on their individual strategy and current baseline and vision, but also numerous factors such as culture, geography, company structure and product etc. The essential guide points below will help to start focus your thoughts on the communication process. Each point is discussed in more detail in the sections which follow. Whilst working through this checklist, jot down thoughts to use as a basis for review of your organization’s communication portfolio and what you could do better.

1. Do you know your audience?
2. Culture and language – how far will your message be heard?
3. Challenge the status quo.
4. Select target groups.
5. Communicate a compelling case for change.
6. Bring others on-board to endorse your message.
7. Don’t be afraid to communicate complex ideas, but do it simply!
8. Identify and reduce barriers to effective communication.
9. Establish feedback mechanisms.
10. Manage expectations.

11. Fund your message.
12. Communication is the nutrition of sustainability – feed it.
13. Power of communication through symbolic acts.
14. Set up events that consolidate your message.
15. Recognize and reward.
16. Communicate the good news and act to prevent the bad.
17. Be a good neighbour.
18. Take the good news on the road.
19. Enjoy the process.

The essential CR communication guide

Do you know your audience?

Who do you want your CR/environmental communication message or strategy to reach, and who will it actually get to? Organizations have a wide variety of potential audiences, all of whom may be customers or direct stakeholders either now or potentially in the future. Think about who you currently communicate with as a business – how well do you know their agenda? What is it they want from your organization? Ask yourself:

- who is listening?
- who is asking?
- who are you indirectly informing?
- did they hear the message you intended?
- what did they take in?
- what is their response?
- what is their interest?
- why did they want to know?

Think about where the recipients of your communications will be when they receive your message: home, office, car? What time are they likely to give to focus on the message: 1 min, 10 min?

Once you have considered your current audience, who might you like to be communicating with, e.g. new customers? Go through the same list for potential future audiences.

You will have to consider the needs of different recipients for the same message but in knowing the range of your audience, the ideal balance of communication, i.e. of combining the familiar with the challenging, can be achieved.

Culture and language – how far will your message reach?

Even within the same language, regional dialects can change meanings of phrases and words. Consider how broadly the message will be heard and the range of cultural groups in the communication process. Is the message going to be clearly understood by all the audience, or only part? Consider the organizational culture and what communication methods fit in best. What has worked in the past and what methods of communication do people favour? Again, this may differ across the organization both geographically and internally.

What variety of formats for the same message will be required to reach the required audience? Beware of stakeholders perceiving the message is for a select few – CR is about inclusivity and participation.

Challenge the status quo

Don't be afraid of change: challenge inertia; be rigorous and inventive in evaluation of current methods and evaluation of options for change. Good communications help move business forward and, with the right strategy, will make a difference. Change should be seen as progress but must be explained to and involve the stakeholders to prevent it becoming a barrier.

Select target groups

Particularly for external communications, select groups for specific communication activities, e.g. professional bodies. Set minimum targets for numbers of audience reached, presentations given or areas covered. Invite groups who may be interested and provide valuable feedback and support.

Communicate a compelling case for change

The organization is looking to alter the attitudes of others, internally and externally. To help drive successful communications, you need to look at your own attitudes and culture first.

- Are you clear on what the new vision is?
- How does it differ from the previous purpose?
- Does the senior management team truly support it?

Present the case for internal, external, national and international communication change along with the contribution the company wants to make to that overall CR picture. Demonstrate corporate understanding of the contribution communications has to the global CR picture.

Bring others on-board to endorse your message

Don't go it alone – you won't make it!

Sustainability is about communities of people working together.

Develop partnerships with business groups and other organizations, including local organizations who are also working on their CR – you might be able to work together for mutual benefit. If they endorse your strategy they will be better business partners and you will build stronger communications between your organizations. Remember that the strength of a team lies in differences, not in similarities. Work with suppliers, trade organizations and sustainable business NGOs who can advise and support your work, potentially providing you with their endorsement.

Internally, bring in speakers, well-known experts in the field or colleagues from other sites or parts of business to provide support and an upbeat message to encourage your internal implementation. Move from the external margins of CR to mainstream.

Don't be afraid to communicate complex ideas, but do it simply!

How creative is your communication strategy? The difficulties inherent in communicating complex ideas mean that the recipients may not fully understand or appreciate the strategy. To get your message through requires imaginative, creative and practical communications strategies.

Don't just use the written word, use symbols, shapes, analogies, stories etc. For example, use a stack of £1 coins stacked up in reception to demonstrate energy costs each month (children's toy coins might be advisable!), relate food wasted in the canteen today to a

week's ration during the war or a family of four for a week. Think about the audience and make the communications relevant to them and their experiences at work or home.

Get the thinkers and planners in your organization together with the artists and the extroverts to create a communications architecture that is varied, fun and cross-threaded throughout your organization. This will provide an upbeat but clear and honest message for external communications. By involving different mediums to communicate, you can reach a far wider ranging audience than simply communicating by document or memo.

Identify and reduce barriers to effective communication

There are numerous examples of good communications gone wrong as barriers had not been considered prior to delivery of the message. As mentioned earlier, knowing your audience is critical, but some barriers have the potential to affect any audience for example:

- technical issues – work out and eliminate problems with web access, lack of computer time;
- the immediate environment in which the message is received, e.g. presenting training in a hot room or with uncomfortable seating, or in a room where seating is laid out with a single focus on a presenter and not in a horseshoe shape to facilitate multi-dimensional feedback;
- technophobia – many people are not comfortable with use of computers;
- inconsistency or mixed messages – ensure messages from different parts of the organization are consistent;
- does the message foster cynicism or sincerity? Build trust through results;
- a single format used to carry the message will only reach a percentage of your audience, e.g. only use of a PowerPoint presentation or the intranet. Messages need to be conveyed using a variety of formats. Use different communication formats to repeat the same message to ensure you reach the variety of skills in your audience;
- lack of the personal touch – a 'hands off' approach to communication allows misunderstanding and suspicion to grow, e.g. a common perspective 'is this going to mean more work?';
- fragmented communication – provide regular information in every corner of the business, ensure everyone has the opportunity to play a part;

- fuzzy language and acronyms (insist on clarity!);
- people remember approximately 20 per cent of what they hear, 30 per cent of what they see and 50 per cent of what they hear and see. Just ‘telling’ people does not mean they have heard, understood, assimilated the knowledge and acted on it!

Feedback: establish robust and multi-dimensional feedback mechanisms

Be interactive not didactic. Establishing external and internal feedback loops is critical to capture learning points, make improvements and prevent myths growing! Myths can grow when new systems are introduced and understanding is patchy – people will fill in the gaps for themselves and myth suddenly becomes fact. This can potentially have a braking effect on progress or at worse destroy progress made to date. For example, within the organization, ask directly, in person, ‘What does the company sustainability initiative mean to you?’ ‘What do you think is the most important part of it?’ ‘How has it affected your day-to-day work if at all?’.

Externally, ask questions as part of a conference or events the organization has sponsored – do so in all events, not only those that are about your CR.

Manage expectations

Highlight successes and future plans, but don’t oversell. Be sure communications do not make unrealistic claims or promises, but provide a message that demonstrates the organization means to deliver and milestones that work towards a long-term goal. Set SMART targets for everyone to see and be inspired by progress:

- Stretch – let them be movable with time;
- Measurable – you must be able to measure to manage;
- Achievable – don’t set unachievable targets (it will demotivate people);
- Realistic – make them relevant to your business and team;
- Time related – set dates for reviewing and achieving your targets.

Develop a programme that requires a brisk pace and build incrementally on experience. Prevent a tidal ebb and flow but beware that the message, for some, may not provide for sufficiently rapid progress. Internally, expectations can be managed by providing ongoing opportunity for those with genuine concerns to voice their concerns, i.e. that

progress is not as it should be, or indeed is too rapid. One idea to give people a voice is the use of a red flag – everyone in the company has one red flag per month/year etc. They have one opportunity to use it, but when it is used the directors must listen! That way everyone has a say and in equal proportions getting around the ‘he who shouts loudest problem’.

Fund your message

Are communications adequately resourced, and then the investment nurtured? Include the marketing team in the programme as they will have ideas and resources from which the CR programme could benefit.

Communication is the nutrition of sustainability – provide a regular feast!

Communication needs to be consistent, frequent and ongoing, and not phase in and out – keep the information flowing and fresh. Some organizations are now producing quarterly external CR reviews via their websites. Regular communication builds momentum internally and keeps the good news in the public eye. Be clear on the direction of the communications strategy or event and give people landmarks and milestones to look out for on the route map.

When issuing regular updates, consider the following.

- Is the information timely?
- Should information be provided at different points in the month, week etc.?
- Can it be linked with other events?

Power of communication through symbolic acts

Seemingly small acts can demonstrate your commitment to communicating CR, for example:

- plant a native tree in the car park as a symbol of the long-term commitment of the company;
- change the coffee in the canteen to a fair trade brand;
- purchase your wood for desks from sustainable sources.

These steps act as building blocks for improved communication messages and CR corporate strategy and can be seen to be leading the way and demonstrating commitment by example.

Equally small oversights can highlight lack of commitment. Is your CR report printed using the most environmentally benign process, including printing inks, single sided printing on overly glossy paper? Did your office light get left on and you are asking others to conserve energy?

Attend events that consolidate your message

Corporate events and attendance send a powerful message of support and commitment, and enable the company to engage in the wider debate. Be seen to be a proactive part of the debate, not just following the lead of others. Attend local events and shows to support a cause or community event that is relevant to your organization and its values.

Internally, spend some time directly engaging in front line initiatives. Organize lunchtime talks, if you don't already, to provide opportunities for cross departmental interaction and encourage cross fertilization of ideas. Raise awareness and share knowledge between skill groups and departments.

Recognize and reward

Entry to external awards provides a double bonus of internal recognition and external publicity. Awards also provide a welcome uplift and valuable recognition externally, potentially winning new markets. Even if the organization doesn't win, the exercise of getting an entry together can stimulate ideas, generate enthusiasm, team working and is an opportunity to raise the profile of CR communications in the business. On first anniversaries of key events, recognize and reward the year's achievements.

Internally, recognition is a critical tool to maintain momentum and buy-in. Internal awards and 'thank yous' can all go a long way; also a simple thank you can recognize a response from an external stakeholder. Acknowledgement in a company newsletter recognizes a team effort and shows achievements that may inspire others.

Development of case studies is also a useful communication tool, demonstrating to peers they are doing their bit, and of relevance to individuals' day-to-day work, e.g. 'a day in the life of' style case studies, provide information, recognition and reward.

Communicate the good news and act to prevent the bad

Adopt a broad suite of KPIs (key performance indicators) and EPIs (environmental performance indicators) that address more than one dimension. Use the data they provide to evaluate progress and adapt and produce regular briefings on key concepts and feedback regularly. Link them in with your SMART targets to let your colleagues know how the process is going.

Be a good neighbour

Think about how the organization may positively contribute to the neighbourhood and local communities. Ask for suggestions from your workforce with a suggestion scheme as some may live locally and be aware of local concerns. Don't forget the adage of act local think global. In the age of sustainability this goes along way.

Set up guided tours for local groups and interested parties. No, this does not necessarily mean becoming the local tourist attraction, but it does mean opening your doors on occasion to bring in various stakeholders and local interested parties and participate in valuable stakeholder engagement – an important aspect of any communications strategy. Such visits can offer a valuable opportunity for feedback as well as the chance to show off your best practice

Take the good news on the road

Do you currently have roadshows or regional events that you can use as a vehicle for your message? If not, put on a roadshow and take the message out and about! Sow seeds by providing snippets of information, allow interest to grow and provide regular feeding.

To communicate a consistent message or annual review of progress, consider a set presentation with question and answer sessions that can be taken across divisions and regions within an organization

Enjoy the process

Laughter releases endorphins that relax the body and make people receptive to ideas. Be innovative – get a comedian on-board, play games, quizzes, use professional actors to portray scenarios, have internal competitions and external ones for local schools (for example). Make it fun, pithy and interactive but profound, brave and bold!

Summary of the key communication challenges

Remember the basic steps towards good, effective communication:

- identify your message and what you are planning to communicate;
- know your audience;
- consider different media to aid communications;
- get your message heard;
- supply enough information (but don't overload);
- communication is two way – ask for feedback;
- listen to the comments and questions;
- review the feedback;
- act on the feedback.

If you are communicating through a briefing or presenting a roadshow, don't forget the key communication rule to reaching out to new audiences:

- tell them what you are going to tell them;
- tell them;
- tell them what you have just told them!

The key communication challenges can be summarized as follows.

Internal and external communications are of equal importance: you need to engage, demonstrate commitment and inform the vision. Achieving and maintaining buy-in internally provides the substance of the good news for external reporting.

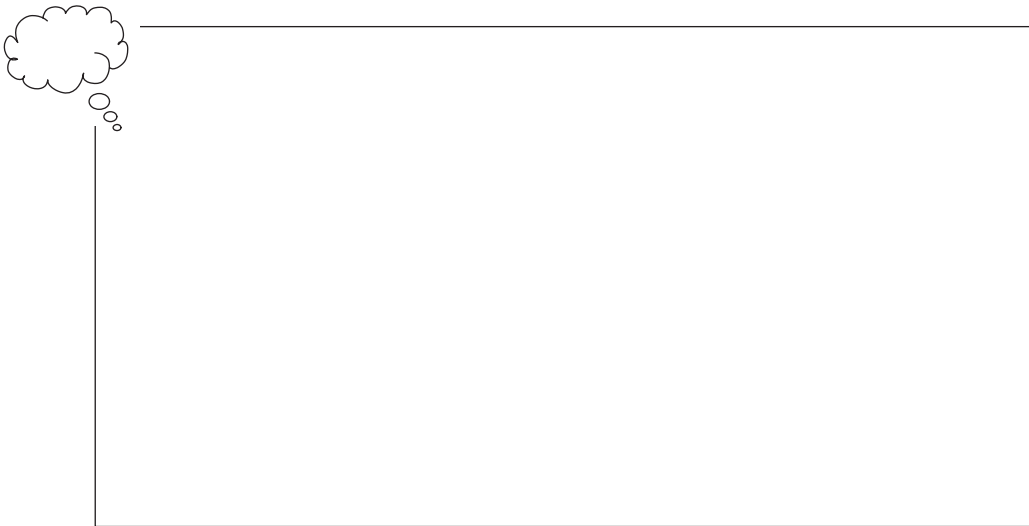
Embed CR into the heart of corporate strategy – build trust and deliver on your targets. Equip your shareholders with knowledge that you are proactive and protecting/enhancing your shareholder value.

Maintain the momentum: remain proactive, deliver regular updates and energize the debate both internally and externally – do not fall into the inertia trap!

Seize opportunities: capture feedback, use your communications strategy as a vehicle to provide opportunities for new innovation and consolidate best practice. Excellence

in external communications assists in maintaining/extending customer base and brand value.

Has this promoted any ideas to capture?

A large empty rectangular box for capturing ideas, with a thought bubble icon in the top left corner.

Where are you now?

Use the next few questions to promote some thoughts about how CR and environmental communications currently happen in your organization.

What are your company's existing strengths – are you using them?

Start by looking at the existing communications architecture and teams, across departments and sites, regionally, nationally, internationally.

- How effective are existing communications?
- What has worked/is working well?
- How can a new message be integrated?
- How can existing communications be improved?

Draw on these but beware that simply bolting on a new extra 'environmental bulletin' will only reinforce the message that this is separate and not part of the overall corporate strategy.

The CR message affects every part of the business so include it in all communications. Integration has the added benefit of ensuring one communication strategy does not counter another, and existing strengths and commitments are complemented whilst providing options for new dimensions.

What do you communicate with your business systems?

Sustainability is part of every business system, but is it embedded into processes throughout?

- Is it part of the company induction process?
- Is sustainability part of human resource policy and practices?
- Is it mentioned and detailed in your staff handbook?
- Is it included in the procurement strategy?

What do you communicate through the immediate working environment of your organization?

“Create an organizational environment that is sustainably and ethically sound, aesthetically attractive and socially engaging.”

Blewitt, J (2002)

- What do your sites and company buildings and infrastructure say about your commitment to the environment, health and safety?
- Not only within your organization’s boundary but in the neighbourhood and the local community?
- Does the site blend in? E.g. has landscaping been provided in keeping with the local flora and fauna?
- Is there a stimulating exterior environment for rest breaks for the site personnel who are delivering the company’s sustainability strategy?
- Can you demonstrate that the company acts locally and thinks globally?

Get the workplace to act as a showpiece of your CR commitment. Fill your ‘shop window’ with key CR messages demonstrated by how the immediate environment of the workplace environment is utilized. For example, what does your building entrance say? Is there a patch of sterile green grass, or have you got an area that encourages wildlife such as flowers, which attract butterflies etc., a place for people to sit in a ventilated quiet open area, recycling bin(s), a green ‘living’ roof that staff can look onto or community awards on show? Employees and stakeholders need to see actions as well as words and policies on the CR agenda.

Do you empower and inspire those who are charged with implementation?



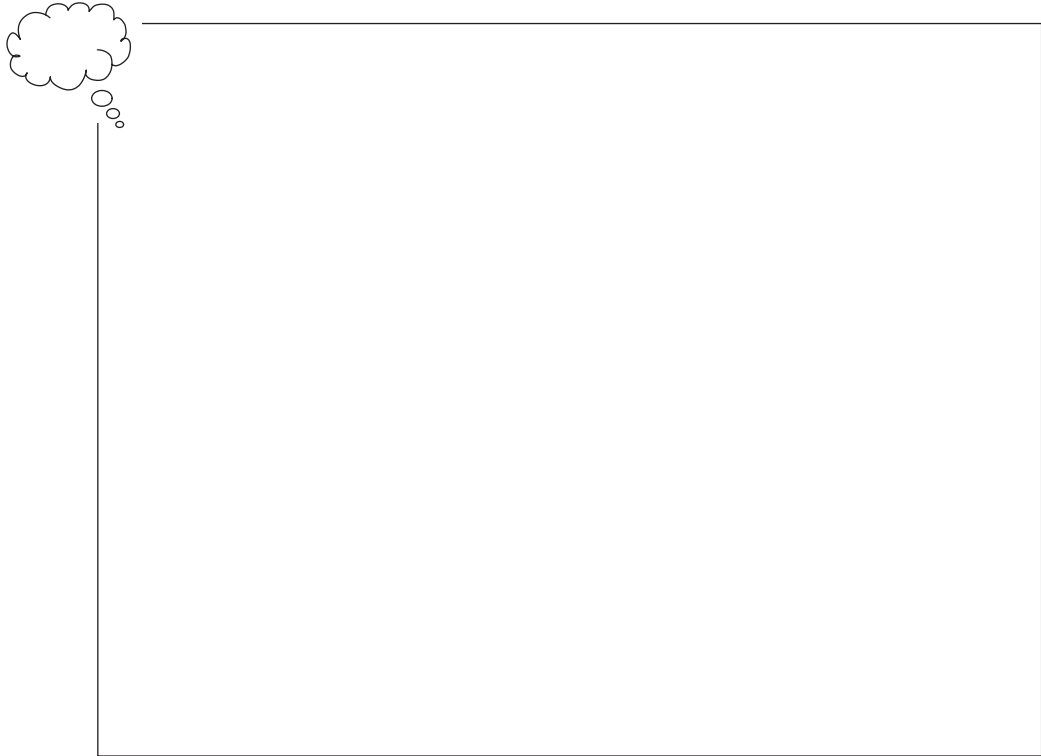
If you want a team to build a boat to cross an ocean, where do you start? Inspire them! Don't start with the woodwork lessons and telling them how to build the hull, inspire them to yearn for the open water and the sunrise, then guide them in their quest for the open sea. Then you can go for the woodwork lessons!

Ask yourself the following questions and develop your communications strategy with the answers in mind. Capture your thoughts in the summary box below.

- Who is needed to take the organization on this sustainability journey?
- Have they been provided with the communication tools they need?
- Is there a sense of belonging to this process – a 'We're all in this together' partnership approach?
- Are departments sharing information across 'borders'?
- Is interaction encouraged?

Appoint voluntary champions to mentor, influence and widen participation; be inclusive in your range of champions. Train, inform and develop human resources to generate new ideas and act on them. Get buy-in for your targets from those who you want to help achieve and drive them before they are set.

Your communications strategy, where are you now? Capture your answer in this summary box:

A large, empty rectangular box with a thin black border, intended for writing a summary of the communications strategy. In the top-left corner of the box, there is a thought bubble icon consisting of a cloud-like shape with three small circles leading to it.

Why choose to communicate CR and environmental performance?

4

What's driving CR?

Introduction

In respect of CR, companies tend to be at one of four points:

1. in a state of denial;
2. perplexed;
3. working on a strategy; or
4. wholehearted and embracing in their CR outlook and making the journey

Whether you stick with improving environmental communications or choose to develop a wider CR strategy, the communication principles and the drivers remain the same but in differing degrees. So why might you choose to disclose any of your organization's challenges in these areas?

The requirement to embrace CR/environmental reporting principles is being driven by:

- legislation/fear of prosecution;
- societal values motivating company personnel and affecting human resource management and retention;
- increasing costs of non-renewable resources;
- the 'polluter pays principle' increasing costs of unsustainable practices, e.g. wastes to landfill;
- government economic instruments, e.g. taxation;
- innovation – sustainable solutions are increasingly becoming the most cost-effective option as demand and innovation drive down costs;
- supply chain/infrastructure failure, i.e. non-renewable resources becoming more scarce and costly;
- supply chain/stakeholder/investor demands;
- corporate strategists recognizing an opportunity!

UK and European government trends

There has been a significant shift in the UK and European governments towards legal requirements for disclosure of corporate responsibility (CR) and environmental information. UK Government and European Union strategy has moved towards the measurement and monitoring of a multitude of CR issues, and in turn this trend continues to lead more reporting requirements.

Overall, sustainability is on the national, European and international agendas, and it is here to stay. In August 2005, the UK Government's 'Gateway to Corporate Social Responsibility' website stated: 'Our approach is to encourage and incentivise the adoption of Corporate Social Responsibility, through best practice guidance, and, where appropriate, intelligent regulation and fiscal incentives.'

UK Government sustainability strategy to 2020

In 2005, the UK Government issued its strategy for sustainable development 'Securing the Future' which sets out a vision through to 2020.

'Securing the Future' states that the government 'has a key role to play in developing the business case for sustainable consumption and production, for example through standards, economic incentives, regulation, voluntary agreements, business support programmes, communications and consumer policy.'

There is a recognized requirement to mainstream sustainability into the civil service and across government. Beyond the drive to increase reporting, the Government is actively improving the sustainability of its procurement practices, which will, inevitably, affect sustainability requirements in the supply chain.

Refreshingly, the UK Government strategy was shaped with 11 departments involved in its development, not only the Department of the Environment as was the case in the last sustainability paper towards the end of the 1990s. The vision for the new UK strategy is laid out in Figure 4.1.

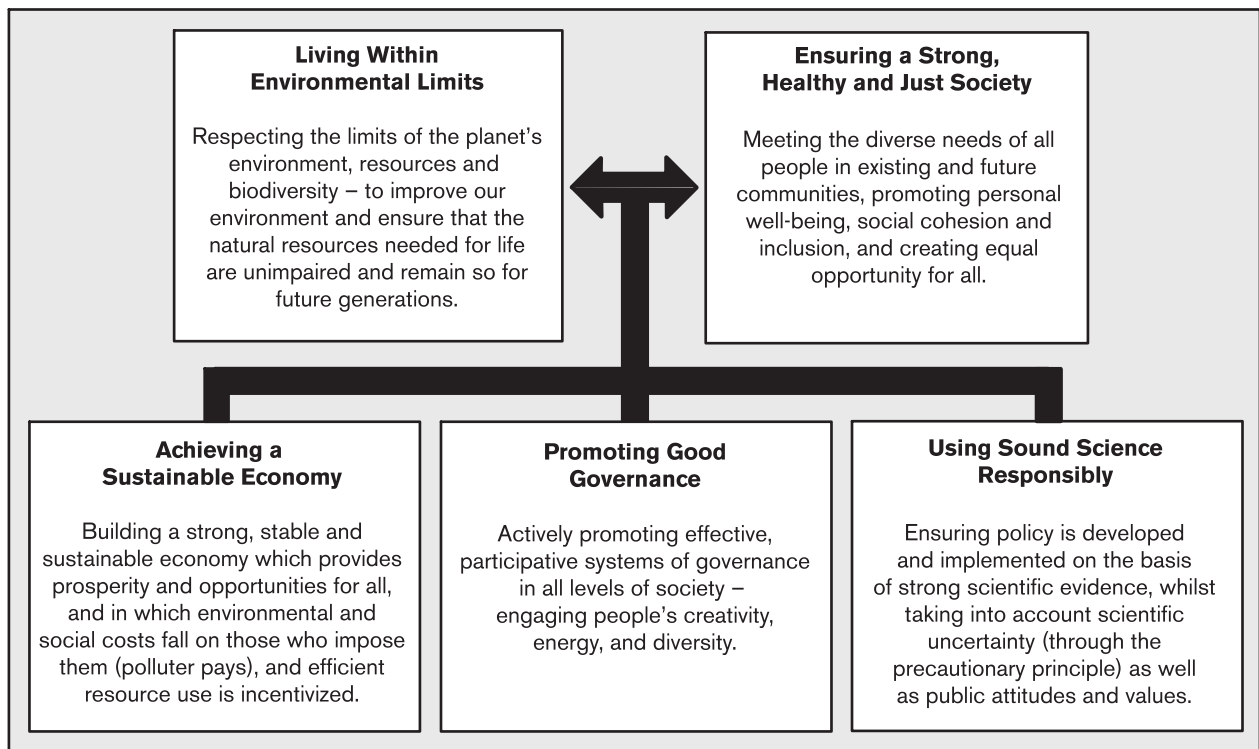


Figure 4.1: Vision for a sustainable future. (From the UK Government 2005 vision and strategy for sustainable development 'Securing the Future')

The strategy was developed after wide consultation, and quotes from various consultees demonstrate the heart of the thinking behind it: 'The revised sustainable development strategy should provide a framework of principles which are applied to every area of policy in every department – a lens through which all proposals are viewed' (quotation from the Government's consultation response for UK Sustainable Development Strategy 2005 from WWF).

It seems that the UK Government's sustainability strategy, driven not least by European policy, sets the stage for sustainability to move into the heart of UK government. Whilst it remains to be seen if this is delivered, it demonstrates the ongoing trend in the UK and across Europe to demand more in terms of sustainability not just from within, but also from the business community. For a business to have a competitive edge in its chosen field, it must be fully aware of trends in reporting and government directions on the CR agenda. Having the information and the right knowledge and foresight helps to evaluate the decision making process of deciding whether, and indeed how, to communicate CR.

Opportunity: improving environmental performance offers opportunity for financial gain

The World Business Council for Sustainable Development, a coalition of 178 international companies, whose members include many major multinationals, reported in 2004 on consistent share price rises for companies that demonstrated a commitment to sustainable development.

Their report states ‘sustainable development pays off’ and goes on to say: ‘The active effort around lasting development lets enterprises become more competitive, shock resistant and more flexible in a rapidly changing environment and increases their popularity among customers and highly qualified employees.’

This view is consistent with other research. The Environment Agency reported on the link between corporate environmental governance and financial performance in September 2004.

The study reviewed a broad range of literature and 15 case studies. In assessing ‘environmental governance’, the report reviews various aspects of environmental management including training, communication and stakeholder dialogue. The study concludes:

‘During the literature review, we found strong evidence for the existence of a positive relationship between environmental governance and financial performance. This result is largely consistent with other literature reviews conducted over the past few years.

In 85% of the total number of studies assessed, we found a positive correlation between environmental governance and/or events, and financial performance ... Good Environmental Governance can benefit financial performance and conversely, poor performance can have damaging financial consequences.’

The Environment Agency report has a UK focus. Looking further afield, a paper written by management consultants in the USA (Dowell, Hart & Yeung, 2000) looked at adoption of global environmental standards for Western companies trading in developing countries and concludes: ‘counter-intuitively ... firms adopting a single stringent global environmental standard have much higher market values ... than firms defaulting to less stringent, or poorly enforced host country standards’.

The paper poses a number of potential reasons for this including the increased risks associated with poor environmental performance (even if it is ‘lawful’ in the country of

operation) which will affect investor interest and better performance in minimizing resource use and waste.

Overall, the report concludes: ‘the widely held perception that the stringent legal requirements for good environmental management in Western countries creates unnecessary financial burden is not born out by the “numbers”.’

Add to this that consumers and customers are more aware of environmental, sustainable and broader CR issues than ever before, and they are prepared to shop accordingly.

A CR study carried out by MORI, and quoted in the DEFRA 2005 report on KPIs, states that ‘74% of the British population say more information on a company’s social and ethical behaviour would influence their purchasing decisions’.

Can companies afford not to engage in CR communications?

Stakeholders are asking (and want the right answers!)

In this new world of reporting and information disclosure, various NGOs and investor groups, and other stakeholders, are well placed to review and compare company performances.

The Ethical Investment Research Service (EIRIS) launched a service in 2005 to monitor around 2,800 companies for compliance with key UN Conventions including human rights, labour standards, corruption and the environment on a quarterly basis. The EIRIS scoring includes tracking information on NGO campaigns and international press. Data for the service will underpin corporate rankings for organizations such as FTSE4Good.

Government agencies are also well placed to rank companies from public registers they hold. The Environment Agency (EA) published lists of parent companies of the worst polluting firms in 2004, quoting some 233 companies and 13 directors fined in the EA’s Spotlight Report on business performance.

The EA’s 2004 report states: ‘The agency acknowledges the growing influence that companies’ environmental performance can have on reputation and financial profitability’.

The Environment Agency clearly see their 'naughty list' as a lever to improved performance and treat it as a hall of shame.

Other agencies, such as Business in the Community (BitC), request voluntary disclosure of information which they use to produce an Annual Environment Index which is widely publicized. Launched in 1995, the BitC Index has now been active for 10 years, which provides a valuable data set to investors wanting to measure organizations' progress.

The Index scores companies on their environmental management and performance across a range of impact areas. BitC publish an annual report, which includes a premier league, for companies scoring 95 per cent or above – 20 companies achieved this in 2004.

Will consumers actively select products produced by a socially responsible company?

- 70 per cent of European consumers say that a company's commitment to social responsibility is important when buying a product or service (source: CSR Europe/MORI, 2000).
- One in five consumers would be very willing to pay more for products that are socially and environmentally responsible (source: CSR Europe/MORI, 2000).

CSR Europe observe that today's consumers are better informed than ever, and the growing concern in recent years over quality and production processes can be partly attributed to health crises such as BSE and CJD, dioxins, foot-and-mouth disease and doubts over genetically modified foods. These issues have made consumers more critical of products and the companies they buy from (Figure 4.2). Current research shows that consumers want not only good and safe products, but they also want to know that what they buy has been produced in a socially and environmentally responsible way. Media attention over issues such as child labour and the treatment of animals have contributed to the fact that CR issues are no longer a worry only for a select group of activist consumers.

This was confirmed by a 1999 Fleishman Hillard study, which showed that 86 per cent of European consumers would be more likely to buy a product from a company 'engaged in activities to help improve society'. About one in six shoppers say that they frequently buy

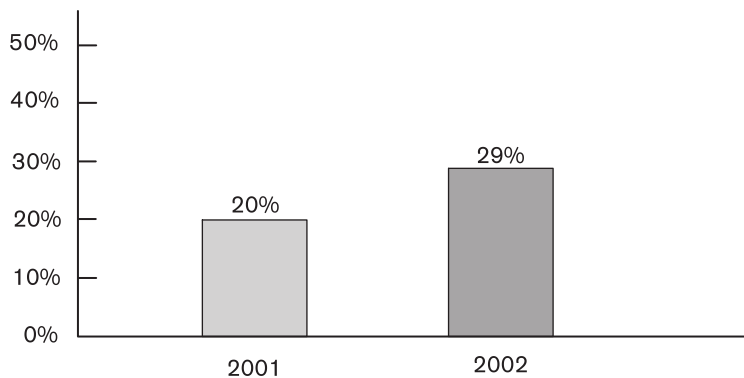


Figure 4.2: Consumers who have punished companies for CR bad practice

or boycott products because of the manufacturer's reputation (Cowe and Williams, 'Who are the ethical investors?').

In the UK alone, ethical consumer purchases, at a conservative estimate, made up over €14 billion in 2000 (www.co-operativebank.co.uk).

Products are often considered too unethical to purchase as the result of a media or NGO campaign. Reputational risk of this type is likely to become increasingly important. Read on for more information on CR and reputation.

Do employees care about CR?

- 78 per cent of employees would rather work for an ethical and reputable company than receive a higher salary (source: The Cherson Group, 2001).
- Companies that introduce competitive employee benefit programmes can decrease company costs related to absenteeism, turnover, disability and health-care claims by 30 per cent (source: Medstat Group/American Productivity and Quality, 2001).

CR can also have a big effect on attracting and retaining good employees. Employees want good remuneration and good prospects but increasingly people also want to feel proud of the company they work for. Motivation is often based on values rather than cash.

"Every organization needs values, but a lean organization needs them even more,"

GE's Jack Welch says. Jack goes on to say:

"For stars there is a choice. They work for companies that are in accord with their own value systems. If they don't want to work for a polluter they will not. After all, people want to hold

their heads up when they are with their peers. They don't want an embarrassed silence when they announce whom they work for. These days we value a great mission and a great working lifestyle as much as a bigger desk and the prospect of promotion."

Business leaders have reported encouraging results with their experiences so far: since Novo Nordisk launched their Values in Action programme which aligns their business objectives with sustainable development principles the company has seen a 5 per cent drop in staff turnover. Similarly, Sears has seen a 20 per cent reduction in staff turnover since implementing their CR programme.

CR can also help to reduce absenteeism and save companies money through increased productivity and by a reduction in hiring and training costs. For example, companies that improve working conditions and labour practices among their offshore suppliers often experience a decrease in defective or un-saleable merchandise.

A study of 15 large employers conducted by the Medstat Group and the American Productivity and Quality Center found that health benefit programmes can increase productivity and decrease company costs related to absenteeism, turnover, disability and health-care claims by 30 per cent.

CR reporting: offering potential increase in brand value?

The number of companies reporting on CR related issues increases year on year. CorporateRegister.com is an online directory of corporate non-financial reports, including sustainability, environmental and social reporting. Their research report issued in 2004 'Towards transparency: progress on global sustainability reporting' noted that: 'over 1,500 companies worldwide now produce a separate corporate social responsibility (CSR) report, compared with less than 100 reports in 1993 ... the quality and scope of reporting has also increased'.

Companies may perceive that sharing information with the public and external parties will lead to difficult questions and focus attention on less favourable aspects of business performance. But as a psychologists may put it – secrecy leads to fear! What has an organization got to hide? If your organization or company is not on this list then consider the business benefits of reporting.

CR: offering the opportunity to improve reputation and brand value?

In today's marketplace, brand image and reputation are increasingly seen as a company's most valued assets. It is estimated, for example, that 96 per cent of Coca Cola's value are intangibles – reputation, knowledge and brand. For Kellogg's this equals 97 per cent and for American Express 84 per cent (Interbrand 2000).

Not many, but some, companies have already issued figures on the contribution of CR to their reputation. The Co-operative bank was the first company to publish official figures on this issue. Analysts have calculated that the Co-op's ethical and ecological positioning has made a sizeable direct contribution to the bank's profitability of around 20 per cent (from www.co-operativebank.co.uk).

British Telecom (BT) has also published official figures on the link between CR and corporate reputation. The results of the study, which were compiled by independent statisticians, strongly suggest that CR activities play a large role via image and reputation in maintaining and building BT's market share in a competitive market. CR accounts for over 25 per cent of image and reputation impact on customer satisfaction.

How profitable is socially responsible investment?

Though still a niche market, socially responsible investment is one of the most dynamic and rapidly growing areas in the financial world.

- In Europe, a 2001 CSR Europe/Avanzi study found that social and ethical funds have grown by more than 58 per cent in only 18 months (over the period 1/00 to 06/01). There are currently almost 300 SRI funds in Europe.
- 86 per cent of investors believe that social and environmental risk management improves a company's market value in the long term (source: CSR Europe/Taylor Nelson Sofres, 2001).
- In the US, the Social Investment Forum reports that there was more than \$2 trillion in assets under management in portfolios that use screens linked to ethics, the environment and corporate social responsibility.
- According to a report by the Social Investment Forum in 1999 entitled *Report on Socially Responsible Investing Trends in the United States*, socially responsible

investment accounts for nearly 13 per cent of the \$16.3 trillion in investment assets under professional management in the U.S.

Given these numbers, it is clear that companies addressing ethical, social, and environmental responsibilities have rapidly growing access to capital that might not otherwise have been available.

A recent survey by McKinsey & Company, focusing mostly on developed countries, confirms that institutional investors are prepared to pay a premium of more than 20 per cent for shares of companies that demonstrate good corporate governance.

A similar survey conducted by Russell Reynolds Associates, indicated that about 50 per cent of European investors and 61 per cent of US investors have decided not to invest in a company, or have reduced their investment, because of poor governance practices (Russell Reynolds Associates, Corporate Social).

For more information on socially responsible investment in Europe, visit CSR Europe's SRI Compass at www.sricompass.org.

What do CEOs think of corporate responsibility?

CSR Europe provides much web based research and CR facts and figures, including Figure 4.3 and the following.

- 94 per cent of company executives believe the development of a CR strategy can deliver real business benefits (source: Ernst & Young survey, 2002).
- One out of three international executives think that social responsibility initiatives will increase sales (source: Hill & Knowlton's Corporate Reputation Watch, 2002).
- 71 per cent of CEOs would sacrifice short-term profitability in exchange for long-term shareholder value when implementing a sustainability programme (source: Pricewaterhouse Coopers' annual CEO survey, 2002).

How strong is the link between CR and financial performance?

Between 1972 and 2000 over 100 studies took place which examined the relationship between companies' socially responsible conduct and financial performance. The majority of results (68 per cent) point to a positive relationship between corporate social performance and financial performance.

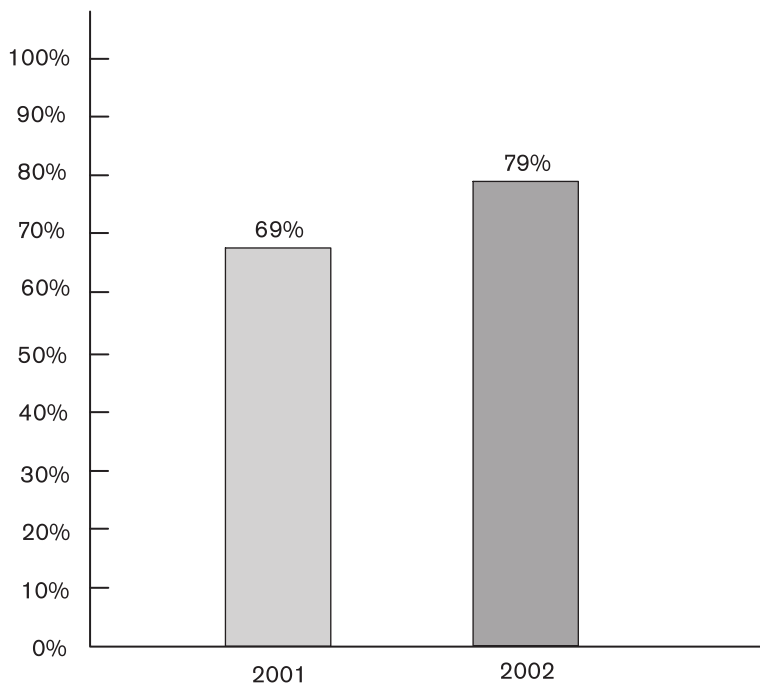


Figure 4.3: CEOs who think sustainability is vital to any company. (From CSR Europe)

The London Business School confirms these findings and has identified 80 studies on CR, of which 42 demonstrated a positive impact, 19 found no link and 15 produced mixed results and only 4 showed a negative impact (Smith, 2001).

Here are some examples of the studies, (from www.csreurope.org)

- Companies with a public commitment to ethics perform better on three out of four financial measures than those without. These companies also have 18 per cent higher profits on average (source: Institute of Business Ethics, 2003).
- A study of ‘stakeholder superstars’ (including Coca Cola, Procter and Gamble, Johnson & Johnson) showed that companies who consistently try to take into account their stakeholders’ opinions outperformed the S&P 500 Index by more than twice the average over the past 15 years. Total shareholder return was 43 per cent over the past 15 years, while the total shareholder return from the S&P 500 Index was 19 per cent (Schmidt, 2000).
- This result was confirmed by Harvard University, who that found stakeholder-balanced companies showed four times the growth rate and eight times the employment growth when compared to companies that are shareholder-only focused (Harvard University, 2000).

- Other research showed that corporations with a public commitment to relying on their ethics code outperformed firms that did not by two to three times (Business and Society Review, 1999).

Many experts argue that a company's commitment to social responsibility improves its financial performance by attracting more investment. For example, nine of the 15 largest social funds are in the top quartile of investment categories based on a 3-year performance (social investment forum www.socialinvest.org).

Results of failing to provide CR information

Reluctance to gather CR data, selective dissemination of information, or attempts to blur the CR picture can lead to the spread of rumour and supposition. Internal stakeholders, employees for example, learn to be secretive and insular, feeding a 'silo attitude', hampering team working and fuelling suspicion externally.

Lacking genuine data, stakeholders may utilize rumour, which becomes fact in the media, and a downward spiral ensues. Ultimately, this fertile ground can grow into perceptions that the organization is engaging in unsavoury activities, and irreparable damage to intangibility of assets, investor and stakeholder trust.

CR reporting is no longer simply a nice-to-have, it has become an essential part of every organization's business tool kit.

Further information

CSR Europe's website provides more information relating to reduced operating costs and wastage as well as looking at how employees feel about working for 'an ethical and reputable company'.

External communication – what message do you want to convey?

5

Introduction

One of the UK's original external communicators of environmental management was Gilbert White, in respect of his observations on the estates surrounding his Parish of Selborne. Gilbert White was one of the UK's first natural history experts with his pioneering work *The Natural History of Selborne* that first appeared in 1789. The work described various aspects of his estate management as well as his observations of the ecosystem he managed.

His success, it seems, was due in no small way to his literary skills and ability to bring alive his observations for the reader, nurturing a feeling of empathy, together with considerable knowledge of his subject. This supports the idea that communications should not always be quick and simplistic, but engage the recipient in a journey of discovery.

This chapter of the guide provides some insight into the process of communication and some of the pitfalls.

Setting a vision for your external communications strategy

Key questions

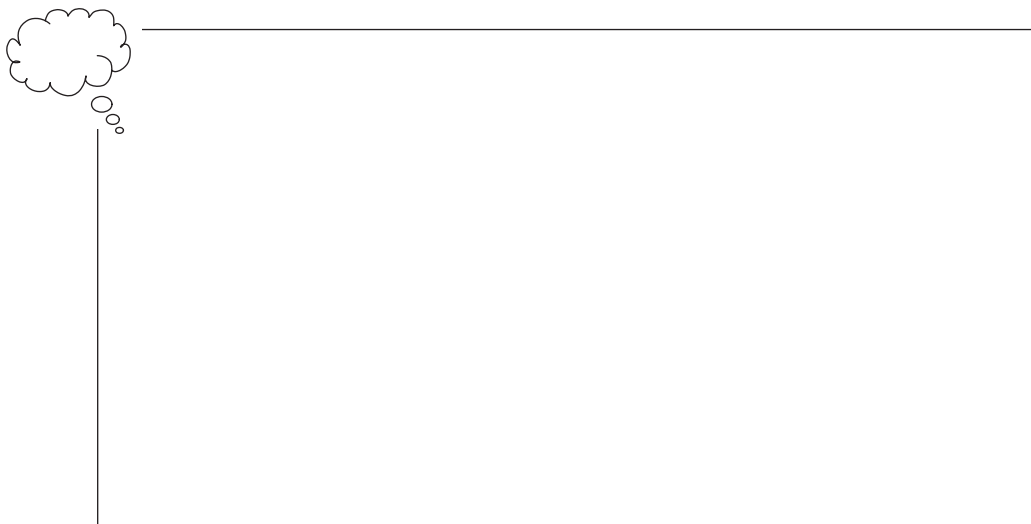
When setting a vision for external communication start by considering the following key questions.

- Exactly what do you want, or hope, to achieve through your communication? Think about setting your aims.

- What is the scope of your message, i.e. are you reporting on your environmental performance, your human rights record, etc.?
- Which of the external frameworks (if any) do you want to use?
- How regularly do you wish to report?
- How will you measure and demonstrate improvement?
- Who do you want to reach? (Set goals for minimum audience reached among target groups.)
- Over how wide a geographical area will your communication be distributed?
- How will you assess your success?
- Do you want your message to be received by a passive recipient? I.e. a benign message.
- Are you calling upon the recipient to act upon your information?

A new communications plan may be emerging from the thoughts and ideas generated from your answers. This should form the basis of an internal consultation exercise. The internal consultation process is essential, but often missed.

Capture ideas



Don't just have a good strategy, have a great one

To gain buy-in for the communication strategy, and to capture ideas for formats, frequency and content of the communication from other perspectives, the communication exercise is time well invested. Excellence in communication is about going the extra mile, it cannot be gained simply by reporting that a few key milestones have been met and everyone is happy at the good progress made.

Corporate responsibility communications fail if:

- communications attempt to 'window dress', i.e. the reporting is too glossy and does not acknowledge areas where improvement is desirable and where priorities will be directed;
- there is a lack of internal commitment to addressing improvement resulting in future reporting having to resort to the above, i.e. 'window dressing' to gloss over the disappointing progress;
- there is no clear vision set and the scope of the reporting is unclear.

Figure 5.1: Reasons corporate responsibility communications fail

Jim Collins, in his best selling business management book *From Good to Great* (Random House Business Books, 2001), states:

“Good is the enemy of great, and that is one of the key reasons why we have so little that becomes great.”

Collins argues that once a company achieves ‘good’ they rarely stretch to ‘great’, principally because the majority become good and that’s OK as they have progressed from a previous state of not so good, or similar!

Be great in your CR programme and have a great story to tell. Collins goes on to say:

“Leading from good to great does not mean coming up with the answers and then motivating everyone to follow your messianic vision. It means having the humility to grasp the fact that you do not yet understand enough to have the answers and then to ask the questions that will lead to the best possible insights.”

This perhaps sums up where many organizations go wrong with CR communications. Some organizations may feel they are not ready yet, perhaps they need to be sure they have all the answers before they place their head above the parapet and claim to have CR credentials (Figure 5.1)!

To start CR communication, start with being honest about where the organization is and having the commitment to move forward to the next step.

Interestingly, Collins goes on to discuss communications which his research identified as ‘great’ and concludes:

“Indeed, we found no evidence that good to great companies had more or better information than comparison [good] companies. None. Both sets of companies had virtually identical access to good information. The key, then, lies not in better information, but in turning information into information that cannot be ignored.”

Figure 5.2: Ten rules for getting the external sustainability message across. (Adapted from Forum for the Future)

1. Big picture – make connections, demonstrate long-term thinking, blow apart myths
2. Technically correct – be trustworthy, provide transparency, give real facts
3. Cool – be sexy, mainstream, non-patronizing, and brave; stand out
4. Belong – join a worldwide group, join a success
5. Stories work – empathy and emotions; use stories to hold people's attention
6. Optimism – sustainable development is achievable; avoid inducing guilt and provide optimism and motivating messages not doom and gloom
7. Glory button – sustainable development makes you great, we love you for it
8. Change is for all – break stereotypes, use inclusive language and images
9. Encourage more heroes – introduce icons to follow
10. Personal circle – relate big ideas to an everyday life familiar context

For example, climate change is a significant issue of our time and there is no shortage of information or research, but much information seems to go unreported beyond the scientific community. The information content is there, but not in a format that is readily assimilated. For the information to be packaged so that it cannot be ignored requires a broad perspective that can be gained within an organization by calling on a range of talents, not just the environment managers.

Design of an imaginative communications programme requires great communication from conception to delivery (Figure 5.2).

Information packaging: external communication formats and tools

Background

Ensuring your CR report is available electronically, and available to download by section, is an excellent and cost-effective method of reaching a wide audience. However, consider potential pitfalls in this singular communication format summarized below in Figure 5.3.

CR reports should aim for wider availability than just the electronic version and dispatch of a glossy print to key stakeholders, although many companies stop here. Reporting needs to move away from a content led approach in which information is digested by the interested few. Variety is the key, developing an external 'communication tapestry', a mix of initiatives to gain maximum return from the investment in communications.

Electronic CR or environment report checklist

- Can the report be downloaded in a reasonable time frame by users at home without broadband?
- Is the report available in several languages?
- Is the report prominent on the organization's website? (CR reports hidden behind vast amounts of other information, or a number of clicks away, do not demonstrate that this is a key corporate issue. A single click to access it from the 'home page' is ideal).
- Does the organization's website convey a corporate environmental commitment?
- Does the report provide for easy printing in sections rather than the whole?
- Is the report available from other links and related sites which might endorse your report such as suppliers, professional associations etc.?
- Is the report interactive, does it provide for online feedback together with options for alternative methods of feedback?
- Can the report be printed in a printer friendly version? CR reports with lots of colour use lots of ink, particularly whole pages front and back which are in single blocks of colour! (Refer to the checklist on page 23 – the power of small acts to build or destroy your message.)
- What message does the report convey to the user? An upbeat interesting mix of facts, ideas and images, referring to a broad cross-section of the organization's personnel engaged in delivery of your programme or a dry list of your KPI performance?
- Does the organization trade across various countries? If so include country specific versions of the report with some minor amendments and it will be possible to give a local identity and feel, demonstrating a knowledge and respect for cultures in which it will be downloaded.

Figure 5.3: *Electronic CR or environment report checklist*

Where is your CR report going and to whom?

If you have a 'good news message' consider some broader options for CR communications:

- seek out connections with interested parties and actively disseminate to stakeholders who might be interested in specialist subjects. For example, if the organization has taken action to address green transport plans, this is likely to be of interest to a local pressure group working to improve cycle paths. You might find you engage a whole new group to endorse and assist in your future plans. This will also assist development of a range of jointly familiar topics and a shared language for future reporting on specifics;
- ensure the CR report is available via professional bodies and associations;

- send copies of the report to libraries, parish councils or other community liaison groups within your organization's site districts, including local schools, colleges and universities;
- hold a local event to launch the report or strategy, get a local speaker who is well respected but with sufficiently independent views;
- produce a variety of offshoots from the report which 'package' information into different formats and use different vocabularies. Aim to appeal to a variety of interests, perspectives, perceptions and cultural values, e.g. different age groups;
- use researchers to tap into this rich vein of interest, and issue the report to organizations currently researching on topics you have set as sustainability goals. This may well generate assistance from untapped sources and lead to further good news in your next reporting round.

Resourcing a new communications strategy

What resources do you plan to invest in your CR reporting, what do you already spend on marketing?

Assessing the cost/benefit of engaging external stakeholders can be described as evaluation of the 'opportunity cost'. The notion of opportunity cost is referred to by Worthington and Briton, 2000, in their book on business management, and they explain it as:

“Corporately responsible actions and/or expenditures have a trade-off cost: the alternatives that the money, resources, time and effort could have been used for if they had not been devoted to more socially oriented goals ... known as the 'opportunity cost', the notion that in a world of finite resources, whatever a business chooses to do, it does so at the expense of something else, the 'opportunity forgone'.”

Short-term thinking can plague communication of CR due to costs. Research evidence, quoted in this guide, demonstrates CR reporting will provide benefits in the short term, but it not always easy to demonstrate this tangibly as a monetary benefit in the long term.

Robust mechanisms for capturing feedback from reporting are essential in providing a measure of this benefit. Resources put into broadening CR communication can be offset against a marketing budget, this is after all a way of delivering brand image to a wide audience – use it wisely!

Utilize the marketing, and PR teams in development of the CR report to ensure the report promotes key issues and messages effectively. It also serves as an important reminder of the important link of CR to all the organization's functions, not just environment manager. Once a CR report is generated, it is powerful advertising medium, providing reassurance to stakeholders of the power and integrity of the brand.

Evaluating success

Benchmarking your reporting is an important part of the CR process. How does your organization compare with others in your sector?

Currently, a jigsaw puzzle of CR frameworks and initiatives are emerging, and it is not always easy to compare reports with peers or others in your sector. However, use of some of the benchmarking tools, described earlier in this report, will assist in providing clarity in this process.

Equally important is measuring how far your message has reached, to whom and how it was received. Requests for the organization's CR report may develop in pockets of local interest such as community groups, or among a group of specific investors or NGOs. Gathering information on who is asking questions will build a picture of how this interest develops or indeed does not develop.

To identify indicators of the effectiveness of your external communication:

- collate feedback into stakeholder groups and subject;
- identify feedback from parties who have not been sent the report directly, i.e. who have gone out of their way to find it from another source such as a library or corporateregister.com;
- measure the number of 'hits' on the report through your website, and their duration;
- track sources of requests for copies/extra copies;
- analyse information acted upon;
- provide active feedback mechanisms to be utilized, e.g. encourage email feedback from a link on your website.

Once you have gained this invaluable data, review and amend as required ready for your next reporting round.

Internal communication: what is the message?

6

*“A leader is best, when people barely know that he exists
Not so good when people obey and proclaim him
Failure to honour people, they fail to honour you
But a good leader, who talks little, when his aim is fulfilled
They will all say ‘we did this for ourselves’”*

Lao Tzu, Chinese Sage and Keeper of the Imperial Archives 600 BC

Introduction

In a survey undertaken by Melcrum Publishing Ltd, ‘84% of internal communicators say developing a communication strategy is a key issue’. Embedding and communicating corporate responsibility and environmental best practice into business practice needs teamwork, ensuring everyone knows the part they have to play in delivering the CR programme. Partnerships across departments and throughout the organization will have benefits far beyond improvement in CR performance. Achieving this will require excellence in internal communications, which will in turn deliver the good news you need for your external communications.

Nine key internal messages

Fail to get the CR message across internally and your sustainability initiatives will limp along hindered by lack of understanding and commitment (Figure 6.1). In turn, the news you have for your external reporting will not have the substance that demonstrates you have moved from simply complying and into proactive application.

Good internal communication shines from the external reporting of companies who have led the way in this arena (and reaped the rewards accordingly).

Figure 6.1: Nine key internal messages to communicate regarding the organization's CR programme

1. You are part of this. The company cannot communicate effectively without everyone taking part and doing their bit; your contribution is vital.
2. The company wants you to innovate and challenge the norm – we support you.
3. It is not someone else's responsibility.
4. Ensure you understand your role and how you contribute to the success of the goals.
5. We believe it can be done, we will deliver, this is not going to be 'just another initiative' or just 'flavour of the month'.
6. Encourage and support others – we need to learn from each other to achieve this; teams must work together across all areas.
7. The company will encourage you to review new ideas; feedback is valued and acted on.
8. We will make mistakes and learn how to improve, this is a journey for us all – no blame!
9. We will not be the perfect 'green company' overnight, we are clear on our goal and the road we need to travel and this is an ongoing process.

Ten initiatives to communicate through action in the workplace

These ten quick initiatives, given in Figure 6.2, go beyond the usual ideas to kick-start a new CR programme internally and demonstrate commitment.

Research carried out by Bob Doppelt for his book, *Leading Change Toward Sustainability* (2003), concludes organizations need to have optimism, curiosity, future orientation, consistency and doggedness as specific characteristics to be successful in their sustainability efforts.

How should your internal communications develop, encourage and harness these qualities?

Guide to internal communications

Engaging internal stakeholders

The key points given in Figure 6.3 provide a quick guide to engaging internal stakeholders and applying the principles of good communications in the workplace (and with the right tools and information they also support CR).

Actions speak louder than words

- Reserve a few special convenient places in the car park for low emissions vehicles only. Provide a reward for personnel who purchase low emissions vehicles.
- Plant native hedging and tree species in the car park and grounds, also provide an area for personnel to sit out and enjoy.
- Commit to a policy of purchasing timber from sustainably managed forests only, e.g. Forestry Stewardship Commission.
- Subscribe to a professional journal in sustainability and make sure it is available to read in reception, rest rooms etc.
- Make any conferences or business travel carbon neutral by offsetting conference travel with tree planting (several organizations will organize the tree planting) – this will add only a minimal cost to the conference.
- Investigate the potential for use of renewable energy, even if it's just solar lighting for the car park or replacing battery powered equipment with rechargeables. Commit to getting an energy review completed by the Carbon Trust.
- Provide a CR forum for your supply chain – what would you like them to do to help, e.g. reduce packaging, improve transport?
- Make it easy for personnel to use alternatives to cars, e.g. provide a secure area for bikes, changing rooms and showers, company incentives etc.
- Open the doors to a local community or charity group, e.g. can they use your conferencing facilities free of charge?
- Provide recycled toilet paper in wash rooms and water efficient WCs. It's the little things that can demonstrate the company's commitment to making a difference – the power of symbolic gestures!

Figure 6.2: *Communicate imaginative messages: ten quick tips which go beyond the norm in environmental communications*

- Energize and sustain good practice: recognize it, encourage it, demonstrate it, promote it and capture it
- Place sustainability at the core of the business thinking and demonstrate that it's not just a 'money saving exercise'
- Engage in active dialogue targeted at the aims and aspirations of the audience but challenging the status quo
- Develop internal and external partnerships: active collaboration utilizing this knowledge exchange to provide a focus on specific aspects of the programme, e.g. multi-team energy groups, multi-team waste groups etc.
- Provide meaningful training, not simply competency-based communications but informal and formal programmes that provide a variety of learning opportunities and inspire the desire for more

Figure 6.3: *Key features of high performing internal stakeholder engagement*

The senior manager's guide to internal communication

Positive messages

In practice, leading cultural change is one of the greatest challenges of management, and inevitably will have its peaks and troughs of success.

A series of short-term successes internally will gather momentum and provide a platform to springboard to more ambitious targets. However, many organizations fail to grasp this opportunity. For example, they may externally publicize short-term successes but fail to build on them internally and lose the opportunity they represented to provide a driver for longer term, more permanent change. Equally, momentum will fail to gather when messages from senior managers are half hearted, mixed or lack commitment.

Interestingly, most organizations would rarely vocalize a negative message externally but poor messages internally can impede or even put a halt to chances of harnessing interest and enthusiasm to deliver a good external message.

Negative messages

Senior managers may unwittingly communicate negative messages, and unintentionally reinforce perceived negative perspectives in the workplace. Figure 6.4 gives some actual examples of what to avoid in internal communications, which have come from the author's experience.

Communication planning: structuring your internal communication programme

Identify your end goal

Your end goal will be to embed sustainability into your business practice and culture – capturing, codifying and delivering CR initiatives. Working towards sustainability requires a high level of teamwork and support, which evolves from effective communication and training.

For every company, the need and the starting point of communicating CR (or environmental or sustainable) strategy will be unique. Internal communication and training

- 'Corporate Responsibility is not about how we run our business day to day, but it's a nice-to-have option, and we do consider it when it's practical to do so.'

Corporate responsibility does affect every aspect of the day-to-day running of organizations; successful organizations embed it into every decision. Have you reviewed your resource and waste costs and the opportunities to reduce them? Have your customers asked questions of your environmental performance? Have you got a high human resource turnover? Do people feel part of a team? Have you assessed the risk for unfavourable publicity from parts of the business activities? Have investors asked questions?

- 'We are already doing a lot for the environment.'

This message is filled with limitations or caveats and may suggest the organization feels it is doing 'more than enough'. This does not convey commitment internally and interpretation of a remark like this could be perceived as negative without the relevant supporting statements. Are you doing enough? How do you know? Are you benchmarking your performance against others in your sector? Are you measuring performance?

- 'We have several ideas but do not currently have the time to implement them. We are thinking about how to address this in the medium term.'

This is the holding strategy, giving the message out that we've thought about this and will get around to it when we think it's important enough. Unless the organization puts weight behind this, you will continue to be reactive rather than proactive, and time will be consumed in swimming against the tide.

- 'We currently do not have the expertise to deliver and need to look at a training programme when the budget is made available.'

When will this budget materialize? How much are your unsustainable processes costing, how much will the costs rise in future? How much have costs risen in the last 5 years in, say, waste costs? What risks are inherent in the potential for supply chain costs to rise?

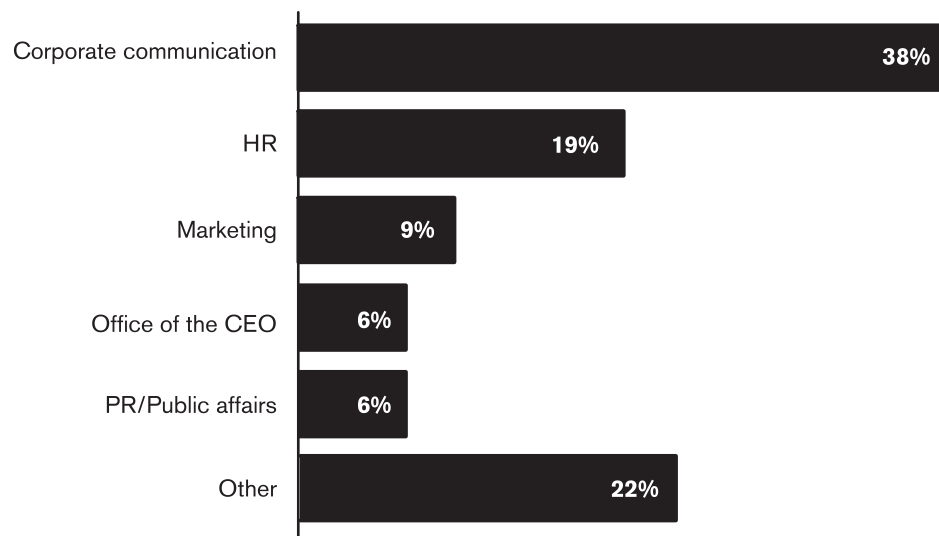
Figure 6.4: Senior managers' internal communication – what to avoid

mechanisms may already exist, but a root and branch review is likely to be beneficial, if not essential, to set up an effective new CR programme.

Where do internal communications sit in your organization?

Melcrum Publishing Ltd (2005) suggest that current trends show internal (and external) CR communications sitting with the corporate communication function (Figure 6.5). Gone are the days when internal communications sat in the marketing department. Less than one fifth of companies report human resources as being the focus for this area.

Figure 6.5: Where internal communication tends to sit in organizations. (Originally published in *How to Structure Internal Communications*, copyright Melcrum Publishing, 2006, www.melcrum.com)



Although, as Melcrum's research indicates, internal communication takes place through a dedicated department, there still tends to be a healthy partnership with the human resource department. HR has experience of change management programmes, employee career management, performance management, helping the organization restructure etc., and this knowledge helps build broadened internal communication, including style and skill management. *How to Structure Internal Communication* (Melcrum 2005) states: '... a partnership can broaden internal communication ... while HR creates necessary capability, corporate communication provides the relevant content.'

Map ideas for an internal communication programme

The following questions provide a tool kit for an environmental or CR manager to draw a mind map of ideas for their organization's internal communications programme.

Ask yourself the following.

1. What can be done to integrate the flavour of your 'new' message into your existing communications without diluting it?
 - Do you need to create additional 'environmental' or 'CR' communications formats? The new message needs to be part of, not bolted onto, the existing formats. Draw up a mind map jotting down both existing and potential new communication formats/tools and their frequency, e.g. weekly bulletin.

2. You will have a variety of messages and information to convey – some will lend themselves to delivery within a training package, some to in-house news type delivery.
 - Add the key topics that need to be communicated and what might be the best format/s for communication of the mind map ideas you started above.
3. What level of information is required? E.g. general awareness for some and detailed information/new skills for others.
 - Building further on your mind map from 1 and 2 above, add the words ‘awareness’ or ‘detailed’ against each of your listed topic for specific departments, or specific sites, or throughout the company in the UK, or globally.
4. How competent are your front line practitioners, those you might be asking to deliver the CR message and/or programme in different parts of the organization?
 - Sketch out a competency matrix for each: what skills will they have, what new skills will they need?
5. With whom do you need to consult and who can help you to develop the ideas you have captured in points 1 to 4?
 - Take your ideas and use them as a basis for wider discussion and debate.

As part of this consultation exercise consider these additional questions:

6. How permanent, ongoing or short term is each message?
7. How does each message fit into the ‘big picture’?
8. Is your message passive or instructive, i.e. are you expecting a result and expect to see changes or feedback as a result of your message?
9. Are you celebrating good news or offering feedback on learning points from recent bad news?
10. How can the communication be made more accessible and of interest to a wider audience? (Use of symbols, logos, shapes, colour, analogies, poems/limericks, case studies etc.)
11. In areas that you are about to readdress, what feedback have you already received? Have you received objections to any aspect of the area you are about to engage in communications? What are the objections based on, what are the risks for finding or not finding a solution prior to this new round of communication?

In answering these questions, and from your basic framework, you can put together a communication programme that harnesses existing communication networks and

Figure 6.6: Example of internal communication formats and tools

- **Training programmes:** distance and direct at various levels
- **Regular and instant news formats:** intranet, text alerts, bulletins and newsletters
- **Informal awareness programmes:** daily tips, wage slip tips, feedback posters, quizzes
- **Mentoring programmes:** working alongside key managers encourages, supports and facilitates implementation
- **Nice surprises:** certificates presented periodically to individuals, reward and recognition, internal awards, saying thank you
- **Team building:** build teams across departmental teams in specific areas such as waste recycling, energy etc.
- **Knowledge communities:** appoint champions and encourage cross fertilization of ideas
- **Road shows:** take the message out to other sites with champions to promote the key concepts
- **Noticeboards:** change regularly and add quick tips
- **Encouraging dialogue through fun:** games, competitions, coffee and cakes, celebration events etc.

develops new links and formats as required. Your structure should provide you with a framework to immediately ‘plug in’ new issues as they arise and harness feedback. A typical framework might consist of any one or all of the following shown in Figure 6.6.

Let the communication programme evolve organically – it will need to be flexible to enable new ideas to be reviewed and integrated.

Changing internal culture and attitudes

Introduction

These sections link in with what has been discussed earlier in this guide with regard to culture and lifestyle and are part of the overall picture that leads to building effective CR communications. Identifying what is needed in the communication process is as important as the message itself. The following summarizes some current trends or best practices in skills and training, which will help you with your CR communications strategy.

A sustainability literate person would be able to:

- Understand the need for change to a sustainable way of doing things
- Have sufficient knowledge and skills to decide and act in a way that favours sustainable development
- Be able to recognise and reward other people's decisions and actions that favour sustainable development

Figure 6.7: *The Sustainability Integration Group (SIGnet) sustainability literacy skills summary*

Identify the skills required

First consider what is it you want people to be good at in order to 'do sustainability' in their job. What will they have to do? What do they need to know? What might they like to know to motivate them? Identification of the skills and knowledge required across all levels of the organization will aid development of your communication strategy. What short- and long-term skills will enable individuals and teams to deliver the CR programme?

The Sustainability Integration Group (SIGnet) funded by the UK Government Department of Education and Skills, and run by Forum for the Future, has been looking at this question, and has described the basic level requirements for 'sustainability literacy' in the workforce.

Sustainability literacy

Sustainability literacy is about everyone in an organization having a sufficient amount of knowledge and skills to be able to contribute towards sustainable development – whatever their role. It is not about new volumes of content being added to courses, nor about creating an army of sustainable development specialists. Put simply, a sustainability literate person would have a good awareness of sustainability issues – the skills for communicating this are summarized in Figure 6.7.

Training

Introduction

Training has an important role to play in communicating and building an effective internal CR programme, but training courses alone will not change culture. For attitudes and

culture to change, a whole raft of initiatives need to be embedded and an open, learning, questioning culture developed. The type and style of training plays an important role in communicating a CR strategy. How a receiver translates the content of the briefing is vital in ensuring quality communications.

Learning can take place in a variety of workplace settings/formats and does not necessarily need to be delivered as part of a formal training programme. Key features of learning in an organization will include individual learning, team learning, organizational learning and experiential learning.

Use real situations and examples

Within each company there exists a vast reserve of tacit knowledge, that is the experience and embodied expertise of your workforce. Implementation of a CR programme calls on an individual to look at this tacit knowledge, to question the way jobs are completed and to develop new skills. Sharing and questioning tacit knowledge requires mentoring, interaction and conversation, along with listening skills and patience – you may be asking people to challenge long-held views. Opportunities for this interaction need to be built into the internal strategy.

However, although this network of informal learning strategies is important, it is the formal training programme that will build the foundation stones of new skills and develop knowledge which can in turn provide the catalyst for real change. Formal training may also be the most expensive part of your internal communication programme, so it pays to think about how it should be designed to ensure success and maximum benefit.

Do you know what they don't know?

Johari's Window is a well-tried and tested technique of capturing current knowledge levels across teams as it provides a simplistic way of assessing what is known and what might need to be known and can be related to a communication scenario (Figure 6.8).

	<i>They know</i>	<i>They do not know</i>
<i>We know</i>		
<i>We do not know</i>		

Figure 6.8: Johari's Window: a tool to capture differences and/or similarities in knowledge between teams

This is also a useful tool for community workshops and external dialogue: use it to capture the key areas of difference and help identify a route for common goals.

Johari's Window can also be revealing if used after a role-play exercise internally, e.g. get team members to play the part of external stakeholders. Place team members in the role of members of the community, regulators, any other external stakeholders, and then capture their new understanding of the other perspective in the Johari Window.

Getting teams to develop your communication programme

Developing an effective communications programme requires the input of teams across the business. Drawing ideas and thoughts from these diverse teams requires innovative tools to ensure interaction is inclusive.

When looking to consult on a communications programme, the set of behavioural terms given in Figure 6.9 will provide the basis of an internal workshop to spark ideas on communication techniques.

Hand this out to the attendees, get them to think of an activity/idea around each term and see what original communication ideas evolve. There are no correct answers: it is meant to provoke thought and provide an opportunity for everyone to contribute communication related ideas, no matter how whacky.

Figure 6.9: Behavioural terms prompt sheet

Build	Classify	Colour	Attend
Analyse	Match	Specify	Compose
Revise	Choose	Subtract	Verbalize
Measure	Define	Read	Weigh
Reconstruct	Convert	Remove	Select
Conduct	Present	Deduce	Produce
Tabulate	Weave	Translate	Write
Design	Make	Plot	Prepare
Generate	Indicate	Describe	Extrapolate
Demonstrate	Grasp	Install	Kick
Estimate	Identify	Label	Modify
Illustrate	Distinguish	Locate	Outline
Operate	Reduce	Designate	Sketch
Diagram	Explain	Name	Multiply
Organize	Paint	Predict	Drill

How human behaviour, lifestyles and learning can contribute to effective communication of a CR agenda

7

Introduction

Human factors play a large role in the success or failure of any management system, including communication processes. Behaviour-based learning is a growing area in the health and safety field with companies like DuPont taking an active role in using behavioural analysis in leadership styles and communication of safety issues. This type of management style is particularly being developed in companies with well-established or mature management systems.

The human touch in the modern working environment is an area that must not be overlooked if effective communications, among other business processes, are to take place successfully and to the maximum benefit of all. Significant changes in public or employee behaviour may also need to be considered to have an effect on CR processes from the inside out.

The House of Commons Select Committee has reported that 'Learning is a key driver for sustainable change' as noted by Darnton (May 2004). It is important to place the CR agenda in an educational context so that people understand how daily tasks and programme planning may need to take account of specific issues and company, or governmental, CR or SD (sustainable development) policies.

Human behaviour

Introduction

ENDS (Feb 2006) featured an article describing how behavioural change is needed to cut transport issues and back in March 2005 it reviewed BP's behaviour-based approach to

environmental management. A behaviour-based approach is being tried and tested to re-engage staff on environmental issues. Many organizations have health and safety management systems that are well established and have been in place for longer than environmental management systems. However, it is commonly being recognized that complacency and organizational change erode some of these systems. Behavioural strategies and leadership are at the forefront of the new generation of health, safety and, more recently, environmental processes.

The aim of these is to move on from a plateau or level of achievement and generate a new way of approaching a challenge. DuPont has played a large role in developing behavioural leadership programmes. This followed the successful integration of such a programme on a company site that had performed badly in terms of safety records. The article states: ‘The company is looking at analyzing behaviour patterns to determine changes that need to be made’ (ENDS, March 2005).

Lifestyle

Changing behaviours and accepting private resistance

Campaigns

The ‘Global Environmental Change Programme: Lifestyles and the Environment’ (GECPE) explores research and lifestyle choices in the environmental and SD (sustainable development) field; reviewing motivational processes and theories that affect human behaviour. A lifestyle is described by GECPE as: ‘... patterns of actions that differentiate people’.

GECPE note that, importantly, lifestyle is also about identity of choices demonstrating the active and engaged processes through which people live their lives. Respecting this individuality, and the need to have choices, is critical for an organization when viewing behaviours and sustainable lifestyles in line with the whole CR agenda.

Darnton (May 2004) summarizes in his report that ‘sustainable lifestyles’ offer a model that members of the public would be able to adopt, thereby contributing to positive impacts across the CR interdependent triple bottom line. He also concludes that changing behaviour or lifestyle is very much a first step, and changing attitudes should be seen as a ‘secondary objective’.

There is growing interest among the general public in the option to change or review lifestyle choices to increase the sustainability of everyday activities. Polls carried out by GECP, following media campaigns on CR-related issues (e.g. reducing dependency on car use or promoting alternative energy sources) indicate that the awareness of issues is heightened and public support for morally sensible issues is increased after such campaigns. Examples here may include organic foods, wind power, public transport, recycling etc.

This interest has grown in the last 5 years into action. Research undertaken in 1998 demonstrated that interest was increasing but had not been translated into lifestyle change: ‘private resistance continues to ensure that lifestyles remain relatively unchanged ...’ (Harrison and Davies, 1998).

Since this research was carried out in the late 1990s, many government policies have forced change, and this has had the impact of increasing the public focus on the sustainability agenda. For example, previous campaigns failed to reduce car dependency in London with a carrot approach, but the stick tactic of the Congestion Charge scheme has been successful at reducing congestion and emissions within the charged area. Transport for London (TfL) reported a 30 per cent average reduction in congestion and a 15 per cent reduction in the volume of traffic within the charged area. These traffic changes are estimated to have reduced traffic-related emissions of carbon dioxide in the area by 19 per cent.

Lead the way

Sometimes the best way to change behaviour within a group or organization is to make a small change in your own behaviour. With planning this can be reflected among your colleagues and can help make communication of policies and company values easier. For example, arrange to take a train to a meeting with others, rather than each person driving to the destination. This could make time more productive, allow for travelling without concentration or the stress of sitting in traffic. Depending on the distance and individual, the time can be used more effectively. It is also a plus point on the CR agenda to rethink modes of travel and reduce demand on fuels. In short, the most effective way to change the behaviour of others is to adjust your own.

If you want to change someone’s (or a team’s) behaviour, a good starting point is to stand in their shoes and start seeing things from their perspective.

What is important to you may not be a priority to others and vice versa. Once you understand how they see the picture, you can start explaining your company's CR agenda using their language and views.

Sustainable lifestyles

Increasing education and awareness of lifestyles and current trends outside the workplace can be a useful tool. When these are explored, often good practices, ethical consumption and procurement can be transferred from home life to the workplace. Much in the same way, heightened awareness of health and safety in the workplace has led to many re-evaluating how they carry out tasks at home, whether this is using ladders instead of balancing on a pile of books, or thinking about posture and hygiene. Awareness enables people to think, 'This is too unsafe to do at work, they wouldn't let me get away with it... So why am I thinking it's OK to do it at home?'

Climate within an organization

According to Rollinson et al (1998), climate is 'A characteristic ethos or atmosphere within an organisation at a given point in time, which is reflected in the way its members perceive, experience and react to the organisational context'.

Climate within an organization is also:

- something that is 'felt' by people, an experienced state of affairs, rather than a set of hard attributes;
- sometimes short-lived (this helps us to distinguish between culture and climate). Climate can be less enduring and pervasive and has a transient nature. Sub-climates can be more prevalent than subcultures. A climate can be thought of as a phase an organization passes through;
- experienced by people and therefore affects their attitudes and hence the way they may behave;
- an influence on the experience in the organization in terms of psychological reward. This can affect levels of morale and motivation as not all employees are looking for financial rewards.

As discussed briefly earlier on in this guide, the culture of an organization plays a key role in how CR issues and policies are communicated and integrated into the business. A

‘climate’ occurs at both individual (psychological climate) and group level (organizational climate). It can be an intervening variable and indirectly affects other issues such as job design, satisfaction and internal communications (all three relate to the social benefits of sustainability). Factors inside and outside an organization can have an impact on climate in:

- the wider organization;
- the immediate context;
- the individual.

Evaluation of the climate and culture within an organization is important when considering how the CR agenda and associated policies are communicated and integrated in company business. The more seriously this issue is taken, the more effective the process of communicating CR will be, as it presents the opportunity to really tap into the life system of a business. Ultimate best practice in communicating the CR agenda lies in truly knowing the culture of the organization. It is only when this is understood and appreciated that the most effective communication strategy can be determined.

How people learn

This part of the guide takes a whistle-stop tour through education and learning, and looks at some ideas that can help you develop inclusive communications packages.

Understanding the diversity of your audience is an important factor in communication of best practice and strategies internally and externally.

The way information is packaged needs to take account of not only factors such as social diversity and culture, but also the variety of people’s innate skills and talents – the starting point in their understanding.

Multiple intelligences – are you only appealing to those that read?

Howard Gardner originally published his book, *Frames of Mind: The Theory of Multiple Intelligences*, in 1983. Gardner recognized that people have a range of innate skills and that intelligence can be focused in different packages. For example, some people have greater artistic talents than others, but that does not mean the remainder are devoid of artistic skill. Gardner’s research describes capturing categories for specific skills and talents.

Gardner's research 'packaged' these intelligences into key areas, and recognized that in order to communicate to a wide audience, all these intelligences need to be considered within the communication package. In structuring a communication strategy, part of your audience will not get 'switched on' to your message if you ignore one of the intelligences; by default your message will become selective to certain groups of people.

The original multiple intelligences highlighted by Gardener are: linguistic, logical-mathematical, musical, bodily-kinesthetic, spatial awareness and coordination, inter-personnel and intra-personnel, with some additional intelligences suggested by later research, e.g. naturalist intelligence (an intuitive understanding and liking of the natural world).

Typical organizational communication tends to call upon reading or logic skills. Consequently, those who get the learning buzz from images and patterns or through interaction with others will not be engaged by most organizational communications. Noticeboards and newsletters reach only a certain percentage of your audience internally.

Is the learning curve complete?

How does information become learnt and assimilated? One answer to this question is delivered by the Kolb Cycle, developed in 1975 by David A Kolb and Roger Fry, and still recognized as a key contribution to the teaching and learning debate. Their theory is that for learning to take place, all four of the following key factors have to occur, in no particular order.

- Observation – watching someone else do it, being taught how
- Experience – do it
- Forming concepts – reflection and digesting information
- Testing – experiment trial and error, learning from mistakes.

Many communications packages stop at the observation or teaching part, i.e. providing text to observe or read, providing a PowerPoint presentation, etc. Not many communications programmes allow for doing it and testing it. For example, in its most simplistic form, have you just told everyone to place certain wastes in a recycling area, and are then surprised when it's not working? Is anyone actually helping people with the doing, e.g. informing people what can go in which container, placing items in the correct container, taking out staples, letting the users see feedback from the recycling company, reflecting on it and testing it, then attempting the roll out again?

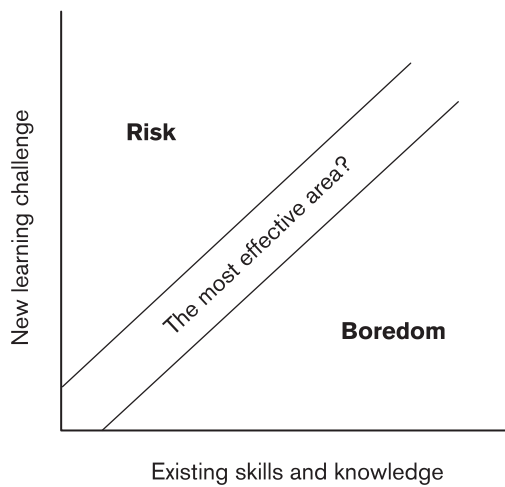


Figure 7.1: Risk, boredom and motivation in learning. (From Pollard (2002), Readings for Reflective Teaching, www.rtweb.info)

Does your organization's internal communication programme provide examples to show that 'your message' is working? Are opportunities presented for experiment? Are people given the opportunity to do 'it' for themselves or to take part in 'it'?

The comfort zone

Learning needs to be set in the familiar, aiming to relate new learning into current understanding (i.e. the familiar), but also to challenge and provide new knowledge and skills. Andrew Pollard, a teacher and researcher in the field of learning, describes the ideal level for new information built on old as 'the effective area' or comfort zone, as shown in Figure 7.1.

Learners need to be engaged and challenged by the message content and be able to set it upon familiar ground in order to be able to digest the idea and place it in context for themselves, keeping them out of the boredom zone.

For example, when describing the need to save energy, talking about the organization's energy bill and goal for a percentage saving is not helpful or stimulating in isolation. Relating specific energy consumption to appliances in daily use helps to set into context an individual's own actions and how they can contribute to the overall goal. However, if the message content is too far out of the boredom zone, the learner will not want to be taken into the risk zone and may feel threatened by the message.

Beyond regional, cultural and linguistic differences, the tone of words will affect people's desire to read on. For example, a message delivered in a newsletter should engage but not threaten. Words that people could feel threatened by include:

- problem;
- failure;
- crisis;
- admit.

Words that people tend to like could capture their interest, for example:

- passion;
- success;
- inspire;
- debate.

If you are delivering a message to promote your CR programme, use words that tend to describe progress or how things will change for example:

- deliver;
- contribute;
- exceed.

Use of words that maintain the status quo are best avoided, for example:

- observe;
- monitor;
- control.

Make your message stimulating, encouraging and upbeat, but challenging.

Communicate beyond the written word

Use of symbols and shapes can provide instant recognition of a topic. Shape your vans like cows (it's been done by the drinks company 'Innocent') and the consumer instantly knows you're producing milk products and you also represent fun and enjoyment!

Use tangible items, such as scale models or props which create direct visual links, e.g. use a globe to demonstrate areas of CR work around the world displayed in reception rather than a list.

When setting up a room for a meeting, ensure the furniture facilitates rather than blocks feedback and two way communication. Does the room reflect the topic? E.g. if speaking on

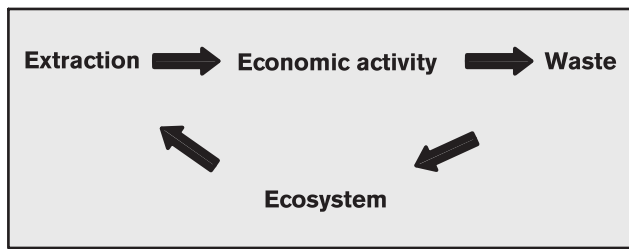


Figure 7.2: *The Take Make Economy. (Adapted from a concept described by McDonough and Braungart, 2002)*

energy efficiency, you could include posters on energy saving and props that show the increase/decrease in energy use etc.

Is the room for a communication meeting comfortable – too hot, is it light enough, is furniture comfortable and arranged to encourage debate and feedback? Only use a lecture style layout for a room (i.e. all seats facing a presenter) if absolutely necessary. Horseshoe shapes, or split desks in sets of four, will provide a far more inclusive meeting/training environment.

How do you plan to get the key points of the message across, remembering to use a variety of communication formats? E.g. do not use a PowerPoint presentation for longer than 30 min absolute maximum – most audiences will have switched off after 20 min. Test this theory by asking yourself how much you remember of a PowerPoint presentation you heard a day earlier – after 24 hours how much can you remember? When communicating remember time, do not keep people in a room for longer than 1 hour, take regular breaks. If your meeting/training is for 3 hours, take a 5 min break at the end of (approximately) every 1 hour – keep people moving and interested.

Use graphics to convey complex topics in your CR reporting. For example, the linear 'take make waste' economic system which is a complex subject to convey is described by McDonough and Braungart (2002). Presented in this graphic form, it instantly conveys the message (see Figure 7.2).

From this graphic, the more complex but preferred theory of the sustainable 'borrow use return' economic model can be better understood. This more detailed graphic shown in Figure 7.3, equally enables the learner to 'see' the message being conveyed, having been built on the previous image., placing the ecosystem, the source of all our raw materials at the centre, and each activity dependant on, and passing through, and impacted by, this central core to which everything should be returned having been borrowed in the interim.

Figure 7.3: *The Borrow Use Return Economy.* (Adapted from a concept described by McDonough and Braungart, 2002)

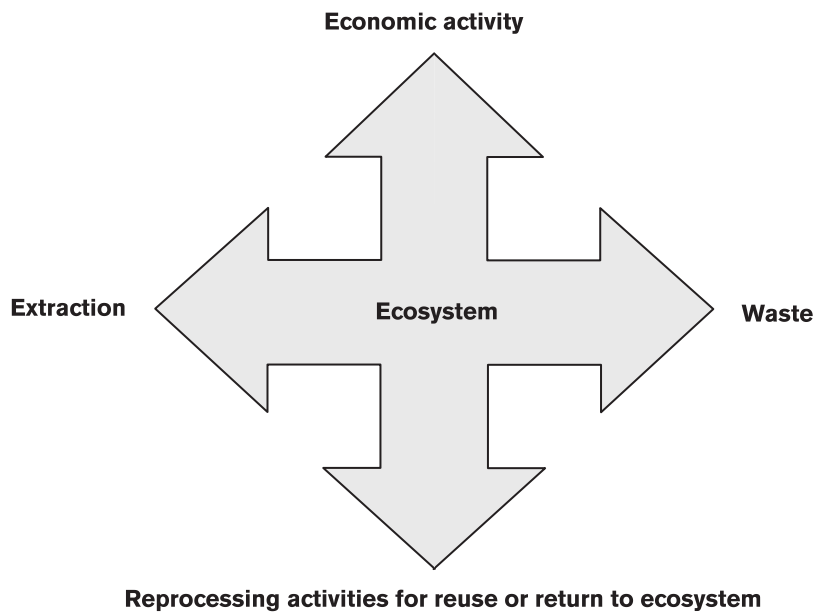
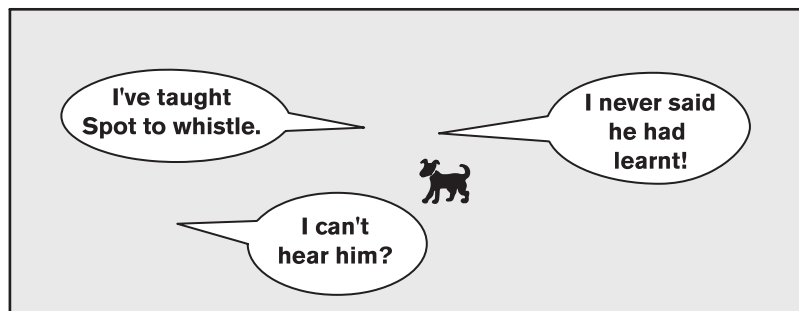


Figure 7.4: *Teaching does not equal learning.* (Based on a cartoon in Chambers, R, 2002, Participatory Workshops)



Motivation and reward for learning

Training is a key part of CR and the associated communications strategy, but it needs to be delivered in an arena of mutual benefit and recognition of the learning needs of the individual (Figure 7.4).

Bob Dopplet comments on his research in his book, *Leading Change Towards Sustainability*:

“My research found that the organisations making the most rapid progress toward sustainability overcome barriers through continual learning. The more skilfully those knowledge creation mechanisms are employed, the greater the likelihood that solutions to barriers emerge... learning differs from training, which entails the acquisition of specific skills... Through decades of research, learning specialists have discovered that people learn best when motivated to achieve something rather than just obtain new information.”

In order to capture an individual's desire to learn, training needs to bring reward to the learner.

Health warning for computer-based training courses!

eLearning as information delivery

In some organizations, use of the intranet has become a popular medium for delivering training and relaying information about CR policies and initiatives (among other subjects). In professional terms, training through this medium is delivering a 'distance learning course' in an 'eLearning' format. All too often this is interpreted as the 'provide a computer, some training information and leave them to it' option. Beware: this falls a long way short of a learning package, and this is, at best, information delivery. In getting information about your CR agenda across internally, how you communicate it and provide knowledge and learning is as important as the agenda itself. Although convenient, PCs must not be over-relied upon.

A typical scenario

All too often a typical scenario goes like this:

1. learners are given a link and asked to log on and read through the training materials, which often have a jazzy, high tech intranet delivery;
2. review of learning comes from a link to an online multiple choice quiz at the end;
3. the results of this assessment are passed on to line managers and training teams.

In practice, learners want to 'get this out the way quickly and ensure they get good marks' so, this is what happens:

1. the first batch of 'learners' attend the eTraining online and tend to go straight to the multiple choice questions at the end of the course, flicking through the reading bit. They answer the questions they are able to;
2. they then flick back through the course content to get answers to the remainder and finish;
3. after the 'learners' have completed the course, the correct answers are passed around to colleagues and the course content becomes essentially redundant to a proportion of the eTraining attendees;

4. on reviewing the coursework, the training provider and managers are both happy – a 100 per cent pass rate can be demonstrated. Evidence everyone has completed the training is in place and the training is perceived as a great success and that intranet training really works well – it's cheap and an organization can get the outcomes targeted in terms of attendees and pass marks.

How much learning actually took place in this exercise though?

The organization thought the training 'need' sufficiently important to invest significant sums into a high tech course. But if the training is not used carefully, the considerable investment that was made into a training tool becomes 'unfit for purpose'. In other words, if the eCourse was supposed to increase understanding and make a difference to working patterns in areas identified by the organization as important, it may have failed and become a tick list to the majority of participants, without the real content of the eTraining being absorbed.

Cost saving is often cited as the significant factor in a company's decision to deliver eLearning in the above format. It is perceived as cheaper, and yet often the money does not achieve the overall goal: in reality there is a danger that the measurement of success is based on a potentially flawed assessment. This does not mean that eLearning is not a good training tool. A properly supported eLearning training programme is a valuable asset and research demonstrates it can reap significant rewards.

Developing eLearning for communications

Introduction

The Adult Learning Inspectorate (ALI) provides a window into recent research on options for effective communication and training for adults. Their 2005 report 'Is E-Learning fulfilling its potential in the adult and community learning sector?' evaluates the eLearning option and is positive about its potential: 'E-learning can develop positive attitudes and confidence about learning in general ...'

It should be noted that the report describes best practice for use of the computer as a medium for learning, rather than use of a computer simply for delivery of information. As the above scenario demonstrates, there is a distinct and important difference.

In other words, the ALI research provides a valuable insight into the value of computer-based training but equally warns against using a PC as an unsupported information delivery tool:

‘It’s important that the basic principles of good practice in traditional teaching and learning are not forgotten, as they apply equally to e learning. Developments should be led by the needs of the learner rather than technological advances or commercial potential.’

The seven eLearning barriers facing employees

A further research report completed by the USA organization ‘E-Learning Consortium’ working with the University of Louisville, looked at eLearning across a variety of sectors including manufacturing, oil, IT, consulting, wholesale distribution and others. It questioned 875 employees who had recently completed eLearning courses delivered solely online. The resulting report: ‘Mungania (2003) The Seven E-Learning Barriers Facing Employees’ provides the key findings, three relevant to this guide are summarized below.

Audience: diverse eLearning audience. Far more than traditional didactic learning, the report demonstrates that eLearning was being delivered beyond national boundaries. The need to take account of the demographic characteristics of learners was a significant factor in the success of the learning process.

Employees’ self-efficacy: the belief that they can do it and succeed is even more critical to learning in the ‘e’ atmosphere. The report states:

‘... organisations must be actively involved in strategies that improve employees’ self-efficacy. E-Learner self-efficacy levels should be determined and strategies implemented to improve their judgements so that they are capable of learning online. The strategies could include verbal persuasion, recognition of efforts and completion, role models, and other support.’

Multi-dimensional barriers: the report suggests that eLearning barriers are ‘heterogeneous’ encompassing seven types of barriers namely:

- personal or dispositional;
- learning style;
- instructional;
- situational;
- organizational;
- content suitability;
- technological barriers.

The report goes on to say that situational barriers are the most prevalent and personal barriers least common, although the IT consulting company included in the research reported the most barriers – six of the seven categories listed above.

Other influential variables in success are quoted as: age, gender, ethnicity, marital status, level of education, job position, computer ownership, location of study and prior experiences with eLearning.

The report summarizes that eLearning requires social, cognitive and behavioural skills, requiring pre-knowledge of computer competency, a supportive culture with incentives, and a belief in the course content and their ability to complete the course, such that the learner will take responsibility for their own learning.

Finally, and most importantly, the report describes one major fact that needs to be addressed in terms of the time given to study: ‘The asynchronous nature of E-learning has brought its own challenges. Unless employers and employees prioritize study time, online learning efforts will continue to suffer’.

Best practice within the teaching profession for distance learning

As the CR agenda widens and takes on-board more people, more interest in the topic is raised and more information becomes available. It is becoming a required training module in many college and university courses from engineering to economics. Business organizations often, and should, support personal development of individuals and as the range of media and teaching styles develop, there are more options to consider. Considerable research into best practice for distance learning delivery has been undertaken in recent years. For example, the UK Learning and Skills Development Agency produced a research report authored by Hawksley and Owen in 2002 ‘Going the Distance: Are there common factors in high performing distance learning?’. Their research concludes the following factors are critical in high performing training:

- provision of initial guidance and induction procedures;
- specification of realistic timescales for completion;
- competency requirements for tutors clearly set out (distance learning tutoring requires a different skill set to direct delivery);
- quantitative and qualitative monitoring processes are put in place, with review of feedback from learners including feedback on support systems and course materials;

- **Analysis of course design and format to match learners' needs:** scope the range and probable skills level of the audience. What are their needs and motivations? What key messages need to be addressed, i.e. syllabus? Set timescales for study and assessment. How will you provide recognition of learners' achievements: external accreditation or internal certification?
- **Pre-course assessment:** special study needs, check basic skills assumed, barriers to study, i.e. time allocation and quiet space in workplace.
- **Course induction:** inform learners of the aims of the course, what you expect from the learner, what they can expect from the tutor and/or support team and line manager. Set timescales and agree an action plan for learning, address barriers to study.
- **Tutor support on programme:** what contact does the learner have to help with questions and support for use of training tools?
- **Course assessment:** what information will form part of the assessment and how will assessment be undertaken?
- **Course review:** how will you review course results and collate and analyse feedback to ensure you have captured learning points and continuously improvement course content and delivery?

Figure 7.5: Distance learning best practice requirements

- tutor contact is critical to maintain momentum and develop understanding; set customer service targets, e.g. tutor response times to questions.

Robust mechanisms for tracking learner and tutor contact are required with procedures for intervention where necessary, e.g. in case of tutor or learner illness. The Hawksley and Owens report states:

‘Tutor and other contact with the learner is a critical success factor for distance learning. Tutor contact in itself does not ensure success – more subtle characteristics about the support emerged as crucial (e.g. speed of initial contact, close monitoring of students progress etc ...).’

Best practice in all training, but particularly distance learning, requires processes to maximize retention and achievement for learners.

Maximizing results ensures learners have the maximum opportunity to digest and apply the knowledge given to them for use in the workplace. Figure 7.5 provides a best practice list for distance learning training; beware of using any of the tools described in isolation. If any part of this process is cut, this will in turn reduce the opportunity to gain the most from the investment put into the organization's training programme. It is all very well to broaden your team's depth of understanding in CR and other related issues but consider the course contents carefully and what meets the requirements of the potential learner(s).

Stakeholder dialogue – trends and best practice

8

Introduction

In the potentially difficult terrain of stakeholder dialogue, genuine engagement with stakeholders enables identification of common ground and understanding of others' needs and concerns. This enables a common approach to be negotiated rather than two positions being entrenched.

The 'decide, announce and defend' (DAD) model of external communications is no longer viable. For example, this model appeared to be used during the construction of the Newbury Bypass in the UK which led to security costs alone being reported in excess of £27 million. Public and external stakeholders are much more aware of environmental, sustainable and wider CR issues and their rights to campaign and protest. Therefore, early external communication is vital to an overall CR strategy and indeed local environmental and sustainable issues. This does not mean a public meeting will suffice, but a positive effort at engaging with communities and stakeholders.

However, stakeholder dialogue is not always a voluntary affair, as the Environmental Data Service (ENDS) reported in May 2005, in their article 'A New Age of Participatory Decision Making': 'A handful of key Directives are fuelling the boom in stakeholder participation. Strategic Environmental Assessment Directive, for example, requires stakeholder participation in the preparation of a raft of public plans ranging from spatial strategies to local transport plans'.

The following are key references and research in stakeholder dialogue and associated CR communications. They are discussed in brief in this chapter:

- The Aarhus Convention;
- AA1000SES: AccountAbility Stakeholder Engagement Standard;
- Annual Global Stakeholder Report (attitudes to CR Reporting);
- Consumers International position paper on ISO 26000;

- Annual Global Stakeholder Report;
- ISO 26000;
- ISO 14063;
- BS 8900.

The Aarhus Convention

Undoubtedly, there is a long-term drive towards stakeholder participation. The roots of this can be traced as far back as the UN Conference on Environment and Development, known as the Earth Summit, in 1992.

The conference set the scene with principle 10 of the Rio Declaration, calling on all signatories to give the public ‘the opportunity to participate in the decision making process’. Evolving from this, in June 1998, the UNECE Convention on ‘Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters’, was adopted in the Danish city of Aarhus. This was at the Fourth Ministerial Conference in the ‘Environment for Europe’ process, known more commonly as ‘The Aarhus Convention’.

This significant shift brought about the requirement for stakeholder engagement and is described in enthusiastic terms by one of its key advocates:

“Although regional in scope, the significance of the Aarhus Convention is global. It is by far the most impressive elaboration of principle 10 of the Rio Declaration, which stresses the need for citizens’ participation in environmental issues and for access to information on the environment held by public authorities. As such it is the most ambitious venture in the area of environmental democracy so far undertaken under the auspices of the United Nations.”

Kofi A. Annan, Secretary-General of the United Nations

The broad sweep of requirements in Aarhus provides for minimum standards of public participation in environmental decisions. The main instrument for implementing Aarhus into EU law is a 2003 Directive which provides for public involvement in decisions relating to directives covering waste, packing, batteries, nitrate pollution and air quality. In the UK, Aarhus has been encompassed into the Environmental Information Regulations, described in this guide.

The Aarhus Convention also impacts activities that may require an environmental impact assessment and strategic environmental assessment (required for major infrastructure projects). This further adds to the public participation/disclosure, which is already required by legislation such as the Integrated Pollution Prevention and Control licensing (IPPC) Regs.

AA1000SES: AccountAbility Stakeholder Engagement Standard

Stakeholder engagement is, for many organizations, still a largely fragmented and occasional activity driven by a reactive rather than proactive approach. However, AccountAbility launched the first draft of the first international standard for Stakeholder Engagement: AA1000SES on 22 September 2005.

With this standard, AccountAbility claims to ‘raise the bar on stakeholder engagement’ moving it from ‘a nice-to-have conversation to an integral part of how organizations do business, subject to the same disciplines and quality checks that would be applied to any other aspect of learning and development, or governance and accountability’.

The AA1000 Stakeholder Engagement Standard (AA1000SES) provides a generally applied framework for designing, implementing and assessing the quality of an organization’s stakeholder engagement. It is intended to be either a stand-alone document or used as an integral element of other standards. For example, it would fit in with the stakeholder engagement element of AccountAbility’s AA1000 Assurance Standard.

The AA1000SES framework is comprised of three stages, each of which has a number of elements. The three stages are:

- thinking and planning;
- preparing and engaging; and
- responding and measuring.

The stages are summarized in Figure 8.1 which follows ten steps. Figure 8.1 is linked to AccountAbility’s stakeholder mapping process, which provides a tool for testing stakeholder inclusivity.

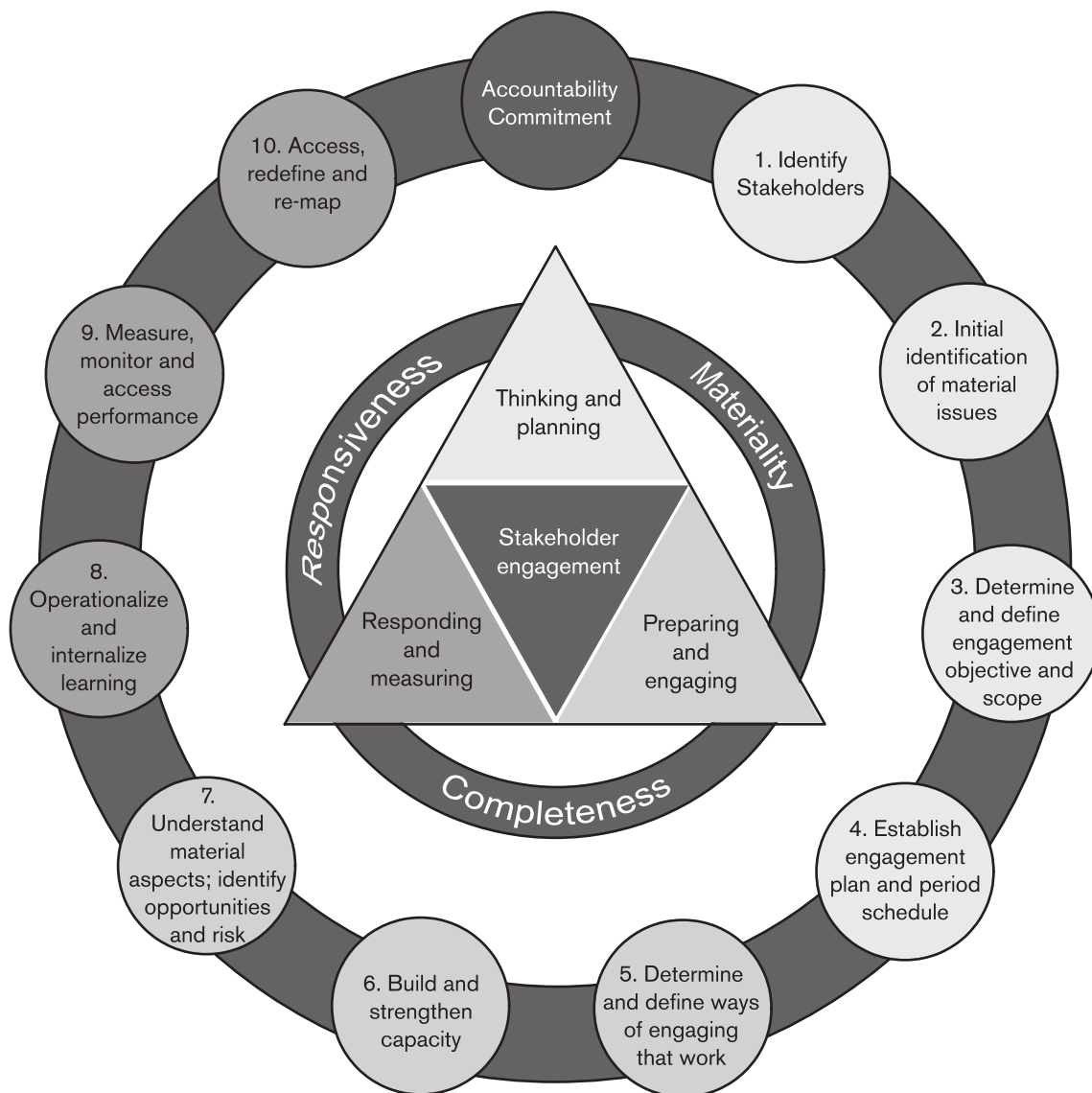


Figure 8.1: Stages and elements of the AA1000SES framework for quality stakeholder engagement. (From the AA1000SES Draft September 2005)

Stakeholders are identified through assessment against a six part mapping tool taking account of:

- proximity;
- influence;
- representation;
- policy and strategic intent;
- responsibility;
- dependency.

The quality of stakeholder engagement itself is then assessed via a roadmap for ‘Accountability Commitment and Principles’. Overall, the standard provides a range of tools to utilize in small- or large-scale stakeholder engagement.

Annual Global Stakeholder reporting

The ‘Annual Global Stakeholder Report – Shared Values’ (Klewes and Hedges) and the ‘Pleon Global Stakeholder Report 2005’ (Klewes) identify the importance of taking account of what stakeholders want from a CR report, rather than what an organization feels comfortable reporting.

As a communications tool, a non-financial report must contribute to enhancing reputation of the company if it is to be successful and meaningful. This means companies will have to listen more to the demands of stakeholders and provide transparent, concise, accessible reports, which actually answer the questions stakeholders are asking. Communicating through CR is an important function as competitors, consultants and analysts will be reading it, alongside other stakeholders. Getting the right message across is critical. Thought and planning must go into the document and its contents to provide what Klewes describes as a ‘systematic, management-orientated approach’.

In summary, the ideal CR report should (as described by Klewes and Hedges, 2003):

- take account of the demand (stakeholders) and not the supply (company);
- focus on management systems and not list too many detailed indicators;
- not have more than 50 pages and be complemented by the internet and special publications;
- reveal its key messages within at most 30 min of reading time;
- be written in a business-like fashion and be sparsely illustrated.

Key findings from the Pleon Global Stakeholder Report 2005 also note that companies must base their social responsibility on economic arguments, as the financial services sector (and associated analysts, investors and shareholders) are a major target group.

Communicating key CR messages to this financially orientated group is important, as is the competitive edge gained from acknowledging that the ‘responsibility’ market is no

longer the sole domain of environmentally ‘problematic’ sectors such as oil/gas and chemical/healthcare.

The communication of environmental responsibilities at a business level is growing in importance and widening in the considerations needed to be accounted for, such as cultural differences between English speaking countries and Europe.

Other standards

ISO 26000 – corporate social reporting

Since early 2004, Consumers International (CI), a federation of 250 consumer organizations in 115 countries, welcomed ISO’s decision to evaluate the possibility of developing an ISO CR standard. The opening statement to their position paper states that: ‘CSR standards or guidelines can offer a more transparent view of the CSR activities and policies of a given company than the many different codes of conduct that many companies currently use’.

They do, however, have several comments which include:

- many other standards and guidelines in CR and related communication of facts exist. It should be acknowledged that ISO 26000 is an additional tool to be used alongside others;
- the standard should be a best practice document becoming ‘a bridge between national legislation and international norms’ by incorporating the best of these tools;
- the balance when agreeing the standard must contain all stakeholders to enable ‘adequate representation’ between all interested parties including developing countries;
- clarification in terms of terminology is important and Consumers International favour the more globally recognized phrase, CR over SD;
- the standard must go beyond the current best practice to enable companies who want to go that extra step, or beyond the norm, to do so with internationally accepted guidance and recommendations;
- supply chain analysis must be considered in the application of CR and active efforts made for the company ‘to act in a socially responsible manner ... in all areas of their business and activities’.

In summary, it could be interpreted that Consumers International believes that ISO 26000 has potential but needs to consider a more global view from terminology to advancement of CR and to engage all public interested parties, not excluding the developing world.

ISO 14063 – environmental communications

This recent publication provides a standard that aims to make reporting more widespread across the globe, and a standard for the whole range of environmental communications a company might choose to engage in both internally and externally.

In respect of external reporting, the majority of companies submitting CR and sustainable development and/or environmental reports are based in the UK, Germany and the US.

Internationally, the motivation behind ISO 14063 is to open the doors to reporting for developing countries by encouraging non-reporters to participate in communicating environmental issues to all their stakeholders, within the workplace, the local community and in the wider context.

ISO 14063's key guidance is to offer a framework and voluntary standardization on internal and external communication primarily of environmental issues. It can be used alongside other communication and reporting criteria and ISO standards, or as a stand-alone document.

BS 8900 – sustainability management

This is the British Standard on sustainability management published in Spring 2006.

This standard was written in response to the increasingly recognized benefits of long-term integration of economic, social and environmental performance and the link with promoting continuing and lasting business successes.

BSI also states that: 'A coherent and comprehensive approach is needed to weigh and address the opportunities, pressures and constraints of operating in the modern world and answering society's expectations'. It goes on to note that BS 8900 is designed to:

- provide a framework so organizations can take a structured approach to sustainable development by considering the social, environmental and economic impacts of their organization's activities;

- be applicable to all organizations, in terms of size, type etc., including civil societies and trade unions;
- make it easier for organizations to adjust to changing social expectations;
- help organizations to connect existing technical, social and environmental standards, both formal (e.g. the ISO 14000 series of standards) and private standards (e.g. the GRI and the AA1000 standards);
- offer a maturity pathway to develop the management of sustainable development issues and impacts;
- provide organizations' stakeholders with a useful tool to assess and engage in improving organizational performance;
- contribute to international level dialogue in the international standard on social responsibility, currently under development.

Summary

Note that the frameworks covered in this chapter look at those currently most widely used in CR reporting and stakeholder dialogue. Many other useful tools and models exist, such as the EFQM Excellence Model, which is a practical tool to help organizations measure where they are on the path to excellence. Excellence is exceeding the minimum regulatory framework in which the organization operates and to strive to understand and respond to the expectations of their stakeholders in society. There are many other mechanisms for evaluating stakeholder engagement and CR performance which will have specific characteristics applicable to certain sectors, and the web links at the rear of this guide provide a window into the wide range of options available.

Formal external guidelines and frameworks – trends and best practice

9

Introduction

If companies choose to report externally, use of an independently verified standard is required for the report to have credibility and a reproducible format. Just as importantly, an external standard will enable an organization to benchmark against others in the same sector using the same standard. Benchmarking is also undertaken by various external NGOs who collate information from CR reports and provide investor information.

In reporting, organizations will also need to monitor and measure through use of key performance indicators. There are various standard model key performance indicators covering a broad range of environmental and CR topics some of which are described below. There are also many sector specific standards issued by relevant professional bodies. Use of formal standards will ensure that any ‘green claims’ can be substantiated and verified, showing genuine movement towards sustainable development.

The following part of this guide summarizes some of the most widely used reporting frameworks and monitoring tools available, and in what instance they might prove useful. Some of the ‘tools’ described take the form of a technical standard such as ISO 14001, some are voluntary initiatives that have a nationally or internationally verifiable framework such as those provided by sustainability NGOs.

Further information is provided in the appendix on all the standards described below.

Measurement and reporting of CR performance: which standard?

Further information on all the options follows in this chapter and in the appendix.

1. Do you want to develop and externally report a sustainability programme?
Option: Global Reporting Initiative (GRI) if sector guidance is available for your business.
2. Do you want to produce a regular external report in a consistent and externally verified format?
Option: AA1000 series.
3. Do you want a framework to monitor and measure performance?
Option: DEFRA KPIs.
4. Do you want to receive external endorsement of your continual environmental improvement programme and internal communications?
Option: BS EN ISO 14001.
5. Do you want to receive external endorsement of your continual environmental improvement programme and internal/external communications?
Option: EMAS.
6. Do you want to be part of a voluntary benchmarking index?
Option: Business in the Environment (BIE).
7. Do you want to consider eligibility for the BitC?
Option: CR Index.
8. Would you like to review current UK Government thinking on trends and best practice in reporting?
Option: UK Department of Trade and Industry (DTI) Framework.
9. Do you want an external, confidential assessment of your current baseline?
Option: CBI Probe series.
10. Do you want to work towards a longer-term sustainability programme using an externally endorsed mapping system?
Option: The Natural Step System.
11. Do you want to produce an internal summary of your current baseline at board level?
Option: ACBE Directors Checklist.
12. Do you want to integrate sustainability issues, and need a system to evaluate the impact on business processes and risk management?
Option: ACBE framework for senior managers.

Brief details of all these standards, guidance notes and frameworks are provided below.

The Global Reporting Initiative (GRI)

Background

This is one of the longest standing reporting frameworks that has undergone several revisions. The GRI's first Sustainability Reporting Guidelines were released in draft form in 1999. They represented the first global framework for comprehensive sustainability reporting, and encompassed the 'triple bottom line' of economic, environmental and social issues.

Use of GRI

This well-respected standard provides a tool for external reporting of an organization's progress towards sustainability. However, a significant drawback for the GRI is the lack of guidelines for businesses in specific sectors. GRI are working towards publication of sector specific guidelines, but many are yet to be published at the time of writing.

In 2002, the first formal Global Reporting Initiative Sustainability Reporting Guidelines were issued with core content applicable to all businesses. These are gradually being cross-referenced to sector supplements which continue to be issued to address the need for specific guidance. In 2004, over 600 organizations reported using the GRI, with new guidelines due for release in 2006.

To check if supplements have been issued within specific sectors, refer to the GRI website given at the rear of this guide.

The AccountAbility Assurance Standard (AA1000)

Background

The Institute of Social and Ethical Accountability produces the AA1000 Framework and Assurance Standard for sustainability reporting, which is widely used in all sectors.

The AA1000 series includes guidance notes, specialist modules for specific sectors and practitioners, together with reporting systems and frameworks.

At its heart, the standard aims to provide credibility and standardization of reporting using three principles.

- **Materiality:** does the sustainability report cover all the areas that stakeholders need to judge the organization's sustainability performance?
- **Completeness:** is the information complete and accurate enough to assess performance in these areas identified as significant?
- **Responsiveness:** has the organization responded coherently and consistently to stakeholders' concerns and interests?

The external verification of the AA1000 Assurance Standard provides a key link in the reporting chain. It enables companies to demonstrate that the data they have quoted has credibility.

Use of AA1000

The framework is based on core principles of stakeholder engagement, organizational responsiveness and the organization's capacity to learn and innovate on the basis of this engagement.

Since its launch, the AA1000 Assurance Standard has, and continues to be, widely used among a broad range of organizations. It brings together a framework for qualitative as well as quantitative data reporting, with the accompanying systems for data collation.

The standard provides a distinct 'extra' to the GRI reporting guidelines: the addition of an independent verification process through an 'assurance provider'. The assurance provider has to assess the report to ensure:

- it provides information that is important to stakeholders as well as the reporting organization, and that it has addressed these concerns;
- the reporting organization demonstrates that it has monitored its performance and stakeholders' views of this performance.

It also allows for the assurance provider to, among other controls, comment on information which may have been omitted and which may be material to stockholders' interests.

This standard is likely to remain a popular choice as it provides a complete reporting 'package' with a coherent framework.

Department of the Environment Food and Rural Affairs (DEFRA)

Background

DEFRA produced a new range of draft external environmental reporting guidelines in June 2005, setting out key performance indicators (KPIs) for each business sector and how they can be measured and reported, in a sector specific format.

Use of Defra KPIs

The guidelines provide a clear framework to evaluate which KPIs are appropriate to monitor and report, and which could be used for the new operating and financial review (OFR) reporting requirements from 2006.

As the DEFRA KPIs were only recently released at the time of writing, data on take-up and use was not available. However, the KPIs do provide a framework for use which appears to be readily usable for organizations in any sector and for any size of company.

Overall, the guidelines set out 25 KPIs, which include a range of key environmental impacts including how to handle environmental impacts in the supply chain and products. They are listed in the appendix to this report and include KPIs for emissions to air, water, land and resource use, etc. No one company is expected to report on all of these: DEFRA conclude ‘... for 80% of UK businesses there are 5 or less significant KPIs, against which the Government believes they should report their environmental performance’.

DEFRA list principles and processes that are common requirements when reporting on environmental issues and using key performance indicators, regardless of the reporting framework utilized. These are tabulated in the appendix of this report and include criteria such as transparency and consistency, comparable with standard methods of calculation.

The KPIs could be utilized for small- to medium-sized enterprises to report on environmental data without the costs of external verification, but within a nationally recognized framework.

Environmental management system (EMS) external reporting

Background

There are two major EMS standards in use. BS EN ISO 14001 is recognized on an international scale, including in the Americas and Far East, and the European standard EMAS is a European wide scheme. Both require organizations to:

- establish and maintain environmental monitoring and measurement processes;
- establish and maintain a register of environmental legislation;
- establish and maintain a register of significant environmental aspects and impacts, including measurable annual objectives and targets to reduce or eliminate the most significant;
- establish environmental training programme.

Use of an EMS in external reporting

Maintaining an EMS will generate valuable environmental information, which could be utilized in formal external reporting, should a company choose to do so. However, the formal requirements for external reporting in EMAS and BS EN ISO 14001 are significantly different.

EMAS

EMAS requires an auditable external report to be produced annually and made publicly available.

The requirements of the EMAS external environmental statement is provided in the appendix to this report. Put simply, the report must include a summary of figures on significant aspects and any other significant factors regarding environmental performance which auditors may raise as appropriate, for example waste generation.

The EMAS statement must be examined and validated by an accredited environmental verifier; only then can it be published.

BS EN ISO 14001

BS EN ISO 14001 requires organizations to establish environmental communication procedures both internally and externally, for example training programmes for staff, and availability of environmental policy to external stakeholders. However, there is no formal requirement within BS EN ISO 14001 to externally publish a formally audited report.

The standard also has various requirements that do not specifically mention communication requirements, but which could only successfully be delivered if communications are in place, for example supply chain requirements, risk control measures etc.

Integrating communications into business practice is a key requirement to deliver a successful BS EN ISO 14001 programme.

Take up of the EMAS standard is far behind BS EN ISO 14001 in the UK. Companies who have achieved EMAS registration are more prevalent across mainland Europe.

ISO 14063 ‘Environmental Management Standard – Environmental Communication Guidelines and Examples’

Background

Issued in 2006, ISO 14063, *Environmental management — Environmental Communication — Guidelines and examples*, provides a set of principles for environmental communications which include:

- transparency;
- appropriateness;
- credibility;
- responsiveness;
- clarity.

Use of ISO 14063

ISO 14063 also provides standards in respect of setting communication objectives and targets, selecting target groups, selection of communication tools, conduct for communication activities, responding to and evaluating feedback and considerations for communication, e. g. in an emergency or crisis situation.

ISO 14063 provides a standard for environmental communication and engagement with all stakeholders externally and internally, and in a whole range of circumstances. For example, communication with local communities to engage them in the organization's environmental programme, as well as soliciting feedback on proposals for say, expansion of the site.

ISO 14063 compliments this trends and best practice guide, which provides the practical application tools, and techniques – the nuts and bolts or how to guide. ISO 14063 provides the frameworks for setting an organization's overall environmental communications principles, architecture and goal.

The standard can be used alone or linked into an existing ISO 14001 programme, to aid the delivery of, and go beyond, the stakeholder engagement requirements of ISO 14001.

ISO 14031, *Environmental management — Environmental performance evaluation — Guidelines* (2000), provides guidance on the use of environmental performance indicators (EPIs), and further enhances the communications package.

ISO 14031 provides the decision making framework for ensuring communication content is credible, and progress measurable. Used alongside ISO 14063 and ISO 14001, an organization will be able to demonstrate that it has a robust environmental programme which provides credible and measurable improvement, delivered with full stakeholder engagement.

Business in the Environment (BIE) Annual Environment Index

Background

The Annual Environment Index (formerly known as the BiE Index) is a report issued by Business in the Environment (BIE). BIE is a programme run by Business in the Community, a business-focused CR charity whose aim is promote and facilitate best practice in CR.

The Annual Environment Index benchmarks companies on the basis of a broad range of environmental and sustainability indicators. This is a voluntary index in which companies are invited to take part in a benchmarking process.

Use of BIE Annual Environment Index

Companies who are eligible to take part can, on a voluntarily basis, provide answers to BIE's questions. They are then benchmarked on the basis of this information. The invitation to participate in the Index is typically extended to include companies that feature in the FTSE100 and FTSE250, Non-FTSE listed Business in the Community national members and sector leaders from the Dow Jones Sustainability Index.

In 2004, 178 companies participated in the Environment Index – 168 publicly and 10 through Business in the Community's private benchmarking service. The following five top line facts are taken from the executive summary of the 2004 report and highlight some interesting points regarding stakeholder engagement.

- On understanding risk
 - Almost all companies incorporate CR issues within their risk evaluation process – but only 3 per cent of companies involve stakeholders in this process. The effective engagement of stakeholders is an area companies will need to consider more fully when trying to stay on top of emerging risks.
- On living up to your values
 - Almost all companies have in place high level corporate values or mission statements that reference corporate responsibility. Employees from 92 per cent of the companies are briefed on the company's values or principles but only 58 per cent have asked staff if they live up to those values and less (50 per cent) have asked this of their external stakeholders. A total of 30 per cent do not provide training on values, principles or business conduct.
- On codes of business conduct
 - Whilst 98 per cent of companies have a code of conduct; 15 per cent do not monitor compliance.
- On performance management
 - CR issues are included in performance appraisals of 84 per cent of functional staff, 67 per cent of senior managers and 55 per cent of board members.
- On reporting
 - A total of 71 per cent of companies report on their environmental impact, 56 per cent on their occupational health and safety impact but less than 50 per cent report on other workplace issues, community and marketplace impact.

UK Department of Trade and Industry (DTI) Framework

Background

DTI issued its Corporate Social Responsibility International Strategic Framework in March 2005.

Use of DTI Framework

This framework sets out the overall objectives and priorities of the UK Government's approach towards CR, listing a raft of policy initiatives and areas where regulation and guidance will encourage CR into business practice. This shows a significant trend of the UK Government towards requirements for detailed reporting, and should be used as a guideline for future best practice.

Confederation of British Industry (CBI) Probe Series

Background

CBI have developed a 'Probe series' of best practice benchmarking and diagnostic tools, which cover a range of business topics including environment health and safety. Probe stands for 'PROmoting Business Excellence'.

Use of Probe

This is akin to a consultancy report with a benchmarking structure, from which companies may choose to pick elements for external reporting. The series would provide a good starting point for companies thinking of moving into the CR arena who want to review their current baseline.

The Probe series aims to provide instant, independent and confidential feedback to a company on its performance. This is carried out by a CBI representative who will provide an independent review, benchmarked against peers in the same sector.

It is then for the company to decide if they wish to externally or internally promote any aspect of the review, but the scheme offers the potential to communicate improvement opportunities as well as successes with the CBI verification.

The environment, health and safety part of the Probe programme is called 'Contour'. The Contour programme has already been used by a large range of multinationals as a quick and efficient way of measuring current market position and as one strategy in deciding areas to prioritize.

The Natural Step (TNS) and Forum for the Future

Background

The charitable NGO, Forum for the Future, was set up in 1996 working with companies, local authorities, universities etc. to 'accelerate the building of a sustainable way of life, taking a positive solutions-oriented approach'.

Now almost 10 years on, Forum for the Future is delivering some imaginative solutions to the sustainability challenges faced by organizations. Forum for the Future acquired the rights to develop and promote The Natural Step (TNS) in the UK. TNS uses four scientifically based 'system conditions', from which a framework for implementation has been developed.

TNS system framework, the 2020 Vision, was initiated by the Environment Agency to help create a vision of the kind of environment and sustainable future to which society aspires. The 2020 Vision Seminars are/were a collaborative venture between TNS and the Environment Agency.

Use of the TNS Framework

This is a long-term commitment to foresight practices, and is an ongoing review and continuous improvement process for organizations. The TNS Framework provides the building blocks for complete review of a company's sustainability and CR strategy and its communication.

The TNS Framework uses a tool known as ‘backcasting’, picturing the company at a future point when it is operating sustainably. Backcasting can identify the goal upstream, and look back at the causes of problems rather than reacting to the environmental effects: see the vision and not the obstacles.

This framework calls on organizations to answer two basic questions:

- what would your business look like in a sustainable society?
- what does your organization look like today?

The concept of the TNS Framework is to provide a methodology that brings together environmental management systems, key indicators and lifecycle analysis. This enables the organization to develop a long-term sustainability strategy, not just goals that provide short-term environmental gains.

Forum for the Future and TNS work with organizations to provide the support and expertise to develop this strategy. This is not a quick one off review, or a method of verifying your corporate responsibility data, but an ongoing substantive framework for long-term change in company performance. Investments and measures are selected that develop the organization in a sustainable direction with maximum long-term flexibility and short-term profitability.

Advisory Council on Business and the Environment (ACBE) checklists

Background

ACBE was established in 1991, in response to the 1990 UK government White Paper ‘This Common Inheritance’. The aim was to provide ‘... a dialogue between Government and business on environmental issues’.

ACBE members are appointed by the UK government through DEFRA and the DTI. ACBE has produced a number of research reports and best practice recommendations to UK government. Specifically, they have produced two checklists of use to directors and environmental managers to evaluate environmental performance. These checklists

provide useful tools to aid communication, particularly to board level stakeholders, and evaluation of the organization's priority CR areas.

Use of the ACBE Programme

The ACBE Directors checklist is a particularly useful tool for quick assessment of current CR position and current risks. The checklist was issued in the report of December 2000 'Value, Growth, Success – How Sustainable is your Business?'.

The Directors checklist can be downloaded from their website (at the time of writing) and provides a freely available framework for discussion for board members. It facilitates a concise way of highlighting issues of concern and prioritizing areas for action, providing a briefing note for Directors, and a checklist of questions for the board to assess their response to sustainability as a potential business risk or opportunity. The checklist questions are framed around 'areas to derive confidence from' and 'areas to be concerned about', providing a quick but detailed summary of issues for further discussion.

Following on from this Directors checklist, ACBE produced a research report in January 2003 'Internalising sustainability into business practices – Realising the Value, Enhancing Business Success'. This 2003 report provides a framework using various flowcharts to assess sustainability options, aimed at helping senior managers to whom the board has devolved responsibility for managing sustainability issues (this is freely available from their website at the time of writing). This concise guide provides a framework on how to prioritize issues affecting businesses and risk management strategies, aiming to 'integrate sustainability issues into mainstream risk management and other business processes'.

Further detail on the content of this ACBE report is provided in the appendix to this guide.

Other guidance for measuring and benchmarking CR performance

Other guidance and/or measuring/benchmarking diagnostics are available from the following sources (with website addresses all summarized at the rear of this guide):

- United Nations Conference on Trade and Development (UNCTAD): Guidance on accounting for environmental impacts;

- The World Resources Institute guidance on greenhouse gas reporting;
- United Nations Conference on Trade and Development: A manual for the preparers of Eco-Efficiency indicators;
- World Business Council for Sustainable Development: The Greenhouse Gas Protocol: A corporate accounting and reporting standard;
- Dow Jones Sustainability Indexes;
- FTSE4Good;
- Chemical Industries Responsible Care programme;
- CEEQUAL construction sustainability assessment;
- The International Network for Environmental Management Sustainability Reporting Guide: A Manual on Practical and Convincing Communication for Future-Oriented Companies;
- SIGMA Project.

This list is not exhaustive and many frameworks and best practice guidance and indexes from sources such as professional associations, NGOs etc are available.

Legal requirements for information disclosure and reporting

10

Introduction

Within the UK there is a broad range of legislation that places a legal obligation on companies to provide information and/or communicate externally about their performance. Some of the legislative requirements include but are not limited to:

- enhanced directors report;
- environmental information regulations;
- environment agency and local authority public registers;
- integrated pollution prevention and control licensing;
- strategic environmental assessment;
- producer responsibility and the packaging regulations.

Much of the legislation requiring environmental information disclosure is driven not simply by UK law but comes from international treaties and European Union Directives.

The raft of legislation requiring monitoring of everything from air emissions to waste disposed of, and the types of information which is either disclosable or publicly available via the registers maintained with regulators, is beyond the remit of this guide. However, this chapter summarizes three of the key areas of reporting and disclosure legislation, listed above.

Operating and financial review (OFR) and enhanced directors report (EDR) requirements

Background

At the time of writing, consultation on the OFR requirement was still underway following a repeal of the regulations in November 2005. However, some of the reporting requirements are still required under the Accounts Modernisation Directive (see next page).

Introduced in the UK in 2005 in parallel, the operating and financial reports (OFR) and enhanced directors report (EDR) would have placed legal requirements on private companies to produce a report that would be: ‘an analysis of environmental and social aspects necessary for an understanding of the company’s development, performance or position’.

The operating and financial review requirement applied to quoted companies listed on the London Stock Exchange. It had its origin in a review of UK company law with the primary legislation being The Companies Act 1985. However, late in 2005, the Chancellor of the Exchequer revoked the Operating and Financial Review Regulations despite criticism of acting recklessly, with official claims that this would save businesses over £30 million in auditors fees.

Under the OFR, the enhanced directors report had to ‘... include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters’.

Before being repealed, public listed companies were required, from 1 April 2005, to produce an OFR every year as part of their reporting requirements. The Department for Trade and Industry (DTI) described the new reporting regime as an overview providing ‘... key information on companies’ objectives, strategy, past performance and future prospects’. The aim was to ‘produce a balanced and comprehensive analysis, consistent with the size and complexity of the business’.

Accounts Modernisation Directive and the business review

The business review has its source from the EU, in the Accounts Modernisation Directive, of which the EDR part applies to financial years beginning on or after 1 April 2005.

This legislation has a broader requirement for all large and medium registered companies to include a business review. The business review should include ‘relevant’ information in annual reports as part of an enhanced directors report (EDR).

So what is relevant?

Extent and depth of information disclosed

The extent and depth of environmental information required by the OFR legislation depended on the nature of the organization’s environmental impact. Guidance on the

content of OFRs and the EDR was issued by the Accounting Standards Board (ASB), the body named in the Regulations as responsible for issuing OFR standards. The ASB guidance stated that environmental and social information need only be disclosed to ‘... the extent necessary to understand the company’s business, performance and future prospects ... including environmental, social and community issues’.

The ASB guidance has called upon directors to select environmental performance indicators that, in their opinion, reflect the significant aspects of their company impacts. Deciding what is ‘significant’ is left to the directors, but requires them to exercise ‘due care, skill and diligence’ in deciding what to report. Should the report be found to be lacking, it could potentially lead to penalties, in the same way as producing defective financial accounts, which could attract unlimited fines.

The ASB guidance does not specify particular KPIs, but provides examples such as spillage, CO₂ emissions and packaging waste and as a ‘reference point’ the report lists water use, energy use, waste and climate change as ‘generic environmental concerns’. The ASB guidance recognizes that CR aspects of performance can:

‘impact to some extent on all businesses, as they can affect investment decisions, consumer behaviour and government policy and poor management of energy, natural resources, or waste can affect current performance. Failure to plan for a future in which environmental factors are likely to be increasingly significant may risk the long-term future of the business. Proper attention to the environmental impacts of supply chains and products and to regulatory compliance of the company’s own operations are both important for a business’ public reputation and its licence to operate.’

Although the format and style of the OFR was proposed to be complementary and supplementary to the financial statements, in the same breath it was also:

- comprehensive and understandable;
- balanced and neutral;
- comparable over time.

The new consultation process, following the repeal of the OFR, is hoped to take the needs of the stakeholder more into account, and as such develop smarter approaches to reporting. The ENDS Report 373 (February 2006, p28–30) suggests that many companies have found the OFR process useful and the preparations for what was to be the first year of reporting has been assigned to preparation for the business review.

Friends of the Earth (FoE) were involved in progressing the following consultations ‘... to ensure a wide ranging response ...’ and at the time of writing were pushing three demands as described in the ENDS Report 373:

- Companies to have to report on the significant impacts of their activities, products and services
- Clear legal duties upon directors to take reasonable steps to minimize their environmental impact
- A right of redress for affected communities.

Further information is available within the implementation guidance that accompanies the Accounting Standards Board’s OFR Standard and Guidance for Directors and Auditors issued by the UK Department of Trade and Industry.

Author’s comment

Should a company produce a CR report as well as the EDR requirement? In general, it makes sense to continue to produce a separate CR report. The CR report will have a different audience. It should have a different focus and format; even if some of the quantitative information is reproduced in both reports.

Also, current best practice in CR reporting goes a long way further than the basic legal requirements of the business review. There has been some disquiet in the media following the perceived watering down of the reporting requirements from the early promises to provide substantive reports of social and environmental impact. The OFR had offered a consistency to reporting, compared to the business review, which allows for more subjectivity. It is also not dictated by the same legislation that the OFR was. Despite the current limbo regarding OFR, the Industry Minister, Malcolm Wicks, was quoted in ENDS as saying ‘... removing the OFR has reduced costs for business. But this does not mean companies shouldn’t report their performance on employee and environmental issues ... this is a trend we are keen to encourage’.

The larger 100 and 250 companies have the funds to continue improving reporting, and current trends indicate this is likely to continue, driven more by market forces than by legislation. However, it is the small to medium companies that may find it harder to maintain reporting. The consultation process will ideally clarify the revised reporting requirements.

Companies with a 'significant environmental footprint' were required by the OFR to set objectives and adopt strategies to specifically address key environmental risks. This demand as stated above will not disappear, and the CR agenda still provides a competitive edge and is sought by stakeholders. A company will have to decide what material information to disclose. Until clarity is provided, the first EDRs and business reports of 2006 are likely to be wide ranging in content.

On balance, a company would be well advised to disclose information when required rather than risk being caught out for not doing so. The DTI stated that the OFR applied to over 1,200 GB registered listed companies and the EU Accounts Modernisation Directive (i.e. the EDR) applied to over 12,000 large unquoted GB businesses, so the impact of the repealing the OFR regime is significant.

While the OFR sorts itself out, companies still need to get on with communicating effectively and transparently to markets, shareholders and stakeholders. Judy Kuszewski at management consultancy SustainAbility states that: 'One way or another, the finance sector will demand from companies information pertaining to the market, social, environmental or other issues companies face – and will evaluate how well those companies are dealing with the issues'.

Environment Agency and local authority public registers

Background

Various regulations over recent years from waste management (e.g. Waste Producer Responsibility Packaging Regulations) to pollution control (e.g. Integrated Pollution Prevention and Control Regulations – IPPC Regs) have placed demands on companies to report environmental information, much of which the Environment Agency holds as public record.

Equally, local authorities have powers, particularly in respect of air emissions, to request and make available for public record, information relating to emissions from certain industries.

The recent Hazardous Waste Regulations require companies to register their sites producing hazardous waste with no minimum – one oily rag effectively means the site must be

registered and again this register is a matter of public record. Note that certain industries are excluded from this requirement, including shops and shipping – refer to the regulations for full details.

Further disclosure and public record are a feature of environmental impact assessments, planning controls and ongoing licensing requirements.

Author's comment

Information on a company's environmental performance is in the public domain as never before, and in particular, access to the information itself is now so easy it is often not even necessary to leave home to receive detailed pollution inventories and waste production records.

Public access to information has been a feature of internal USA regulation for many years. Consequently, comprehensive environmental information is freely and globally available via the USA's Environmental Protection Agency website. Interestingly, they describe it as an effective regulatory tool, for example in focusing on the reduction of local air pollutants from businesses.

Such information disclosure and accessibility of environmental information will increasingly be a feature of the UK regulator's armoury, a method of nudging businesses toward further voluntary improvements in environmental performance.

Environmental Information Regulations (EIR) 2004

Background

These Regulations replace the UK's Environmental Information Regulations of 1992 and go considerably further, bringing in broad changes to the requirement for environmental information disclosure.

The EIR 2004 apply to all public and private companies that provide 'public responsibilities or functions in relation to the environment' and place a requirement to disclose any environmental information when requested to do so.

There is a presumption in favour of disclosure, unless there is a significant ‘public interest in maintaining an exception’ or issues around intellectual property rights such as copyright or information that cannot be disclosed due to legal proceedings.

The definition of ‘environmental information’ includes ‘any information in written, visual, aural, electronic, or any other material form’ in respect of:

- the state of the elements;
- factors affecting the elements including living things;
- measures including administrative measures affecting the elements;
- reports on implementation of environmental legislation;
- cost benefit and or other economic analysis on the state of human health and safety.

This can include information in a company’s possession whether it has been produced in-house, simply received by the company, or held by another person on behalf of the company.

In addition, a company is required to make information easily available to the public, specifically by electronic means. The EIR calls on companies to provide information when asked, but to also proactively improve access to the information they hold. Given that the deadline for response is 20 days, ensuring information is already available on, say, a website will cut the costs of responding to individual requests.

The information request can come from anyone or any organization, verbally or in writing, and no reason for wanting the information needs to be given; neither can the company ask for a reason.

The Regulations are complemented by the 2005 DEFRA Code of Practice, which summarizes the main difference between the EIR 2004 and the Freedom of Information Act, which places obligations on public authorities in respect of personal information held.

Author’s comment

Reasons for refusing disclosure have been significantly narrowed from the previous 1992 Regulations and the definition of environmental information is so wide, it seems at first glance that just about any information held could potentially be construed as environmental. For example, one company was recently asked to disclose all its fire safety records

and certificates and, as an analysis of 'factors affecting human health', the records were realized.

As the Regulations become better known among the wider public, media and other organizations, requests for information are likely to become more frequent and in depth. This is a potentially costly business to retrieve and collate.

If the volume or type of information requested is extensive or likely to be costly to compile, reasonable costs can be recovered to cover outgoings. Although in reality these are unlikely to recoup the overall costs of making information freely and readily available for individual requests.

Organizations will need to undertake an appraisal of information held, and as the Regulations require, decide which information it would be prudent to prioritize for release electronically as a matter of course.

Introduction to the delivery of CR performance in practice

The following case studies show a wide variety of ways in which companies have integrated their CR message into their business practices.

The case studies are chosen to provide a varied perspective and thought provoking commentary, but no one example is intended to be the definitive guide to CR implementation. Every organization will be able to draw a little from each, and in turn develop a distinctive response to their organization's unique CR challenge.

Case studies in brief

In this first section, we'll take a brief look at several companies, each providing a number of learning points. The comment following each case study then explains the significant reason for inclusion in this guide.

Case study 1: Innocent drinks

Communicating imaginatively and innovatively

This first example demonstrates the benefit of communicating imaginatively and innovatively in order to reach a wide audience

Established in 1999 with the aim of 'Make it easy for people to do themselves some good, and to make it taste nice, too', Innocent drinks set out to make healthy drinks that could fit into a busy modern lifestyle.

The company has an amusing but serious corporate vision which is so tangible it takes shape and is not just part of a glossy text in a CR report. From its cow-shaped electric

powered vans, banana phones and directors who describe themselves as: finance director ‘cash cow’, commercial manager ‘fridge magnet’ and so on. Under this fun exterior is a company that has risen from zero to over 1,000,000 drinks per week with a turnover of £35 million in just over 6 years.

Comment

The company states on their website ‘... being accountable to our customers is something that is in our blood’. The company product, website and advertising show how Innocent has perfected the art of communication using familiar concepts, shapes and symbols, colour and animation to great effect. They put across both their product and company style in a simple, very amusing but, importantly, not shallow message.

In a short time, the company has expanded rapidly while still maintaining an enviable record in the CR arena. The company has already set up its own charitable trust, planted trees to remain carbon neutral and goes to considerable lengths to donate surplus stock to homeless people. In addition, they run their vehicles using electric-derived renewable energy.

Unusually, the company does not make much of their ongoing concern to maintain a strong CR performance. Very little information is available on their website and in an article written for the *Forum for the Future* magazine in March/April 2004 entitled ‘Consumed with Innocence’ Richard Reed, one of the company founders, is quoted as saying, ‘We’re not in it for the publicity about social responsibility. The centrality is we want to make fresh, natural drinks.’

Despite this low key approach, the company has maintained a brand which is widely regarded as an ethical product.

Case study 2: Ben and Jerry’s ice cream

This second example demonstrates the benefit of placing CR at the core of the company’s thinking.

Background

Ben and Jerry’s was established in 1978 by two friends in Vermont USA. The company started on a small scale, making ice cream for locals and grew into a multimillion dollar brand.

The two friends set out to deliver a business that ‘has a responsibility to the community in which it operates’ and as the brand became global the company’s CR approach equally became global. The company has a quirky culture and playful approach in line with the product brand – a fun, leisure product.

Corporate responsibility history and stance

Right from the earliest days of trading, Ben and Jerry’s has not been afraid to involve itself in CR issues, many of which have been outside of its immediate business interests.

In addition to the policy of regularly reporting on its own CR efforts, in which the company has demonstrated continual vigilance to ensure the company trades ethically, it has also thrown its weight behind many social issues. These have been as diverse as protests against nuclear power and support for Native Americans over concerns about the Quebec Hydroelectric dam project.

The company makes significant charitable donations, providing support beyond monetary donations, e.g. they joined forces with the USA national non-profit children’s defence fund to campaign for children’s needs to be brought to the top of the national agenda.

In addition, the company website describes a time line celebrating a number of environmental successes which range from reuse of suppliers’ cardboard packaging as far back as 1990.

Success

Ben and Jerry’s continued success demonstrates this policy has provided the company with a platform for growth and a band of loyal consumers. By 1989, the company’s net annual sales had topped \$58 million, and 10 years later this had risen to \$237,043,000.

Their website describes a wide number of awards gained for social, environmental and ethical work they have undertaken.

Comment

In 2000, Ben and Jerry’s was bought out by global multinational Unilever. As part of the agreement, Ben and Jerry’s continued to operate separately with its own board to ensure it could continue to pursue what the company describe on their website as their ‘social mission’.

The company continues to trade with a strong ethical stance and has managed to maintain its unique brand, demonstrating that it is not only the relatively smaller brands which can take, and maintain, an ethical stance and reap considerable rewards for customers and shareholders alike. The company issues frequent press releases commenting on topical issues, and continuously reviews and improves the environmental impact of their own products. In doing so, they have cut a niche for themselves as one of the top performing companies with CR credentials that many other companies could only dream of!

Case study 3: Ikea – home furnishing company

This third example demonstrates the benefit of listening, reviewing feedback and implementing changes as a result.

Overview

The home furnishing retailer IKEA, which originated in Sweden in 1943, employs 84,000 people in 44 countries and at the time of writing has 213 stores in 32 countries across the globe, including Europe, Asia, USA and Australasia, producing a turnover of £12.8 billion in 2003/4. The company is owned by a foundation set up by its founder, and is run on a franchise basis.

Background

IKEA's reputation came under the spotlight in the mid-1980s when tests on particle board used in its furniture products exposed formaldehyde emissions that exceeded the standard specified by Danish environmental law. This, coupled with pressure from environmental groups in respect of timber use from tropical rainforests, led IKEA to become an early player in the field of CR, and to take a proactive approach to address environmental issues resulting from its resource use.

So IKEA began to move its corporate strategy towards sustainability in the late 1980s, before many companies had even begun to realize the potential CR could offer. The company worked doggedly towards environmental improvement in a whole raft of its operations, from furniture production right through to catalogue production. The company worked with Greenpeace to develop guidelines for catalogue production in 1991, and in addition implemented (and continue to implement) a number of CR initiatives across their supply chain and in stores.

Examples of their many CR successes include: providing training programmes to companies in its supply chain and to all IKEA personnel, offering free bus transportation from selected city areas to the store in several European cities, inclusion of on-site recycling facilities including composting of canteen wastes, an enviable record on goods transport, reducing journeys by road and use of joint road/rail transit where practicable.

Comment

IKEA recognized early the power of CR to make a difference to the company's performance and the risks inherent in a stoic approach to CR.

The company could have ignored their early wake-up call and taken the defensive approach prevalent towards the end of the 1980s. Instead, IKEA listened, embraced the feedback it received and made an early entry into CR. As a result, the company has been able to position itself as a leading player in the home furnishing sector and has been rewarded with reduced costs, which it has been able to pass on to its consumers further increasing turnover year on year.

IKEA have also been able to demonstrate that they have a long-term commitment to CR and have built a loyal customer base as a result.

In depth case studies

The following case studies provide a more detailed look at CR and environmental improvement in three very different companies:

- a book printer;
- an aircraft ejector seat manufacturer;
- a bank.

Each of these companies faced the challenges of rising costs and increasing pressure to demonstrate a commitment to CR to their internal and external stakeholders, and each operated in a significantly different commercial sector. In turn, each approached the challenge differently but arrived at the same conclusion: working towards excellence in CR and environmental performance pays, and is now part of every business practice for each of them.

In-depth case study 1: T. J. International Book Manufacturers

Overview

In this first case study, a book manufacturer, T. J. International, describes how it mapped and implemented a corporate sustainability path from the mid 1990s. Communications, both internally and externally, are at the core of T. J. International's sustainability vision. The company vigorously and proactively implement their ongoing communication programme.

Utilizing a mix of formal and informal communication frameworks, and providing mechanisms for 360 degree feedback, the company has achieved an enviable CR record. For example, through the formal implementation of ISO 14001 it has developed an internal training programme to ensure a basic level of sustainability literacy across the entire workforce. Through informal communication networks, it has fostered external community engagement and encouraged dialogue with its supply chain and customer base. This has fostered real ownership and enthusiasm among the workforce and the external stakeholders, e.g. the local community. The company's genuine and long-term commitment to its sustainability programme has provided a significant benefit to the company's financial performance, in addition to the ongoing benefits, internally and externally, which it derives from the motivated, positive culture it has facilitated.

This case study looks at one part of T. J. International's sustainability map. Specifically, how T. J. International has harnessed the development of environmental awareness in its workforce to generate ongoing environmental improvement internally, and how this provides a platform for the success of its external stakeholder engagement programme.

Background

T. J. International Book Manufacturers (T. J.) employs 143 staff, based in Padstow, Cornwall. It is the largest employer in the area injecting upwards of £1.5 million into the local economy. In 2004, T. J. produced 6 million books, with a turnover of over £9 million and net profitability at 12 per cent. The company makes a vital economic contribution to a relatively isolated rural community.

Despite working in this sensitive coastal environment under tight environmental regulation, and with the printing industry widely recognized to be at over-capacity (along with

the associated price sensitivities), T. J. has increased profitability throughout 2003–5 at levels unprecedented in the industry. How did this happen?

Facing closure in 1996, Angus Clark was appointed as T. J.'s chief executive and set out to restore business confidence through five key areas:

1. business performance;
2. training and development;
3. environmental performance and ISO 14001;
4. quality;
5. health and safety.

Environmental performance was selected as one of his top five areas, not just to control costs, but also to aid customer and employee confidence alike. In 1999, in readiness for ISO 14001 certification (T. J. was the first print company in the UK to achieve certification), the company set out to measure its environmental improvement against:

- maintaining packaging waste to below a 50 ton limit (despite the anticipated increased production);
- maintaining stable utility costs (electric, gas, water; 3.5 p per book in 1999);
- reducing waste to landfill (5 tons per week in 1999);
- reduction of special waste from printing (500 litres per week in 1999);
- achievement of in-house, externally accredited environment qualifications.

A broad ranging environmental communication strategy was developed that included training for all, along with a programme of employee, supplier, customer and local community engagement.

Training

- A short simple, half day environmental training course, interactive and workshop in style, was piloted and then made available throughout the company. The training was not compulsory but only 6 out of 143 did not attend. Each session had 12 people from across all departments to promote networking.
- The workshop style course included a short, illustrated bespoke booklet entitled, 'An Introduction to Environmental Awareness in the Workplace' which learners worked through with a qualified external trainer.

- At the end of every session, T. J.'s training manager reviewed feedback on course content.
- A total of 16 half day courses were held at a total cost of £4,000.

Empowerment through environmental teams

In-house training courses ended with everyone completing a personal action plan and feeding back ideas which were tabulated and used as a working basis for a new Environmental Committee. This committee, composed of nominated employees from each department, reviewed each idea and feedback results. The committee has continued to work on ideas and assist with implementation as necessary.

Ongoing encouragement and raising awareness

- Change continued, encouraged informally by introducing environment performance data, e.g. recycling and energy use, at monthly management meetings and posting data on company noticeboards.
- Quarterly environmental updates are provided with information on progress against annual targets.

Outcomes

T. J. International's training manager, Nigel Hawke, confirmed that the improved environmental performance generated by the communications strategy has had a direct and very positive impact.

“The environmental training and our ongoing environmental communication strategy has given our workforce the knowledge necessary to participate in shaping future activities within the company to aid sustainability and secure their own future. It has exceeded all expectations. Initially designed to reduce landfill and packaging waste commitments, we have transmitted our views (and success) to our customers who support us by sourcing more orders. Profitability in 2003 reached 15 per cent and remained high throughout 2004 despite poor economic conditions in the printing industry.”

In summary, the last 6 years of proactive internal and external environmental communications have resulted in the following ‘good news stories’ for T. J. International.

- ☑ In 2004, the annual audit showed that despite 6 million books being produced, this led to only 47 tons of packaging waste.
- ☑ The 2004 audit noted an 80 per cent fall in waste sent to landfill compared to 2003, saving £12,220 and a reduction of 218 tons of landfill waste! The full cost of the training had been recovered thrice by December 2004.
- ☑ There was a company commitment to the first UK 'Eco Trans' recycling unit in late 2003 at a cost of £48,000, which effectively cleans and recycles solvent in the printing process. This required considerable changes in working practices negotiated with workforce and union representatives without problems. This saves over 1,400 litres of solvent per week!
- ☑ Utility costs have been reduced to 1.5 p per book in 2003 (compared to 3.5 p in 1999). Reductions are due to changing tariffs, new energy efficient machinery and employee-led initiatives, e.g. switching off machinery and office equipment.
- ☑ Greater awareness of chemical pollution hazards, and zero pollution incidents (T. J. International's site is bordered by a stream which flows to a local bathing beach!).
- ☑ Requests for more training: several staff are undertaking NVQ4 in environmental management and others have achieved various externally examined environmental qualifications.
- ☑ Many employee-led initiatives are ongoing and the enthusiasm for the Environment Committee continues, with members now sitting on the local authority Agenda 21 Committee which helps other businesses get started in environmental awareness.
- ☑ The company's 2005 environmental targets have been set by the employees and endorsed by the board.

Comment

T. J. International provides an excellent example of the energy and enthusiasm that can be generated through good communication and empowerment of those who are asked to deliver the company's environmental performance from the sharp end!

The company's strategy has led to new enquiries from customers who are ethically biased and the company has seen staff turnover reduce to 2 per cent in 2004 (most of these staff reaching state retirement age).

The mix of harnessing commitment through staff training, corporate level resolution and engagement of their own customers and suppliers has provided T. J. International with an enviable record of company successes.

The company has gone on to win many environmental awards including:

- The National Print Industry Environment award;
- European Graphical Industries Network 'Best Learning Company in Europe Award';
- Green Apple 'Gold Award' for Environmental Performance presented at the House of Commons in November 2004;
- Cornwall Sustainability Awards Sponsored by District and County Council and 'Friends of the Earth' category and overall winner 2003 (T. J. has assisted with judging this award subsequently);
- One of only 15 selected winners from 2,000+ entries for the Business Commitment to the Environment Awards in 2004 sponsored by HM Government and HRH Prince Charles. The award was presented by Chancellor Gordon Brown in May 2005 for exceptional commitment to environmental issues.

In-depth case study 2 – Martin Baker Aircraft Company Ltd

Overview

In this second case study, an aircraft ejector seat manufacturer, Martin Baker Aircraft Company Ltd (MBA), describes the wide-ranging benefits resulting from its environmental improvement programme, and a rather unusual recipe for success! This case study demonstrates how some lateral thinking about communications can bring about a whole host of benefits.

MBA has taken an imaginative and integrated approach to environmental communication. This approach has resulted in substantial financial savings, in addition to significant community benefits and an enviable demonstration of internal team building.

MBA is the world's longest established manufacturer of ejection seats and related equipment used to safeguard the aviator throughout the escape, survival, location and recovery phases. It has a long history working on the same site, facing the challenge of manufacturing within a sensitive semi-rural location placed adjacent to a residential area, in close proximity to the urbanization of the M25 corridor.

The company made a decision in the mid 1990s to embed environmental best practice into everyday working practices at the plant. This decision was partly due to increases in waste cost, but equally a desire to reduce the environmental impact of its work. A priority objective was the reduction and management of waste through better utilization of raw materials, energy resources and water supplies, as well as minimizing waste at source, and employing reuse or recycling techniques.

The company commenced with a review of its waste management processes, investigating various options with operatives working on the factory floor. This consultation included bringing waste management specialists to the site to work alongside manufacturing operatives in order to fully explore implementation issues, and maximize opportunities to reduce waste at source.

One of the primary aims of this consultation was to ensure that the final solution had the full backing and understanding of those who had to apply new processes 'on the ground'.

These early consultations led to a wider debate throughout the workforce in respect of environmental performance. MBA encouraged this ongoing dialogue, harnessing the energy generated from this debate which has ultimately spawned numerous environmental improvements.

Among all the improvements MBA has implemented, a particularly innovative solution has proved to be a central 'plank' in the company's ongoing success in environmental communications.

MBA purchased an area of derelict land directly adjacent to its site. It then set about consulting locally and internally on options for enhancement of this and other areas surrounding the manufacturing plant into a wildlife 'garden' for staff for lunchtime and recreation use; and subsequently also an area for wildlife community education.

This wildlife area had a key role to play in the development of MBA's enviable team working culture, and provided the catalyst for ongoing internal and external communication. The interest in this wildlife area, fostered and encouraged by MBA, has developed increasing momentum over time. This interest in wildlife now provides the conduit for a lucid and free flowing exchange of ideas on a whole raft of sustainability topics, with the senior management and the whole of the MBA team and local residents taking part.

MBA sees its environmental communications as an intrinsic part of its business communication network. In a truly integrated outlook, in its regular, external news magazine it includes information about its environmental performance with equal focus as commercial performance.

The regular internal newsletter (incidentally printed on recycled paper with no excessive glossy printing) includes information on the volumes of waste recycled that month, and the total bird sightings recorded on site (at the time of writing this was in excess of 80 different species). This data is compiled from information provided by an increasing band of keen birdwatchers among staff (from the CEO to security staff!) and local residents.

In addition, the internal newsletter provides information on wildlife, gardening, cleaning bird boxes and calls on staff to assist in various ways with the ongoing planting of flora to encourage a greater range of wildlife habitats.

There is no dry list of ‘someone else’s problem’ style environmental objectives here! MBA’s internal communications are an uplifting call for practical action, providing everyone with both the information and the enthusiasm to play their part in improving their work environment, and a celebration of everyone’s achievements so far – not just in respect of the wildlife area but in respect of all aspects of the company’s environmental performance.

Communication from the top down is immeasurably enhanced by this shared interest in the wildlife surrounding the site, and the apparent responsibility everyone seems to feel for the increasingly valuable wildlife habitat of which they are all custodians, is tangible.

Background

With headquarters still at its original site in Rural Denham, Buckinghamshire, the company has produced ejection seats for 55 continuous years. It also now has locations in France, Italy and the United States. MBA continues as a successfully family run business headed by the twin sons of the late founder, Sir James Martin, as joint managing directors.

In 1997, MBA decided to implement an environmental management system (EMS), and subsequently achieved ISO 14001 registration. As a manufacturing site, a number of the company’s activities give rise to significant environmental aspects; through examination of these activities and their impact on the environment, the company has taken a proactive approach to prevent and minimize pollution.

Environmental programmes

The following provides examples of some of the environmental programmes that have developed as a result of MBA's ongoing communication and commitment to environmental improvement:

- building teams;
- developing ownership of the environmental programme;
- reaping the rewards for everyone.

When MBA decided to review its metal waste processes as part of an environmental programme, the existing scrap metal merchant was unwilling to help so the company appointed a new specialist waste contractor to assist.

Prior to the review, waste management practices were labour intensive and messy, e.g. for metalworking processes all emptying and filling operations were carried out manually using 25 litre buckets, the clean-outs involved a downtime of 4 hours/clean and took 1.8 man-years of effort per year. Changing this process was going to require a team effort and harnessing everyone's support.

The new contractor began by walking round the production area with the staff that operated the swarf recovery system and reviewed various options. In developing the new process, the specialist waste management contractor ran a series of 10 workshops at which the workforce was invited and encouraged to offer suggestions.

Following this consultation, new working procedures were developed and improved segregation and storage were introduced. The review resulted in a centralized recycling system, and improved operating systems, e.g. a change in cleaning meant the machines only require fluid replacement every 6 months, and a simple vacuum clean (taking 0.5 hours) every 7 weeks and use of cleaning materials has fallen significantly. Ongoing review resulted in further improvements, e.g. drainage pipes in skips enabled recycling of 10,400 litres of metalworking fluid each year.

An example of environmental programmes: swarf management and metalworking fluid recycling

While this has had significant benefits in team working and improved working conditions, additional financial benefits include:

Figure 11.1: Recycling at Martin Baker Aircraft Company

	1998	1999	2000	2001	2002
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
Paper	3710	2775 (14)	5195 (23)	7300 (28)	13320 (53)
Bulk paper	–	–	3180	1720	500
Cardboard	11.00	12.20	28.270	28.970	25.080
LDP	–	–	5.190	4.890	6.200
Newspapers	–	–	–	3.180	4.460
Magazines	–	–	–	1.810	4.120
Cups	–	–	25	825	1.315
Total	14.710	14.975	41.860	48.695	54.995
Metal	99.92	130.42	121.134	146.537	145.903
TOTAL	114.63	145.395	162.994	195.232	200.898

- waste costs reduced by £58,000 per year, with estimated increase of 60 tonnes per year in the amount of metal recovered;
- volume of metalworking fluid sent for disposal reduced by around 45 per cent and concentrate use by about 40 per cent, producing a cleaner and more efficient working environment;
- the MWF recycling system cost £138,000 to install, but using a net present calculation, the company calculated a payback for this initiative of 2 years and 9 months.

Figure 11.1 shows an increase in recycling year on year as internal communications and training took effect.

The revenue from Aluminium cans is donated to local schools. Similarly, the revenue generated from the recycling of computer printer, photocopier and similar toner cartridges is donated to the British Institute for Brain Injured Children (BIBIC). MBA described their consultation, training and new waste management process as follows:

‘This team approach helped to develop motivation and commitment to the new system. The system, operated by the machine shop team, has proved simple but effective and the training has ensured that it is working well. Less staff effort is spent on waste management allowing progressive redeployment of the team onto other tasks resulting in a cleaner factory floor and a better work environment for everyone.’

MBA has encouraged a range of additional environmental initiatives following ideas from their ongoing internal communications programme, for example:

- reduced raw material use – progressive rationalization of raw material use and stocks has reduced costs and storage requirements;
- recycling – of all consumables such as card, paper, plastic, newsprint, glass, plastic cups, toner cartridges etc. has resulted from ongoing reviews of waste streams. Any proceeds from these recyclables are donated to local charities;
- utility use, e.g. energy and water consumption – is keenly reviewed and ideas for reduction assessed. This has resulted in a number of initiatives to reduce energy use at source and has included replacement of plant with energy efficient alternatives. A focus on water saving and reduction of water pollutants resulted in the introduction of a treatment plant for chemical effluent designed to give a greatly reduced waste water outflow, and recycle water back into the finishing plant. It is anticipated that MBA's demand for water will be cut by some 80 per cent by the end of 2003.

As a visitor to MBA's manufacturing site, it is very evident that environmental best practice is simply business as usual. The visitor travels through residential districts set within an open rural aspect, and wonders where this manufacturer could be sited.

Immediately at the boundary of the residential district, the visitor arrives at the MBA site car park and sees numerous examples of the company's environmental commitment, e.g. bird boxes fixed to mature trees surrounding the car park, additional native tree and shrub planting providing screening and habitat value.

Information on local wildlife sightings and wildlife protection guidance are all provided on large noticeboards inside and outside the building; with more recent sightings added by staff in handwritten notes. These noticeboards list, and provide pictures of, sightings of wildlife such as butterflies, grass snakes, slowworms etc., with dates and frequencies, and ongoing efforts in landscaping to encourage maximum habitat value. The wildlife interest has resulted in a gardeners club, local community use, wildlife and birdwatching clubs, and active encouragement to use the area for lunchtimes and recreation through provision of seating and open areas.

By bringing everyone together into the environmental programme early on, communicating early successes and providing the support networks needed to implement environmental initiatives, MBA has been able to harness the enthusiasm generated as a formidable

force for change. The company has successfully maintained the momentum, continuing to develop ownership of the programme through training, and the collective goal of the wildlife area and waste recycling. As a result, MBA has been able to make a significant reduction in their environmental impact, and costs, and provide an immeasurably pleasing work environment to boot!

The company has demonstrated that good environmental management does not cost more. In fact, it has been utilized as a business management tool in improved health and safety, staff and customer retention and good resource management.

MBA's success has also been recognized through numerous awards, culminating in the award of the 10th Queen's Award for Sustainable Development. The company has also worked with professional bodies such as the Institute of Environmental Management and Assessment (IEMA) to celebrate and share best practice to a wider audience and to seek out further ideas for ongoing improvement.

In-depth case study 3 – Barclays Bank

Introduction

Barclays is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. It operates in over 60 countries, employs over 100,000 people and aims to be a T5 global bank. It believes the key to long-term growth within the bank are the 3 Cs – customer, colleague and community. In 2005, it constructed a 'living' roof on top of its global head office in the London Docklands (Figure 11.2).

This case study is included to show that an innovative approach to the corporate responsibility agenda by way of actions can be effective and generate interest inside and outside the workplace, while delivering a real contribution to the environment and encouraging biodiversity.

Green roofs

A green, or 'living', roof can be a tended garden or more self-maintaining ecology such as a diverse habitat of turf, sedum mats and pebbles. Similar concepts can be seen in living or breathing walls. It is typically a roof of a building that houses such a 'garden', either



Figure 11.2: *The Green Roof created on the roof of Barclays, Canary Wharf. (Source: Dusty Gedge, Living Roofs)*

partially or completely utilizing the space. Green roofs can be categorized as ‘intensive’, ‘semi-intensive’ or ‘extensive’. Traditional living roofs requiring a suitable amount of soil to grow plants or conventional lawns are labour-intensive, and need watering and other maintenance. An extensive, more modern green roof is designed to be virtually self-sustaining, only requiring minimum maintenance, i.e. once-yearly weeding/application of slow-release fertilizer. These can be created on a very thin layer of ‘soil’ supporting sedum species and mosses.

In March 2006, the Guildford Environmental Forum reported that it created a habitat for wildlife and a Trudy Thompson article in the above Forum Newsletter on green roofs went on to list the benefits of living or green roofs. These include:

- encourages wildlife and biodiversity;
- reduces storm water run-off;
- improves air and water quality;
- improves noise and sound insulation;
- health benefits;
- amenity and aesthetic benefits.

A green roof can improve employee and community relations, reduce energy and maintenance costs and encourage other organizations to consider this type of environmental innovation for their buildings.

Innovation for a different representation of CR

The idea for the green roof on top of Barclays global headquarters on the Isle of Dogs followed on from a Green Canary Day in the London Docklands which is organized to raise awareness of green initiatives and opportunities in the area. Barclays' Environmental Manager at the time was passing the stand organized by Living Roofs and was inspired by the idea. Barclays was looking for a novel and meaningful idea to embrace the environmental agenda at its new global HQ and was seeking an innovative solution to meet both its corporate responsibility agenda and enhance the reputation of the bank.

A business case was developed involving senior management with contributions from different divisions (i.e. facilities management, environmental team, senior executive, property services) to fit the new roof after completion of the building (December 2004). Following collaboration between Barclays, TCL Granby, the Canary Wharf Group and livingroofs.org, the concept of a green roof was generated and implemented at 1 Churchill Place, London Docklands. The roof was installed in May/June 2005.

Although the idea and generation was distinctly at senior management level, Barclays does engage its workforce in the environmental agenda by having champions throughout the business to carry the CR message through the building. They focus on different issues and interests and the engagement of staff and their opinions. Support at this level is exemplified by focus groups, questionnaires and initiatives.

Barclays' internal magazine *The Globe* has raised awareness of the green roof and other CR initiatives throughout the UK. The launch of the roof, in July, consisted of a working lunch, which was so oversubscribed that organizers had to arrange three sessions for all employees to attend, and a competition to win a visitor's pass to the roof for a year, generating many responses from around the country including a winner from Bristol. The Green Roof initiative had captured the imagination and motivation of the staff in a greater way than anticipated. To raise environmental awareness and associated issues, Barclays also runs a global competition in association with Earthwatch to work on biodiversity projects out in the field. Over the last 35 years, Earthwatch has sent over 80,000 volunteers

worldwide to take part in projects around the world – contributing an incredible 10.8 million hours of scientific research to aid conservation and biodiversity.

Community benefits

It was agreed from the start that the roof would be designed from a biodiversity and ecological angle rather than aesthetic. The roof is made of recycled crushed brick and concrete, pebbles, soil and a wildflower seed mix. It has been specifically designed to attract rare wildlife, in particular, the black redstart (a red list bird). The roof has gone through the formal planning route and as the building height is at its maximum, safety railings were not permitted as this would exceed the agreed height. Therefore, access is limited. At 160 m above ground level it is the highest ‘green roof’ of its kind in Europe. The green roof continues to attract lots of interest from staff and the media and is overlooked by several hundred employees in the buildings at Canary Wharf.

Royal Holloway, a college of the University of London, is involved in a research project on the roof and regularly visits and monitors biodiversity developments and progress there. As the roof is not accessible to the public or employees (for various reasons including health and safety), it serves as an undisturbed haven for wildlife.

Positive media coverage

Kathryn Mintoft, Barclays Environmental Manager, spoke at an IEMA seminar saying, ‘... most professionals are very willing to comply or adapt to new EMS initiatives, but very few professionals are forthcoming with pioneering ideas ...’. The roof is intended to become an oasis for birds and insects in the surrounding area. The BBC took the story further, featuring the roof on BBC2’s Countryfile, BBC London’s Inside Out and on their website by focusing on possibly ‘... the most unusual place for a green roof and certainly the highest in Europe ...’.

“Barclays has the highest living roof in the world specifically designed for nature conservation and the enhancement of local biodiversity,” said Dusty Gedge of Living Roofs, who advised on the creation of the roof. He adds: *“It is a beacon for other businesses and developers to provide similar roofs in the London area and elsewhere in the country for other species of nature conservation concern. But it’s certainly a high profile example of what can be done – to add a splash of natural colour to our city!”*

Not only has it been successful in creating a habitat for wildlife, but it has also given Barclays a great deal of positive publicity.

Comment

In Germany, there are direct incentives, industry regulations and legislation to encourage the creation of green roofs. Its green roof industry has grown by 10 per cent to 15 per cent annually over the past decade. In the UK, there is nothing like this to persuade developers to build green roofs, despite the many benefits they bring. However, Ken Livingstone, Mayor of London, includes living roofs as part of his urban development plan in London (www.london.gov.uk/mayor/auu/docs/living_roof_statement.rtf). In Greater London, about 16 per cent of the area is estimated to be buildings, and therefore roofs. If only half of those 24,000 hectares (59,000 acres) of roofs were greened, they would cover an area 12 times the size of Richmond Park (source: The Garden, November 2005).

A symbolic act demonstrating implementation of one aspect of the CR agenda goes a long way in showing commitment to stakeholders. Taking an initiative, such as a green roof, or reviving an old corner of derelict land can do wonders to raise interest and motivation in a cause. If that cause is something that is important to the company and an integral part of company policy or CR agenda then this case study shows that actions are sometimes louder than words.

Appendix 1: Glossary

Corporate responsibility (CR): delivering a corporate strategy that ensures the environmental and social factors of an organization's activities are recognized, addressed, and clear goals set to enhance positive outcomes, and mitigate negative outcomes as far as practicable. Recognition of environmental and social factors should in turn result in economic benefit, and as such CR is usually part of an organization's sustainability vision.

Corporate responsibility agenda: this phrase, used within this publication, incorporates the broad concepts as described below.

Corporate responsibility reporting (CRR): an external report that should describe the organization's response to any negative or positive environmental and social impacts of the organization's activities. The report should describe an overall vision and the corporate strategy for ongoing improvement to reduce negative impacts and enhance positive impacts, providing data on progress since the last report, ideally with external endorsement and verification.

Corporate sustainability (CS): a corporate strategy that embeds sustainability into every corporate activity. In other words, recognizing the link between environmental, social and economic factors of an organization's functions and embedding them into its business system. Ensuring all corporate activities provide benefit to or, as a minimum, no negative impacts on each of the impacts identified.

In practice, corporations will be working towards corporate sustainability as a long-term goal rather than be able to demonstrate it in every area of corporate activity, and will utilize their corporate responsibility programme as a part of their vision to deliver longer term sustainability.

Stakeholder: a broad grouping being an individual, group or organization with an interest in, or influence over, the programme or project.

Sustainable consumption: consumption of resources that are renewable and can be replaced at approximately the same rate as they are consumed with by-products recycled back into a renewable loop.

Sustainability: the Brundtland Report, World Commission on Environment and Development provided a working definition of sustainability in 1987: ‘development which meets the needs of the present without compromising the ability of future generations to meet their own needs.’

Appendix 2: Review of reporting frameworks and monitoring tools described in Chapter 8

The following part of this guide provides more detail on some of the most widely used reporting frameworks and monitoring tools available.

Section 1: The Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is an independent institution, based in Amsterdam and spearheaded by Ceres in partnership with the United Nations Environment Programme (UNEP).

Its mission is to develop, maintain and disseminate globally applicable Sustainability Reporting Guidelines for voluntary use by organizations.

The GRI incorporates the active participation of representatives from across business, accountancy, investment, environmental, human rights, research and labour organizations from around the world.

Established in 1997, the GRI's first Sustainability Reporting Guidelines were released in draft form in 1999. They represented the first global framework for comprehensive sustainability reporting, and encompassed the 'triple bottom line' of economic, environmental and social issues.

Subsequently, in 2002 the first formal Global Reporting Initiative Sustainability Reporting Guidelines were issued with core content applicable to all businesses (Figures A2.1 and A2.2). Sector supplements have since been, and continue to be, issued to address the need for sector specific guidance.

By 2004, over 600 organizations reported using the GRI. New guidelines are due for release in 2006.

Figure A2.1: The Global Reporting Initiative (GRI) reporting principles from Sustainability Reporting Guidelines 2002

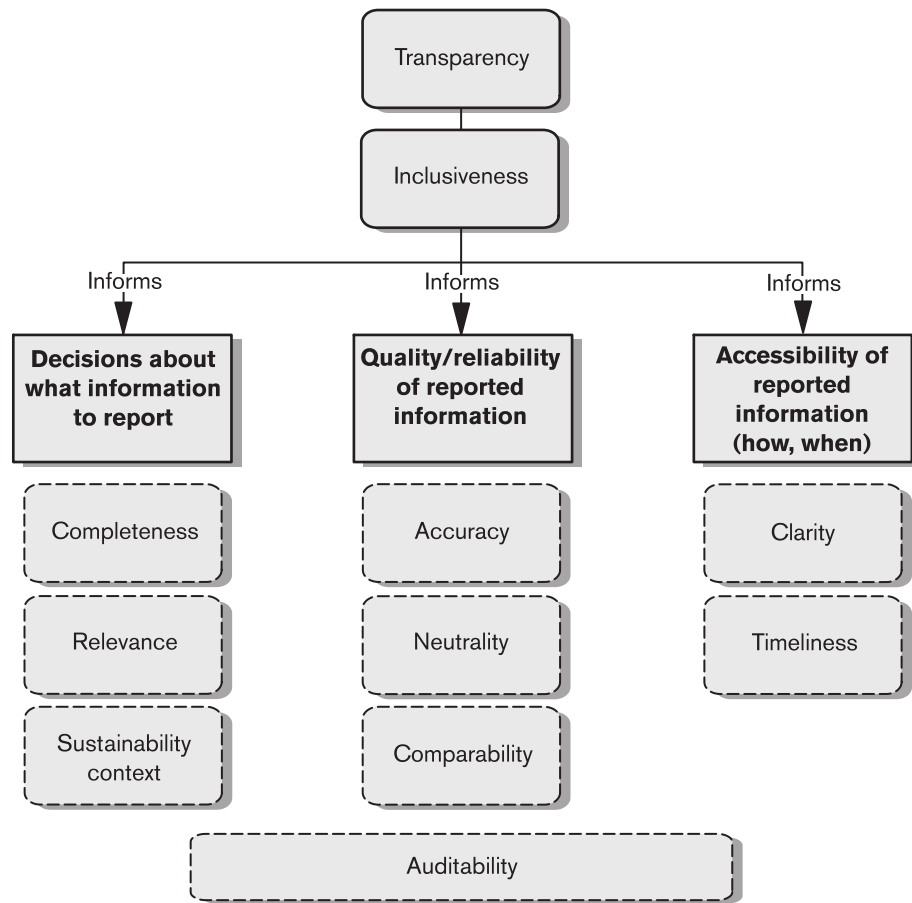


Figure A2.2: The GRI framework for CR reporting from GRI Sustainability Reporting Guidelines 2002

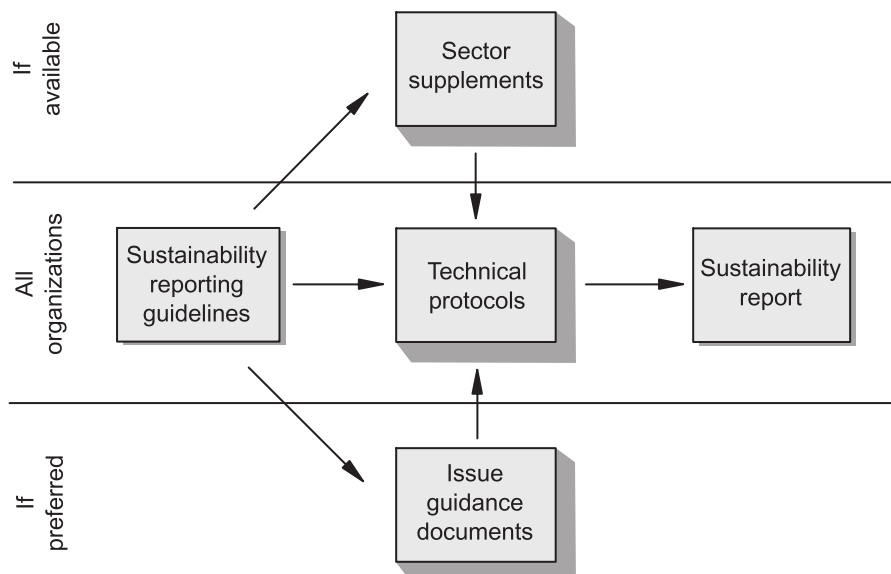




Figure A2.3: The AA1000 Series based on 'the core principle of inclusivity' from AA1000 Assurance Standard 2003

Section 2: The AccountAbility Assurance Standard (AA1000)

The Institute of Social and Ethical Accountability, an international non-profit making international body of corporate and public body members, produces the AA1000 Framework for sustainability reporting.

The framework is based on core principles of stakeholder engagement, organizational responsiveness and an organization's capacity to learn and innovate on the basis of this engagement (Figure A2.3).

The AA1000 series includes guidance notes, specialist modules for specific sectors and practitioners, together with reporting systems and frameworks.

The Institute launched a key part of this framework in its AA1000 Assurance Standard in March 2003. Since launch, the AA1000 Assurance Standard has, and continues to be, widely used. It brings together a framework for qualitative as well as quantitative data reporting, with the accompanying systems for data collation. At its heart, the standard aims to provide credibility and standardization of reporting using the following three principles: Materiality (i.e. covering all key relevant aspects), Completeness (i.e. accurate and complete), and Responsiveness (i.e. responds to stakeholder needs).

The standard is designed to complement not replace or substitute the GRI reporting guidelines by providing the addition of an independent verification process through an ‘assurance provider’. The assurance provider has to assess the report to ensure:

- it provides information that is important to stakeholders as well as the reporting organization, and that it has addressed these concerns;
- the reporting organization demonstrates that it has monitored its performance and stakeholders’ views of this performance.

It also allows for the assurance provider to, among other controls, comment on information, which may have been omitted, and which may be material to stakeholder’s interests.

The standard has a core element of the requirement to include a public assurance statement in reports, which demonstrates the assurance provider’s independence and competencies in reviewing and endorsing the report and its contents.

Section 3: Department of the Environment Food and Rural Affairs (DEFRA)

DEFRA produced a new range of draft environmental reporting guidelines in June 2005, setting out KPIs for each business sector and how they can be measured and reported, in a sector specific format. DEFRA enthusiastically describes the success of companies that have implemented controls and reporting of environmental aspects as follows:

‘Companies that measure, manage and communicate their environmental performance are inherently well placed. They understand how to improve their processes, seize market opportunities, reduce their costs, and comply with regulatory requirements and stakeholder expectations. This is why 140 of the top 250 UK companies now report on their environmental performance.’

Overall, the guidelines set out 25 KPIs, which include a range of key environmental impacts including how to handle environmental impacts in the supply chain and products.

The DEFRA 25 direct key performance indicators considered to be significant to UK businesses are:

- **Emissions to air**
 1. Greenhouse gases
 2. Acid rain, eutrophication and smog precursors
 3. Dust and particles
 4. Ozone depleting substances
 5. Volatile organic compounds
 6. Metal emissions to air
- **Emissions to water**
 7. Nutrients and organic pollutants
 8. Acid emissions to water
 9. Metal emissions to water
- **Emissions to land**
 10. Pesticides and fertilizers
 11. Metal emissions to land
 12. Acids and organic pollutants
 13. Waste (landfill, incinerated and recycled)
 14. Nuclear waste
- **Resource use**
 15. Water use and abstraction
 16. Natural gas
 17. Oil
 18. Metals
 19. Coal
 20. Minerals
 21. Aggregates
 22. Forestry
 23. Agriculture
- **Financial**
 24. Environmental fines
 25. Environmental expenditures.

No one company is expected to report on all of these. DEFRA concludes: 'for 80% of UK business there are 5 or less significant KPIs, against which the Government believes they should report their environmental performance'.

DEFRA lists principles and processes that are common requirements when reporting on environmental issues and using key performance indicators, regardless of the reporting framework utilized, as shown in Figure A.2.4.

The guidelines provide a clear framework to work through in order to evaluate which KPIs are appropriate to monitor and report.

Section 4: Environmental management system external reporting

Environmental Management Systems (EMS) have received significant attention in the last 10 years, and are now enjoying wide recognition and global uptake. The initial publication in 1994 of BS 7750 led the way. The Eco-Management and Audit Scheme (EMAS) followed at European level, followed by BS EN ISO 14001 (ISO 14001) in 1996, and its update in 2004.

The ISO 14001 standard is recognized on an international scale, including the Americas and Far East, EMAS is a European wide scheme. EMS growth has been due, not least, to the requirement inherent in both the major EMS systems to review suppliers, promoting uptake along the supply chain. The uptake of ISO 14001 has far exceeded the initial interest in the ISO 9000 quality system, which is indicative of the overall growth in corporate responsibility.

Section 4.1: Eco-Management and Audit Scheme (EMAS)

While EMAS is largely the same as the BS EN ISO 14001 standard EMS, it does however contain a significant difference in respect of external communications. The standard requires an auditable external report to be produced annually and made publicly available. EMAS requires that, for an organization to maintain registration it shall: 'forward the yearly necessary validated updates of its environmental statement to the competent body and make them publicly available'.

The competent body in the UK is the Institute of Environmental Managers and Assessors (IEMA).

The EMAS external environmental statement must include the following:

Figure A2.4: The DEFRA summary of basic principles in CR reporting criteria. (From DEFRA draft environmental reporting guidelines report June 2005)

Criterion	Description
Planned and transparent	The reporting process should be carefully planned, with clearly assigned responsibilities and clear time frames. It should be transparent, with the process communicated to all involved in compiling the report.
Consultation	The process should provide for consultation within the business, with shareholders and other stakeholders.
Relevant and comparable information	All relevant information and comparators should be taken into account, looking within the business and also externally, using government and trade body guidance, best practice models, benchmarks, and other companies' reports. In addition the report should provide a description of the process undergone, and describe the calculation methods and any assumptions where relevant.
Scope	The process, and the resulting reported data, should cover the whole business unless there are sound documented reasons for not doing so. Where only limited data is available, such as that for a particular business unit, this should be clearly described so that the reader understands what proportion of the business' operations is being reported on.
Consistent	The reporting process should be applied in the same way across the business from year to year.
Subject to review	The process should be reviewed both internally and externally where appropriate. Use of a third party verifier will provide assurance for the business and its stakeholders.
Quantitative	KPIs should be measured, and should therefore be quantitative in nature. This also means that they can be acted upon; for example, targets can be set to reduce a particular emission if it is expressed in a quantitative term. In this way the effectiveness of environmental policies and management systems can be substantiated.
Comparable	KPIs should be expressed in absolute terms that cover the entire business for each period of reporting (most commonly annually), and also related to a normalizing factor, such as to turnover. This allows stakeholders to know how much environmental impact companies have relative to a given amount of goods and/or services produced. Normalized data can be particularly helpful in demonstrating environmental improvements in a growing business. For companies with significant overseas operations it is useful to report environmental impacts by country or region.
Standard methods of calculation	The measurement of environmental impacts often requires some form of conversion methodology or estimation, such as the estimation of carbon dioxide emissions resulting from the consumption of heating oil. There are many ways of estimating environmental impacts, and it is important that businesses report on the estimation methods used.
Underlying sources of data readily available	Sources of underlying data should be as readily available as possible to help ensure reporting transparency.

- description of companies activities on the site under certification;
- assessment of all significant environmental aspects of relevance to the activities described;
- summary of figures on significant aspects, for example emissions, waste generation, consumption of raw material, energy, water, noise and significant environmental impacts;
- any other significant factors regarding environmental performance which auditors may raise as appropriate;
- presentation of an environmental policy, and future environmental programme;
- date for the next statement and name of the accredited environmental verifier.

The EMAS statement must be examined and validated by an accredited environmental verifier; only then can it be published.

Take up of the EMAS standard is far behind ISO 14001 in the UK. Companies who have 'gone the extra mile' and achieved EMAS registration are more prevalent across mainland Europe.

Section 4.2: BS EN ISO 14000 series

BS EN ISO 14001 requires holders of ISO 14001 registration certificates to establish environmental communication procedures both internally and externally. However, there is no formal requirement within ISO 14001 to externally publish a formally audited report.

The ISO 14062 environmental communication standard will be issued early in 2006. ISO 14031:2000, *Environmental Performance Evaluation*, provides guidance on the use of environmental performance indicators (EPIs).

ISO 14001 does require companies to make their environmental policy publicly available, but not necessarily to publish it, as EMAS requires of the externally verified environmental report.

It is worth noting that while ISO 14001 may not require you to publish your environmental performance in the same way EMAS does, the internal monitoring processes undertaken as part of ISO 14001's requirements will generate data which may be publicly disclosable under some other legislation such as the Environmental Information Regulations 2004 or the OFR Reporting.

Section 5: Business in the Environment (BIE) and Business in the Community (BitC)

Business in the Community describes its goal on its website as ‘a unique independent business led charity whose purpose is to inspire, engage, and support and challenge companies, to continually improve the impact they have on society’. The organization has numerous CR programmes including CR in schools, local community groups etc.

One of its key CR programmes is the Business in the Environment programme which incorporates the Annual Environment Index.

The Annual Environment Index is a report issued by Business in the Environment (formerly known as the BiE Index) and benchmarks companies on the basis of a broad range of environmental and sustainability indicators. Companies who take part voluntarily provide answers to BIE’s questions and are then benchmarked on the basis of this information.

The information allows BIE to report companies’ performance against their peers, and whole sectors against each other. The Index has been operating since 1995 and aims to help companies analyse gaps, measure environmental progress, drive improvement, and raise awareness of sustainability issues.

Companies invited to participate in the Index include FTSE100 and FTSE250, non-FTSE listed Business in the Community national members, sector leaders from the Dow Jones Sustainability Index. A total of 178 companies participated in the Environment Index 2004 – 168 publicly and 10 through Business in the Community’s private benchmarking service.

The 2004 Public Index includes 68 FTSE100 companies, 60 FTSE250 companies, 1 Dow Jones Sector Leader, 38 non-FTSE 125 listed companies. As part of the Environment Index companies are asked to report on a range of issues including:

- the waste hierarchy of ‘reduce, reuse and recycle’;
- supply chain – including prompts on the level of support companies provide to their suppliers;
- climate change – measure impacts from energy use, transport and production processes;
- the company’s willingness to disclose the feedback report and/or full submission.

BIE's 2004 report comments:

'The average management score was 84%, compared with an average performance score of 74%. This indicates the challenge companies continue to face of moving from implementing environmental management systems to delivering real environmental improvements. Supply chain remains the most challenging management area, with an average score of 64%. Within the core impact areas, participating companies are performing better on climate change, with an average score of 74%, than on waste (69%). 88 companies showed a willingness to disclose both their feedback and Index submission.'

Section 6: UK Department of Trade and Industry (DTI)

The DTI hosted a conference in May 2003 with Forum for the Future and subsequently issued a report entitled 'Sustainability and Business Competitiveness Measuring: the benefit for business competitive advantage from social responsibility and sustainability'. The report provides a guarded endorsement of CR: 'A business with strong corporate social responsibility will often be more successful in generating Economic Value Added, for reasons rooted in business strategy'.

The conference was attended, and the report endorsed by, 70 senior business practitioners. DTI has gone on to develop a 'Sustainability and Business Competitiveness' project to produce a balanced scorecard to manage the sources of competitive advantage. The DTI issued its Corporate Social Responsibility International Strategic Framework in March 2005. This framework sets out the overall objectives and priorities of the UK Government's approach towards CR. Listing a raft of policy initiatives and areas where regulation and guidance will encourage corporate CR into business practice, the report headlines with:

'The Government has an ambitious vision for Corporate Social Responsibility: to see UK businesses taking account of their economic, social and environmental impacts, and acting to address the key sustainable development challenges based on their core competences wherever they operate – locally, regionally and internationally. Business has a critical role in delivery of many of the Government's international objectives and commitments such as the Millennium Development Goals and others made or confirmed at the World Summit on Sustainable Development in 2002.'

Section 7: Confederation of British Industry (CBI)

CBI is a widely respected body of business representatives, which was incorporated by Royal Charter in 1965. CBI has developed a 'Probe series' of best practice benchmarking and diagnostic tools, which cover a range of business topics including Environment Health and Safety (PROBE stands for 'PROmoting Business Excellence').

The Probe series aims to provide instant, independent and confidential feedback to companies on their performance, benchmarked against peers in the same sector. It is then for the company to decide if they wish to externally or internally promote any aspect of the review, but the scheme offers the potential to communicate improvement opportunities as well as successes.

The Environment, Health and Safety part of the Probe programme is called 'Contour'. Contour is a diagnostic tool to evaluate management, processes and performance under eight key areas of environment, health and safety. The Contour review is undertaken by a CBI representative who will provide an independent review and report to the organization's senior management team. The Contour programme has already been used by a large range of multinationals as a quick and efficient way of measuring current market position and as one strategy in deciding areas to prioritize.

Section 8: The Natural Step Framework and Forum for the Future

Forum for the Future was set up in 1996 on a charitable basis by Jonathon Porritt, Sara Parkin and Paul Ekins, to work with companies, local authorities, universities etc. to 'accelerate the building of a sustainable way of life, taking a positive solutions-oriented approach'.

Now almost 10 years on, Forum for the Future is well recognized and respected, delivering some imaginative solutions to the sustainability challenges faced by organizations.

One of its key successes has been the promotion of a sustainability framework through The Natural Step, 2020 Vision Series. The Natural Step (TNS) was set up under licence in 1997 in the United Kingdom by Forum for the Future. TNS' stated purpose on their UK website

is to: ‘develop and share a common framework comprised of easily understood, scientifically-based principles that can serve as a compass to guide society toward a just and sustainable future’.

TNS uses four scientifically based ‘system conditions’, from which a framework for implementation has subsequently been developed. Part of the framework includes a tool known as ‘backcasting’, picturing the company at a future point when it is operating sustainably. TNS system describes conditions which must be satisfied in order to achieve sustainability, including the four system conditions, which broadly require human needs to be met whilst ensuring sustainable extraction, prevention of degradation by physical means or through concentrations of substances produced by society.

The principle of backcasting identifies the goal upstream, and looks back at the causes of problems rather than reacting to the environmental effects; see the vision and not the obstacles. Investments and measures are selected which develop the organization in a sustainable direction with maximum long-term flexibility and short-term profitability.

The TNS Framework calls on organizations to answer two basic questions:

- What does your business look like in a sustainable society?
- What does your organization look like today?

The concept of the TNS system is to provide a methodology that brings together environmental management systems, key indicators and lifecycle analysis. This enables an organization to develop a long-term sustainability strategy not just goals that provide short-term environmental gains.

Forum for the Future and TNS work with organizations to provide the support and expertise to develop this strategy.

Section 9: Advisory Council on Business and the Environment (ACBE)

ACBE was established in 1991, in response to the 1990 UK Government White Paper ‘This Common Inheritance’. The aim was to provide ‘... a dialogue between Government and business on environmental issues’.

ACBE members are appointed by the UK Government through DEFRA and the DTI. ACBE has produced a number of research reports providing recommendations to UK government.

Their directors checklist is a particularly useful tool, issued in the report of December 2000 'Value, Growth, Success – How Sustainable is your Business'. The report provided a briefing note for directors, and a checklist of questions for the board to assess its response to sustainability as a potential business risk or opportunity.

The checklist questions are framed around 'areas to derive confidence from' and areas to 'be concerned about', providing a quick but detailed summary of issues for further discussion.

Following on from this checklist, ACBE produced a research report in January 2003 'Internalising sustainability into business practices – Realising the Value, Enhancing Business Success' (Figures A2.5 and A2.6). This provides various flowcharts to assess sustainability options aimed at helping senior managers, to whom the board has devolved responsibility for managing sustainability issues.

The 2003 ACBE Report provides guidance on how to prioritize issues affecting businesses and risk management strategies, aiming to 'integrate sustainability issues into mainstream risk management and other business processes'.

ACBE described the need for businesses to undertake sustainability assessment of this kind:

'It is becoming increasingly obvious that environmental and social issues, now more commonly understood as 'sustainability', will be a key issue for businesses over the next decade. Already, legislation, government policy, and the concerns of customers and investors, are creating clear links between the issues and business performance. This can only increase.'

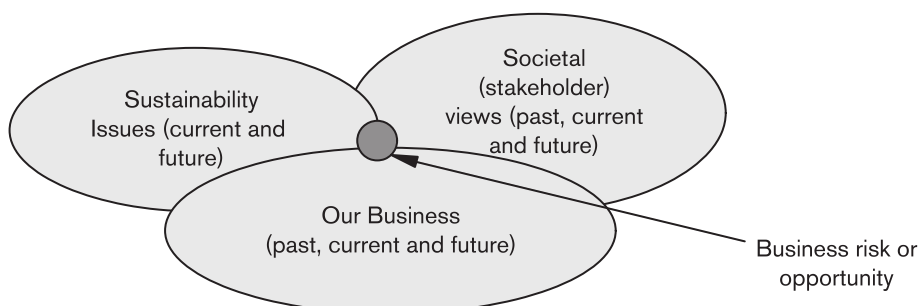


Figure A2.5: External pressures overlap with business culture to create a focal point for additional risk or new opportunity. (Source: Internalizing sustainability into business practices – Realizing the value, enhancing business success, ACBE 2003)

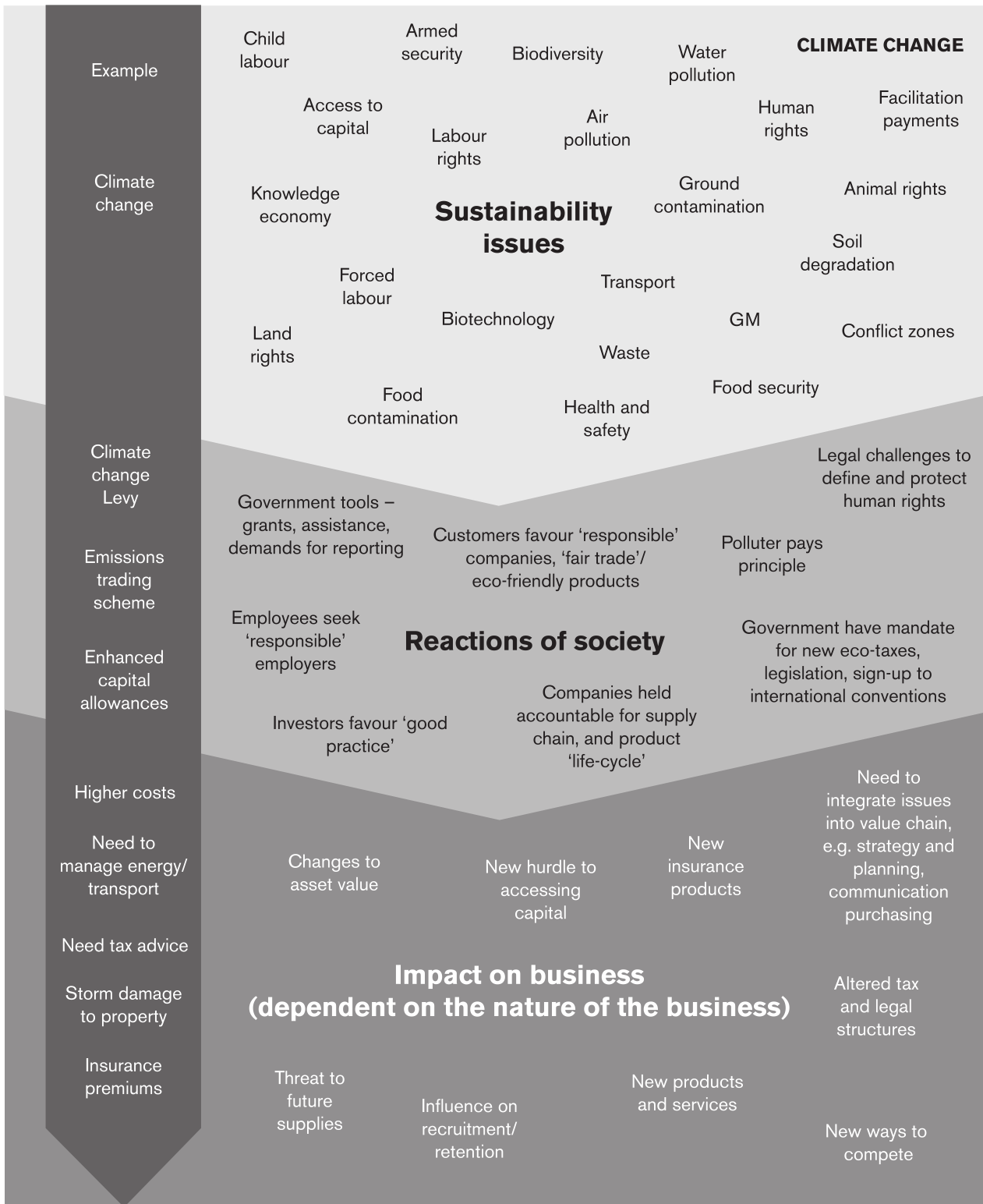


Figure A2.6: The complex interrelationship between sustainability issues and societal reaction creates pressures on the operating environment for organizations, leading to increase in both direct and indirect costs. (Source: Internalizing sustainability into business practices – Realizing the value, enhancing business success, ACBE 2003)

ACBE go on to point out: 'Having recognized the potential impact of sustainability on business, it is therefore imperative to be as efficient as possible in integrating it into core business processes'.

ACBE produced an illustration to describe how sustainability gets translated into threats and opportunities for businesses, shown in Figure A2.6.

Following the arrow in the left hand margin of the figure illustrates how these complex interrelated issues become part of societal thinking, and then in turn affect the context and operating environment of businesses.

ACBE provided a research report on sustainability reporting to the UK government in October 2002, and in it made various recommendations including the need for business schools to consider environmental, social and ethical issues and their impact on corporate performance.

Appendix 3: Websites to watch

Environmental management systems

British Standards Institution: www.bsi-global.com

European Eco Management and Audit Scheme: www.emas.org.uk

International Network for Environmental Management: www.inem.org

Professional institutions and business representatives

The Environmental Industries Commission: www.eic-uk.co.uk

Confederation of British Industry: www.cbi.org

Chemical Industries Responsible Care programme: www.cia.org.uk

Coalition of investors, business and public interest bodies: www.ceres.org

Construction Industry Research and Information Association: www.ciria.org

The World Business Council for Sustainable Development: www.wbcsd.org

CSR Europe membership organization for reporting guidance: www.csreurope.org

Project Sigma business objective review system: www.projectsigma.com

European, UK Government advice

Gateway to information on European policy and current debate: www.europa.eu.int/index_en.htm

UK Government Sustainable Development Strategy: www.sustainable-development.gov.uk

United Nations Economic Commission for Europe: www.unece.org

Department for Education and Skills: www.dfes.gov.uk

Adult Learning Inspectorate: www.ali.gov.uk

Department Environment Food and Rural Affairs Reporting guidelines: www.defra.gov.uk/environment/business/envrp

Environment Agency England and Wales: www.environment-agency.gov.uk

Environment Agency Scotland: www.sepa.org.uk

Environment and Heritage Service Northern Ireland: www.ehsni.gov.uk

UK Government Gateway to Corporate Social Responsibility: www.csr.gov.uk

Department of Trade and Industry Sustainability Guidance: www.dti.gov.uk/sustainability

Advisory Committee on Business and the Environment (ACBE): www.defra.gov.uk/environment/acbe

The UK National Atmospheric Emissions Inventory: www.naei.org.uk

Advice for investors

Register of downloadable CR reports: www.corporateregister.com

The Ethical Investment Research Service: www.eiris.org

Dow Jones Sustainability Indexes: www.sustainability-indexes.com

Corporate Critic database of CR information: www.corporatecritic.org

CR information and news: CSRWire.com

CR Information and news: Greenbiz.com

NGOs

The Global Reporting Initiative: www.globalreporting.org

Forum for the Future: www.forumforthefuture.org.uk

The Natural Step: www.naturalstep.org

Business in the Community and Business in the Environment: www.bitc.org.uk

Institute of Social and Ethical Accountability: www.accountability.org.uk

The Environment Council: www.the-environment-council.org

Corporate Responsibility Coalition (CORE) made up of Trade Unions and key NGOs:
www.foe.co.uk/campaigns/corporates/core

Trade Union Sustainable Development Advisory Committee (TUSDAC):
www.sustainableworkplace.co.uk

Sustainable Supply Chain Forum: www.sscf.info

Scottish and Northern Ireland Forum for Environmental Research: www.sniffer.org.uk

World Resources Institute: www.wri.org

The Accounting Standards board: www.frc.org.uk/asb

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