



The Prince's
Responsible
Business Network



AN OPPORTUNITY TO BUILD BACK BETTER

May 2020

The Responsible Business Tracker®
2019/20 Insights Report



THE RESPONSIBLE
BUSINESS TRACKER®

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FOREWORD BY AMANDA MACKENZIE

I am proud to be able to share Business in the Community's Responsible Business Tracker® 2019-20 results. Thank you to those 94 companies across all 24 different sectors which were ready and willing to shine a light on themselves. In the last two years we have now completed 158 Tracker assessments for leading companies who are resolute in their responsible business journey.

Business in the Community has always believed that collaborative action allows us to have the greatest possible impact on the largest possible scale, bringing tangible change to communities all across the UK. We created our Responsible Business Tracker® to give companies the opportunity to drive this change as individuals, as sectors and as a collective: ambition and action going hand in hand.

But now, more than ever, being a responsible business matters. The support companies offer to their employees, communities and the most vulnerable during the COVID-19 pandemic speaks volumes. I believe that those who act responsibly now will be best prepared to handle what faces us as we emerge on the other side of this crisis.

It's also becoming clear that how we focus and prioritise key issues now will shape the new world. Through this assessment cycle we've seen that health and wellbeing is still the most material issue to companies. It is also natural that we have seen this come to the forefront of the public eye during the pandemic as people work from home or isolate themselves from loved ones.

Yet we can't afford to forget problems such as the climate emergency, which still loom large. In fact, our results showed that only half of companies reduced their greenhouse gas emissions this year. We need to think carefully about how we balance issues like these as we begin our recovery; we cannot fall back into old routines. We need to build on the work we've already achieved and create new plans and ways of working.

Companies now have a unique opportunity to build back better; to learn from the Responsible Business Tracker® and to rebuild with their purpose, values, and community at the heart of their business. Our future will be different, but it has the potential to be so much brighter than the one we had planned.



FOREWORD BY PROFESSOR IAN THOMSON

Our shared future needs responsible business aspirations and actions, unlocking our power to meet the challenges ahead. This report captures the aspirations of business and measures actions taken by Tracker participants. It represents the new possible in responsible business, allows the sharing of success stories, reflecting on progress as well as highlighting gaps to be bridged. A key finding of this year's Tracker is blockages between purpose and actions. Top level aspirations for change leap out of the data, but when it comes to the results for the more ordinary everyday actions, the findings are less encouraging. And these results capture the reality of responsible business before the disruption of the COVID-19 crisis.

The risks of pandemics, climate change, exploitation of natural resources, poverty, hunger and inequalities are predictable and predicted. COVID-19 exposed our global lack of resilience to a threat that could and should have been prepared for. It appears that predictions are insufficient to mobilise widespread preventative action to ensure resilient responsible business eco-systems.

The Tracker data points to more needing to be done, particularly in relation to sustainable product and service innovation, performance measurement, accountability, resource productivity, climate change and healthy ecosystems. Business and our common future would be significantly improved if we could replicate for these Tracker elements the reported performance in purposeful leadership, leadership at all levels and healthy communities, even though here too there remains much still to do.

We must learn from these results, reflecting on our relationships and respecting our co-dependencies to prepare for the larger, more threatening and predictable shocks that await us. Our response to COVID-19 must not roll back the responsible progress made: businesses must respond responsibly, repairing and rebuilding sustainably, following the milestones of the Tracker and the insights contained in this report.



UNPRECEDENTED TIMES: WHY BUSINESSES MUST STEP UP TOGETHER

The COVID-19 crisis is the biggest shock to our way of life in modern history. It emphatically confirms that businesses, communities, society, and the environment are mutually dependent. BITC believes those organisations already acting responsibly will be best prepared to survive, recover and thrive when COVID-19 is brought under control.

With this crisis comes a unique opportunity for responsible businesses to have an immediate and significant impact on a global emergency. There is evidence of the tangible impact that responsible businesses can make when they couple ambition with action. The lessons learned from this experience must be captured and harnessed.

When this crisis comes to an end, there must not be a return to business as usual. There is an unparalleled opportunity for businesses to transform their models, laying responsibility as the cornerstone. Organisations have the chance to collectively rebuild the economy and our communities with responsibility at the heart of that recovery. This is an opportunity that might only come along once in a generation.

THE RESPONSIBLE BUSINESS TRACKER® 2020

BITC is publishing this report because the Responsible Business Tracker® provides an important source of information on how business behaviours and actions are changing, despite the data being collected prior to the crisis. The information in this report must be seen and used as a starting point to drive radical change, in full recognition of the new world we find ourselves in.

We want to determine how the pandemic can prompt businesses to build back better than before by re-evaluating what is most important to them. We will study the data and conduct further research to see how well participating companies were set up to meet today's challenges, and use this information to understand why some were more able than others to change and respond. This will identify the characteristics enabling businesses to adapt and sustain themselves and their stakeholders.

The Tracker provides insights on how businesses support their employees, their supply chains, and the communities in which they operate. We must now hold that data up against what has been learned from the COVID-19 response to define the future for responsible business.

USING VALUES AND PURPOSE TO INFORM RESPONSE AND ACTION

The results of the Tracker show a positive approach to strategy and purpose (Figure 1).

- 93% of respondents define their organisation's values, with 85% stating their purpose statements are aligned to these values
- 89% of respondents use their purpose and values to inform strategy and business decisions
- 85% of leaders engage internally about the future responsible business ambitions of the company and 71% engage both internally and externally.

BITC will investigate how these values drove companies' responses to the COVID-19 crisis.

93%

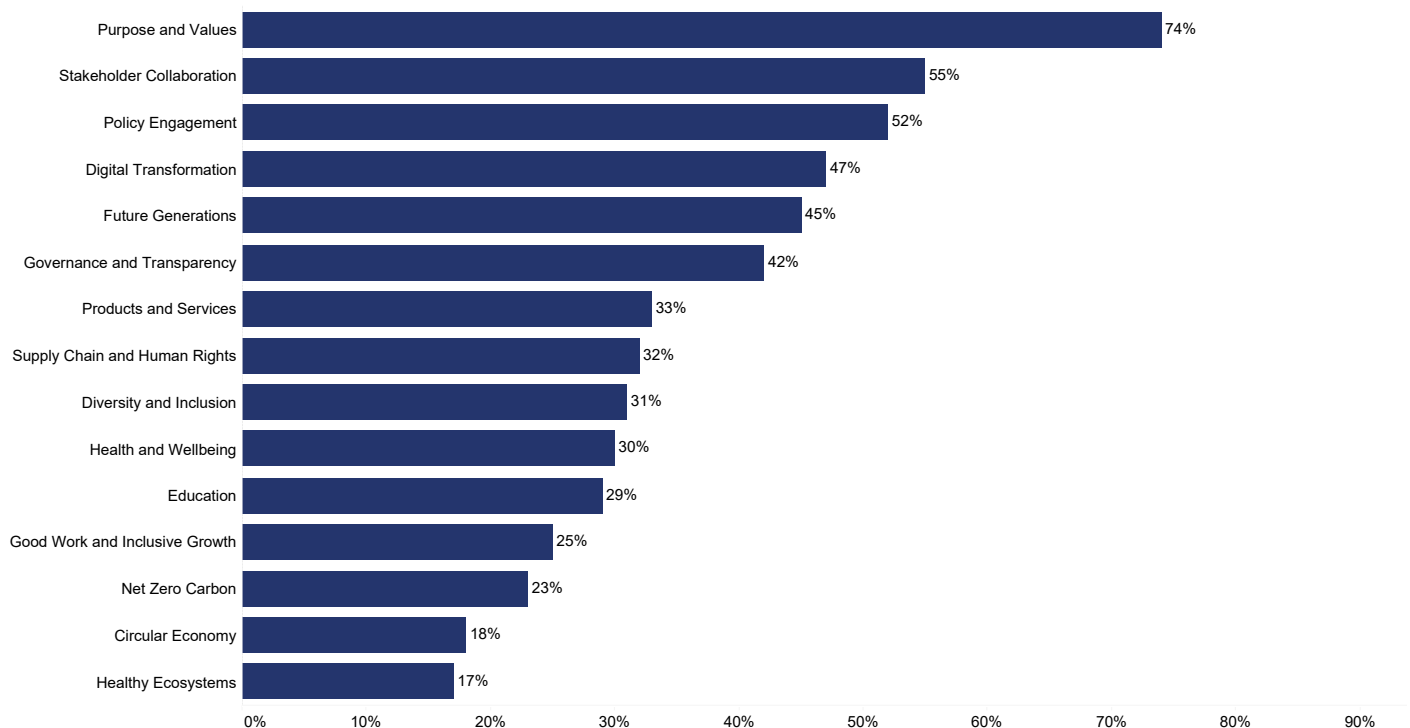
of respondents have defined their organisation's values with 85% stating their purpose statements are aligned to these values

89%

of respondents use their purpose and values to inform strategy and business decisions

Figure 1. Cohort average performance score by Tracker section

Cohort Average Performance Score by Tracker Section



FROM ACTION ON CORONAVIRUS TO ACTION ON THE CLIMATE CRISIS

The COVID-19 pandemic has highlighted the fundamental connectivity and interdependence between the health of nature and people and the health of the economy. The impact of mass action on COVID-19 shows how quickly businesses, governments, consumers, and civil society can respond when society unites on a common goal. While lockdowns and social distancing will not save the planet, the crisis offers a unique opportunity to build a better future with restoration of the natural environment at its heart. Data from the Tracker is a stark reminder of the scale of the environmental challenge we face.

- Only 50% of participants consider how the impact of climate change will affect their ability to deliver core products and services.
- Only 50% of participating organisations have reduced their greenhouse gas (GHG) emissions and 21% committed to reducing net emissions to zero at a time when the climate emergency demands it.
- 34% believe they have allocated sufficient budget and resources to deliver their climate change targets.
- 29% of participants believe that their investment and purchasing decisions positively impact the natural resources they are dependent on.
- Less than a quarter (22%) can demonstrate an example when sustainability credentials informed a purchasing decision rather than price alone.
- Only 17% reward suppliers demonstrating a high socio-environmental performance (such as through price premiums, additional orders, longer contracts, fewer audits).

Conventional business wisdom must be challenged to unblock the barriers to change and mobilise faster, deeper action.

**only
50%**

of participating organisations have reduced their greenhouse gas (GHG) emissions and 21% committed to reducing net emissions to zero at a time when the climate emergency demands it.

34%

believe they have allocated sufficient budget and resources to deliver their climate change targets.

THE GLOBAL GOALS

The [Responsible Business Map](#)¹ and the Tracker are underpinned by the Global Goals. The COVID-19 crisis touches most, if not all the Goals (many of these touchpoints are listed in figure 2). The crisis is having a disproportionate impact on the communities disadvantaged by pre-existing inequalities² and it reinforces the need for urgent, large-scale action.

Awareness and understanding of the Goals for businesses remain far too low. Only 35% of participants are embracing and embedding the Goals when setting priorities. Many purely use them as a communications framework and too few use them to develop new products, processes, or partnerships. This is an alarm bell, signalling the need to put the Goals at the heart of core business decision-making.



Figure 2. Responsible business impacts of COVID-19 on the Global Goals³



Urgent areas for improvement

- Only 43% of participating organisations map their strategy and operations against the Global Goals to understand where they can have the biggest impact
- Since 2015, only 37% have developed new programmes to contribute to one or more Global Goals
- Only 12% report that the Global Goals have triggered innovation, creating new revenue-making opportunities
- 33% admit to having limited knowledge of the Global Goals

BITC seeks to understand how leadership and strategic planning can be redefined as long-term and actively consider the interests of multiple stakeholders, including future generations and the environment. The COVID-19 crisis is an opportunity to redefine the norms around collaboration and ambition and to put the Global Goals at the heart of decision making.

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43%

of participating organisations map their strategy and operations against the Global Goals to understand where they can have the biggest impact

only
12%

report that the Global Goals have triggered innovation, creating new revenue-making opportunities

GLOBAL GOALS

The United Nations Sustainable Development Goals underpin Business in the Community's Responsible Business Map.



CASE STUDY

Southern Co-op – Future Generations/Global Goals

Southern Co-op uses the Global Goals as a forward-looking, strategic framework for business planning. This approach is championed internally and externally by both the chief executive and chairman. They have prioritised the three Goals on which they can make the most impact and have drawn up objectives for the business under each goal. This underpins the long-term plan for a sustainable business that sets out their strategic direction and mid- to long-term objectives, through to 2023.

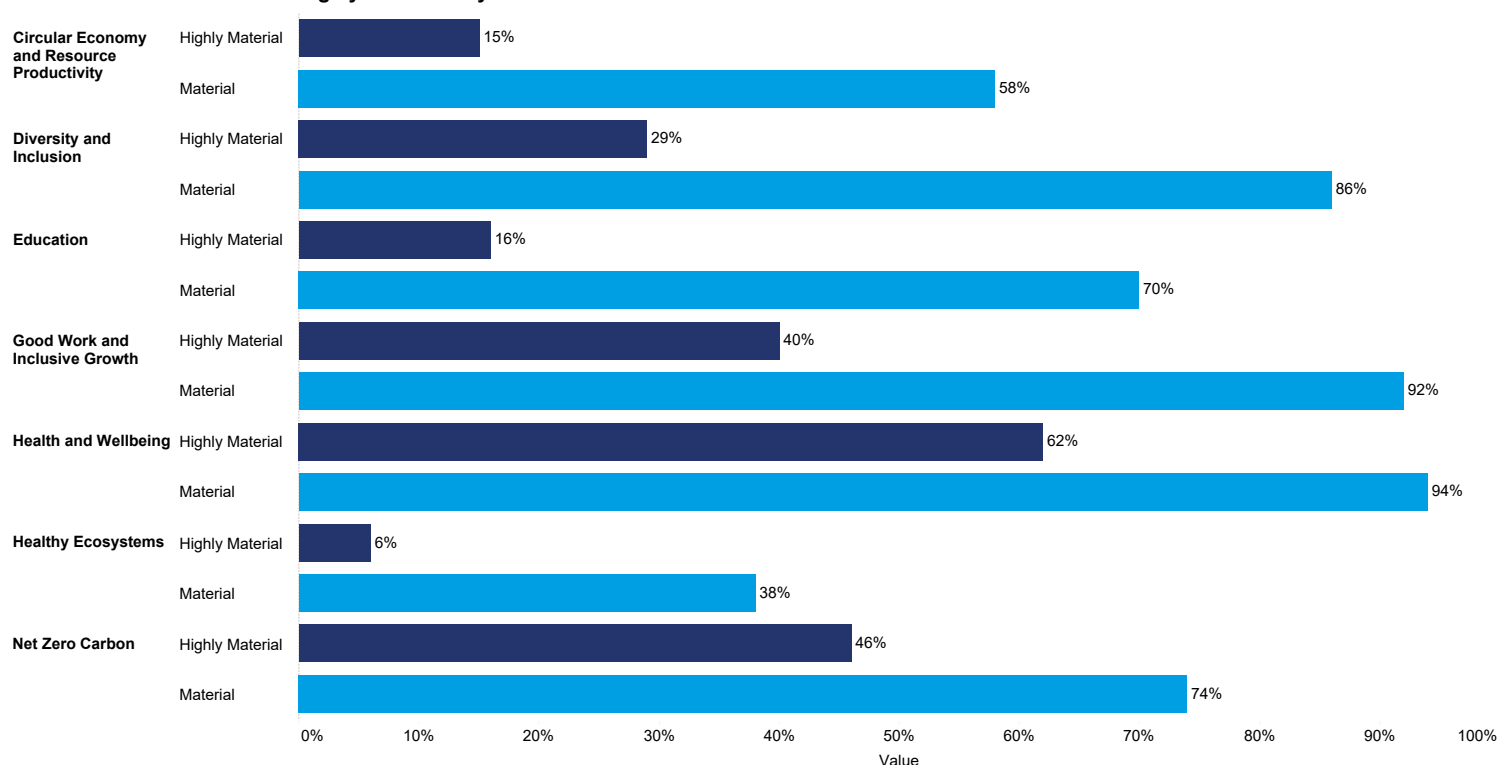
MATERIALITY AND AMBITION

Material issues are those that the business can have the greatest impact upon and that impact most on the business. They are also the issues of highest importance to a range of stakeholders. Participants were asked how material the issues below were to their businesses.

Figure 3 shows that 'workplace' and 'community' issues, such as Health and Wellbeing, Good Work and Inclusive Growth, and Diversity and Inclusion are seen as more material than environmental issues. There is much more to be done for businesses to embrace their potential to impact environmental issues.

Figure 3. Materiality selection

Which issues are material or highly material to your business

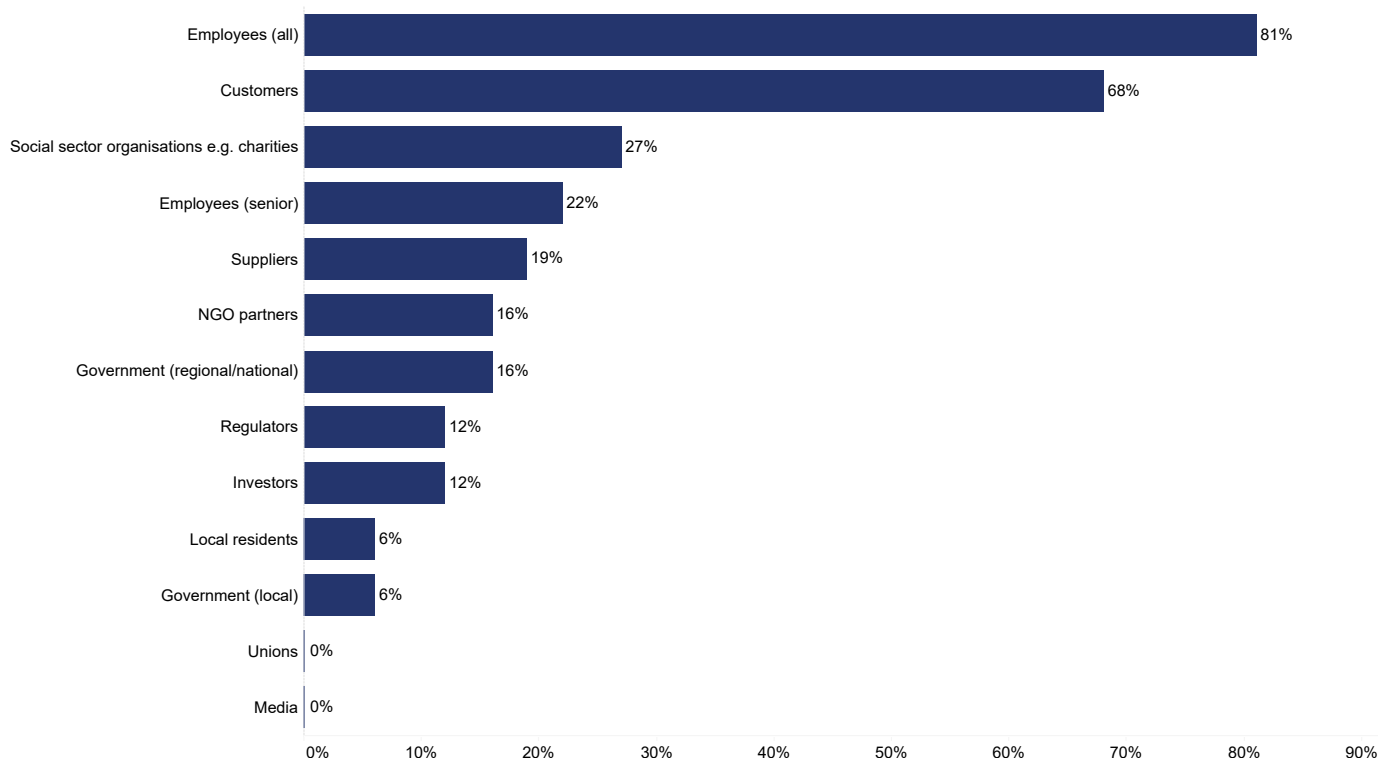


STAKEHOLDER COLLABORATION

Responsible businesses replace shareholder primacy with a balanced concern for stakeholders' interests. The results are encouraging as to the breadth of stakeholder engagement, but Figure 4 shows that the priorities of employees and customers tend to dominate. There is a risk that stakeholders in the community and value chain are still under-engaged or marginalised. COVID-19 has provided a different lens for organisations to view their relationship with such stakeholders.

Figure 4. Stakeholders considered the top three when working on responsible business strategy

Percentage that selected group as top three when working on responsible business strategy



BITC seeks to understand whether businesses' responses to COVID-19 were informed by dialogue with, and delivered value to, their key stakeholders and how businesses can engage, collaborate, and partner with a broader range of stakeholders in future.

CASE STUDY

UKPN – Stakeholder Collaboration

Electricity distribution company UKPN has a mature and rigorous stakeholder engagement strategy. It undertakes an annual stakeholder mapping and auditing exercise and has processes in place for employees to raise new ideas. It has a central log to track and report progress and actions. Stakeholder feedback is assessed against UKPN's vision and business priorities, and it produces an annual materiality matrix, summarising what is important to stakeholders. It then delivers hundreds of improvements annually using detailed project plans with milestones and key performance indicators, monthly strategic stakeholder engagement governance meetings to discuss progress, and mechanisms for stakeholders to feed back during project delivery. Finally, it measures and reports outcomes using management dashboards and stakeholder newsletters.

PURPOSE AND VALUES

Our experience tells us that businesses that use purpose and values to guide their work are more focused, have more loyal staff, greater innovation, and better returns. Almost all participants (93%) say they have defined their values, with 85% saying their purpose statement is aligned to these values.

Positive findings

- 89% of respondents use purpose and values to inform strategy and business decisions
- 85% of business leaders speak internally and externally about their purpose
- 83% of business leaders set the tone from the top by living out these stated values
- 80% use purpose and values to drive innovation in products and services
- 79% use purpose and values to inform the structures, processes and tools used to recruit, develop, and reward their people and how they contribute to wider society
- 73% use purpose to define their responsibilities to communities and build relationships with suppliers

Urgent areas for improvement

- Only 57% of respondents engage investors in discussion on their purpose
- Only 56% of respondents' purpose statements explicitly articulate why the business exists beyond making a financial return, and how that benefits wider society
- Only 54% of respondents enable and welcome public scrutiny of the alignment of their stated purpose to day-to-day operations

The number of businesses with defined purpose and values is encouraging, but there remains a substantial gap between stated purpose and action. BITC seeks to understand if and how businesses' purposes drove action during the crisis, and how purpose and values can be embedded in the culture and behaviour of organisations in the post-COVID-19 world.

only
57%

of respondents engage
investors in discussion on their
purpose

only
54%

respondents enable and
welcome public scrutiny
of the alignment of their
stated purpose to day-to-day
operations

CASE STUDY

Robertson – Purpose and Values

The construction, infrastructure, and support services organisation Robertson has successfully embedded its purpose and principles within its approach to performance development.

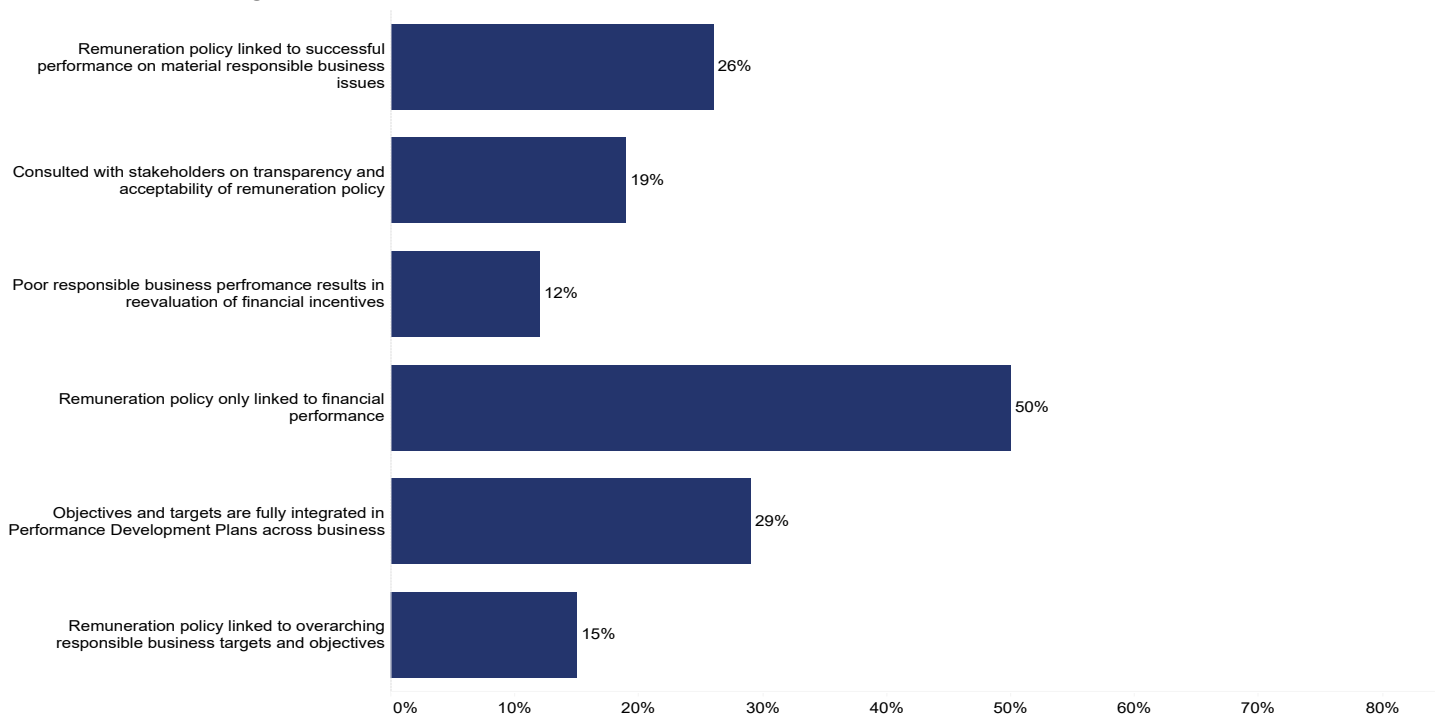
Their core and leadership competency frameworks Working the Robertson Way and Leading the Robertson Way set out the types of behaviours that bring their principles to life. Using these frameworks, employees and line managers discuss how their objectives are aligned to the company's purpose. They are encouraged to commit to developing and demonstrating defined behaviours that guide them towards the purpose, and they are asked to regularly reflect on how they are showing these behaviours at work. A shared understanding of expectations and the introduction of a fully aligned, cloud-based performance management system is helping to support tracking and reporting on individual and team performance.

GOVERNANCE AND TRANSPARENCY

Good governance and transparency are critical for maintaining trust and accountability. Drivers of change are the incentives, remuneration and performance management systems that shape behaviour, together with organisational, departmental, and individual targets and objectives. Figure 5 shows that far too many companies' remuneration policies are only linked to financial performance. A fair approach to both shareholder dividend payments and taxation are also aspects of good governance and transparency.

Figure 5. Remuneration and targets

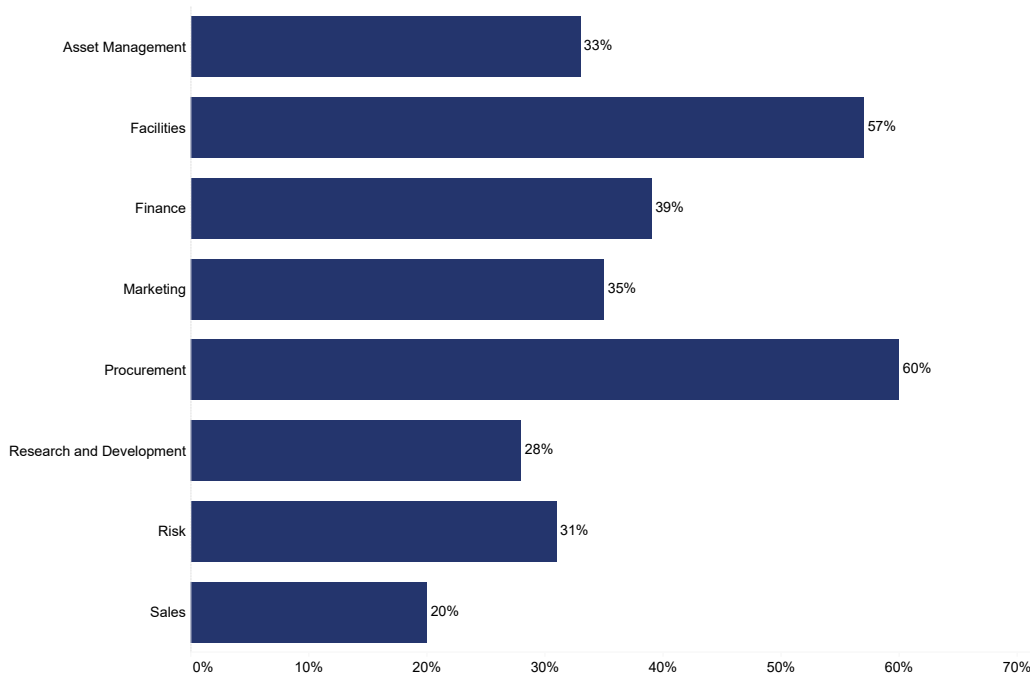
Remuneration and Targets



The results show that purpose statements are not translating into responsible business targets within the business. To illustrate this, Figure 6 shows us that only 31% of respondents have responsible business targets for their risk department and only 20% have these for their sales department.

Figure 6. Responsible business targets analysed by team

Percentage of teams that have relevant responsible business targets



**only
19%**

have tax policies that explicitly shun artificial use of tax havens and low-tax jurisdictions

**just
28%**

link senior management or board remuneration policy to overarching responsible business targets

Below the departmental level, responsible business commitments are not being translated into individual targets:

- In only 19% of participating businesses are responsible business objectives and targets fully integrated into remuneration processes across the business
- Less than a fifth (19%) have tax policies that explicitly shun artificial use of tax havens and low-tax jurisdictions
- Just over a quarter (28%) link senior management or board remuneration policy to overarching responsible business targets

Individual and departmental objectives drive individual and departmental behaviours. These behaviours aggregate to form an organisation's behaviour. Cross-organisational objectives and targets are therefore a crucial mechanism to embed responsible business practices.

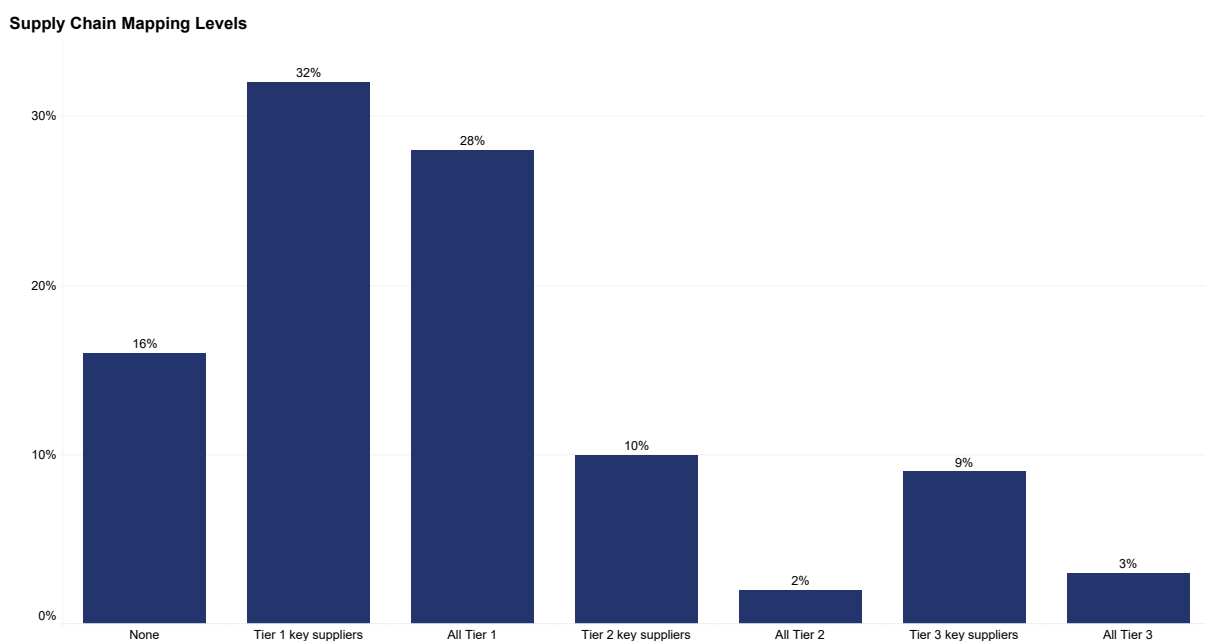
BITC seeks to understand how every business can best embed its purpose in decision making, action, organisational culture, and behaviour.

SUPPLY CHAIN AND HUMAN RIGHTS

Responsible supply chain management can affect positive change on communities and environments. Purchasing power and responsible supply chain management can be used to make an impact on social and environmental issues. This potential is under-exploited; there are huge opportunities for businesses to increase their impact.

Knowledge of a supply chain is critical; often the most negative impacts occur deep into global supply chains. The results show that most businesses' knowledge of their supply chains is limited to key, tier-one suppliers. Figure 7 shows that only 52% of respondents mapped all tier-one suppliers, suggesting gaps in knowledge about what businesses are buying and what they are unintentionally rewarding through procurement. Only 14% map all tier-two suppliers and a mere 3% map all tier-three suppliers.

Figure 7. Supply chain mapping levels



Positive findings

- 57% of respondents review relevant strategies, policies, and processes to include responsible supply chain practices
- Nearly three quarters (74%) systematically ask potential suppliers for their responsible business policies (such as modern slavery policies) as part of the procurement process
- 56% have clear and written strategy with processes to reduce supply-chain risk
- 47% help suppliers become more responsible
- 47% build social and environmental factors into contractual terms
- 46% partner with suppliers and stakeholders to identify and address the root causes of supply-chain social and environmental risks

Urgent areas for improvement

- Less than a quarter of respondents (22%) can demonstrate an example when sustainability credentials informed a purchasing decision rather than price alone
- Only 17% reward suppliers who demonstrate a high socio-environmental performance (such as price premiums, additional orders, longer contracts, fewer audits)
- Just over a tenth (12%) reward suppliers who demonstrate high human-rights standards

**only
17%**

reward suppliers who demonstrate a high socio-environmental performance (such as price premiums, additional orders, longer contracts, fewer audits)

SUPPLY CHAIN RESILIENCE

The COVID-19 pandemic is testing the resilience of supply chains. It has emphasised businesses' mutual dependence on others. Small businesses can be vulnerable if they do not have contingency plans and cannot access resources to support recovery. This in turn has an impact on the lives of the business owners, suppliers, customers, employees, and the wider community.

There is a compelling commercial imperative for large companies to encourage and support resilience in their suppliers and customers. It benefits their bottom lines by reducing disruption costs and preserves and enhances brand value and reputation.

A supply chain is an eco-system in which all constituent parts need to be healthy and resilient to enable all to thrive. In short, companies are only as resilient as the weakest link in their supply chains.

**just
29%**

of participating businesses support a group of critical suppliers to prepare for disruptions

**only
19%**

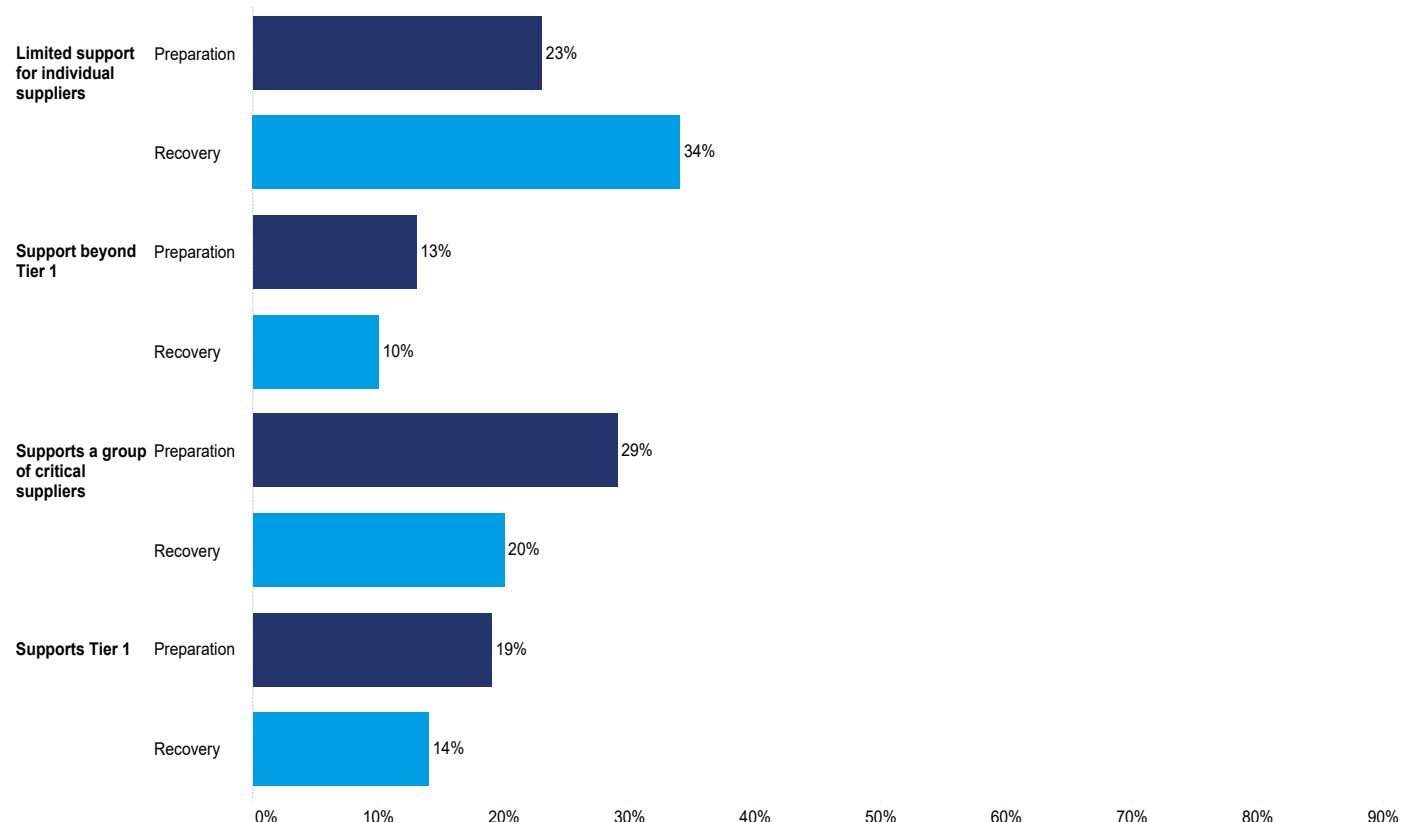
offer support to tier-one suppliers to prepare for a disruption

Urgent areas for improvement

Figure 8 summarises key responses in this section

- Only 29% of participating businesses support a group of critical suppliers to prepare for disruptions
- Less than a fifth (19%) offer support to tier-one suppliers to prepare for a disruption
- While over 1 in 5 respondents expect suppliers to meet resilience standards when tendering process, just over a tenth (11%) help small-business suppliers and customers to develop and exercise business continuity plans for disruptive events

Figure 8. Support offered to supply chain before and after disruption



Most respondents favour offering responsive support to a limited subset of suppliers, those respondents who offered support further into their supply chains were also more likely to invest in preparation.

Most large organisations have business-continuity plans, but these might not extend to supply chain disruptions. Helping embed resilience in an organisation's supply chain can mitigate the effects of any disturbance.

Small businesses are often under-prepared for disruptive events due to resource constraints and therefore find it harder to recover quickly. This can affect the whole supply chain. Offering simple advice and resources can help small businesses improve their preparedness.

BITC seeks to understand how businesses can use the learning from COVID-19 to ensure that supply chains are resilient, and that supply chain relationships are treated as long-term partnerships that are mutually beneficial.

CASE STUDY

Sage – Supporting SMEs against COVID-19

Sage has established an online coronavirus hub to provide customers and the small- and medium-sized enterprise (SME) community access to accurate, free and practical advice on how to mitigate the impacts of COVID-19 disruption. Resources include:

- a funding diagnostic tool to signpost SMEs to advice on accessing relevant government funding support
- daily webinars on government support, with the opportunity to put questions to Sage experts
- written advice on topics including enabling remote working, supporting colleagues and managing cash flow
- providing technology solutions for customers, for example giving them greater tools to manage remote working.

By the end of the first week, more than a thousand SMEs had attended Sage webinars. In one webinar, 400-plus questions were asked from an audience of 650 attendees, demonstrating SMEs' desire for quick and simple information.

Sage has established feedback mechanisms, including surveys on the webinars to ensure it can meet customer concerns and needs. Sage also polls SMEs weekly on their biggest COVID-19 challenges, receiving regular assessments on business impact. It has worked collaboratively with government, industry groups, peers, and other partner organisations to share its insights and solutions.

PRODUCTS, SERVICES AND UTILITIES

The products, services or utilities provided by a business should exhibit the values and purpose of the business and aim to make a positive impact on people and planet.

Positive findings

- Over the past five years, 78% of respondents have improved the positive social and/or environmental impact of their portfolio of products, services, or utilities
- 61% are focusing their research and development on reducing the negative social and/or environmental impact of their portfolios

Urgent areas for improvement

- Only 36% of respondents review their portfolio of offerings against their purpose
- Just under a third (32%) consider social or environmental factors during product and service development and innovation
- A fifth (20%) map the impact of their offering for customers, and if they uncovered a negative impact only 43% made a commitment to reduce this

More businesses must measure the impact of their products, services, and utilities. They need to create mechanisms to change or discontinue products and services that have unacceptable negative impact, and to increase investment in products that have a positive impact. Investment and research and development processes should consider a product's life cycle and its social and environmental costs and benefits.

In the post-COVID-19 world, BITC will seek to explore if and how companies innovate their products and services to drive positive impact. We will explore any lessons on the factors that enabled innovation.

**only
36%**

of respondents review their portfolio of offerings against their purpose

32%

consider social or environmental factors during product and service development and innovation

The following sections summarise key findings from the main impact areas of BITC's Responsible Business Map. As we move through COVID-19 response and recovery, the business community must use this as an opportunity to re-evaluate:

- what we expect of good jobs, with wellbeing at their core
- how we value nature and its interdependency with our economy
- how we value key workers, recognising that these workers are some of the worst paid with the least secure contracts, and are often not treated with the respect they deserve
- how we ensure the workforce is diverse, that workplaces are inclusive, and that people have the right skills to drive businesses out of the economic downturn, at a time when we need creativity and productivity the most
- how businesses might change their priorities, actions, processes, and approaches to drive positive impact



NET ZERO CARBON

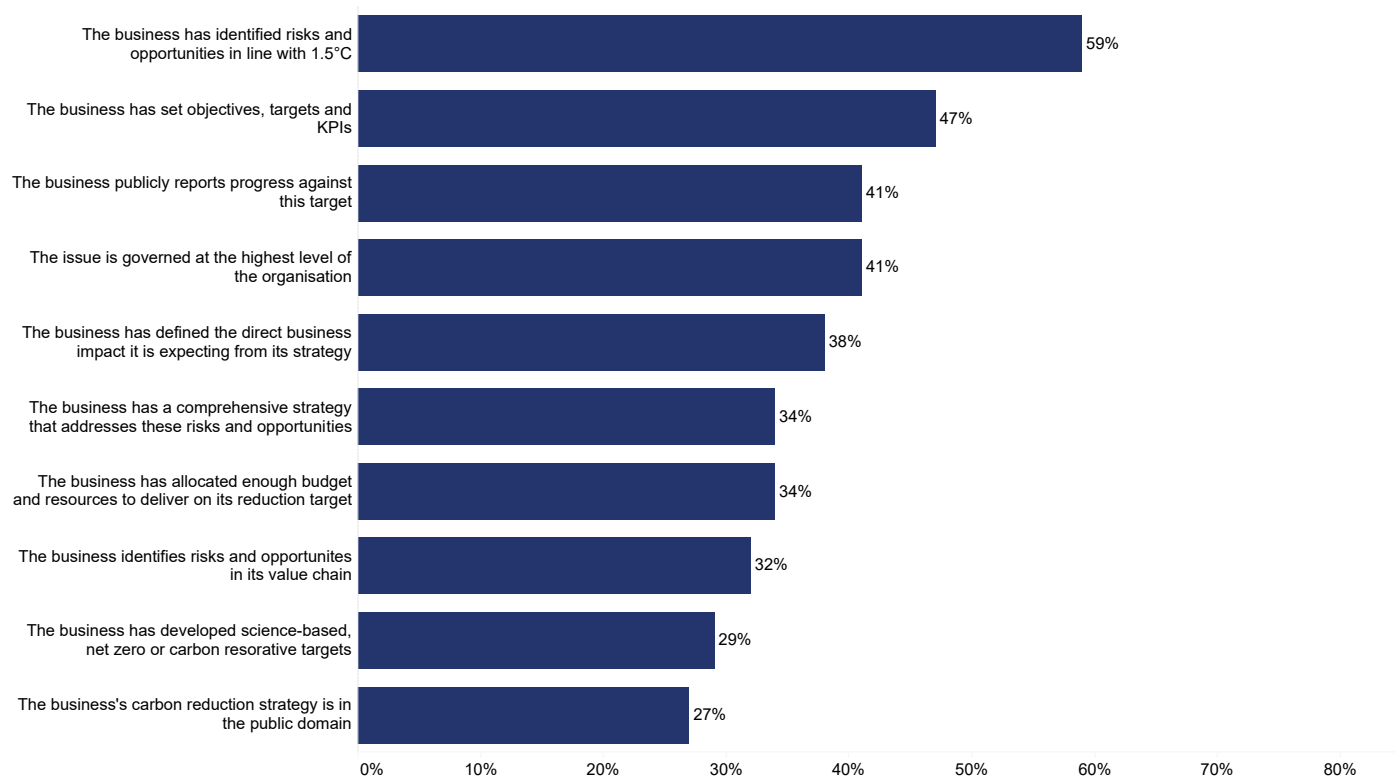
The unified steps taken by businesses, government, the third sector and citizens during the COVID-19 crisis show that collective action to tackle climate change is possible. This is coupled with a widening recognition that climate change presents unprecedented, existential risks and opportunities to businesses and financial markets in the short, medium, and long term.

Leading businesses are moving beyond mainstream dialogue and marginal year-on-year reductions in emissions, to embedding climate-related considerations across their organisations and business models. An 'elite' few are managing climate-related risks and opportunities across their full value chain and even fewer are setting targets aligned with limiting global temperature increase to 1.5 °C.

The key results presented in Figure 9, indicate that change is underway; but the pace of change needs to accelerate in order for businesses to protect themselves and society from the most catastrophic impacts of climate change. A key step in this is increasing the level of ambition, understanding and engagement across organisations but most importantly, within the C-suite.

Figure 9. Net Zero Carbon response summary

Net Zero Carbon response summary



Positive Findings

- 59% of participants identify risks and opportunities related to their carbon reduction strategy
- 47% set objectives, targets and KPIs to monitor and evaluate the effectiveness of their strategy

Urgent areas for improvement

- Only 41% of respondents govern the issue at the highest level of the organisation. This increases in gravity when considering that over half of the participants operate in sectors which are perceived to be at the highest risk from climate change
- Only a third of respondents (32%) consider their entire value chain when identifying risks and opportunities. This is especially relevant when drawing the comparison with COVID-19 and the impact it has had on global supply chains and customers
- Just above a third (34%) of respondents translate risks and opportunities identified, into strategy.
- 29% have developed science-based, net zero or carbon restorative targets. This increases in complexity when considering whether those targets achieve a balance between decarbonisation and removals that is aligned with 1.5 °C
- Less than half (47%) of respondents report publicly on their progress against targets.

It is imperative that businesses take bold, decisive, urgent action to understand their own impact on society and how climate change in turn impacts their long-term value. This can only be achieved by cross-organisation, cross-value chain and cross-industry engagement, innovation and collaboration, to drive change at pace and scale. Businesses that lead across these areas, will find themselves in alignment with stakeholder needs and ahead of market opportunities, while laggards risk being left permanently behind.

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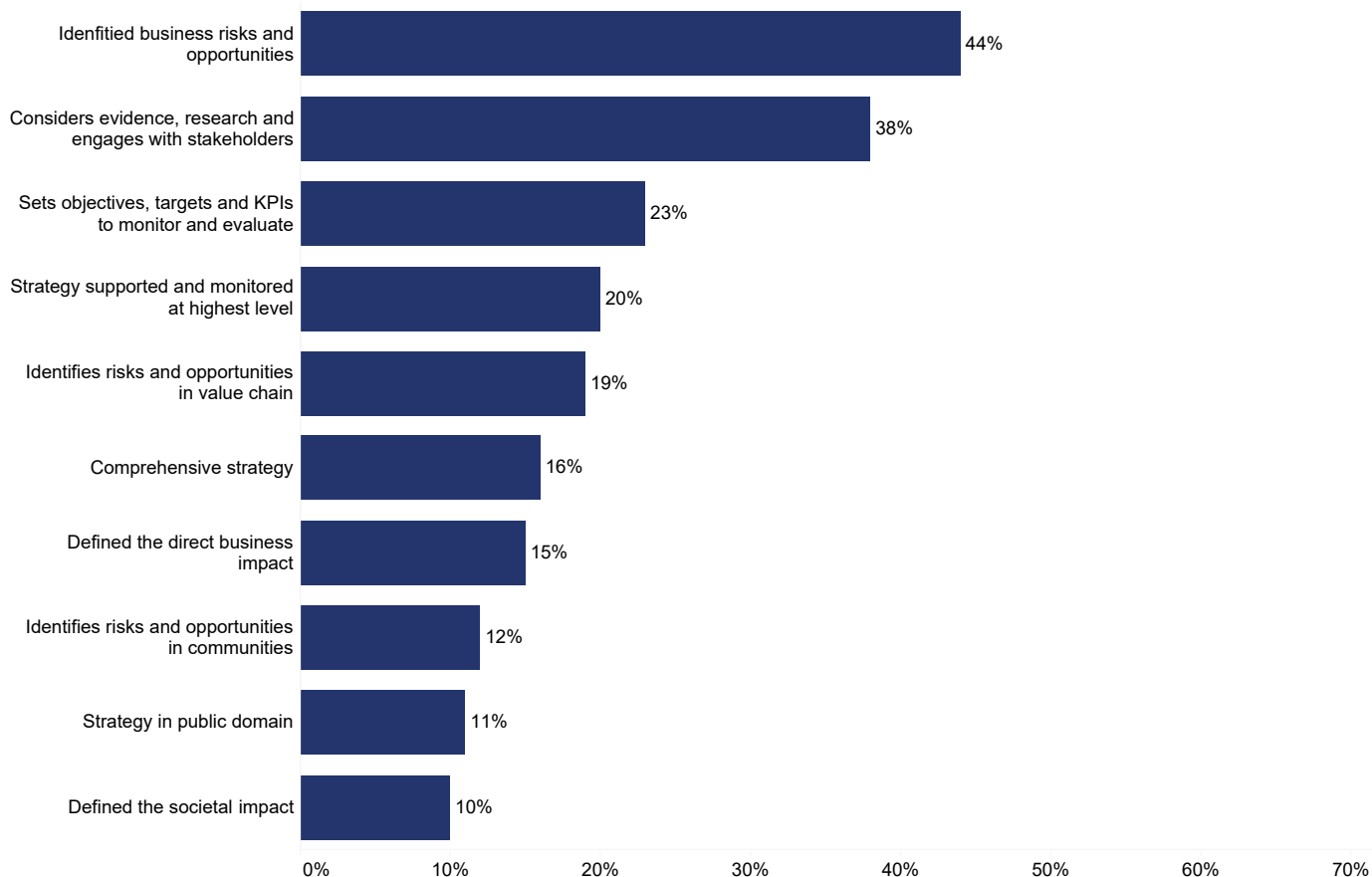
CIRCULAR ECONOMY AND RESOURCE PRODUCTIVITY

Acute impacts on basic resources like food and textiles have been seen during the COVID-19 pandemic. In a circular economy these could be significantly mitigated by reducing businesses' exposure to supply chain impacts. There is an urgent need to reduce and manage resources more effectively, moving from the traditional linear production and consumption model of take, make, use and dispose, to a model of reducing, re-using and maximising the value from these materials. This enables businesses to increase their resource productivity and move towards zero-waste.

Circularity is a fundamental tool to enable the urgent transition to a net-zero carbon economy. It can also build long-term resilience to economic shocks, protect against future shortages of resources, generate business opportunities, and provide societal benefits. This element was one of the least selected as highly material (only 15% of respondents). Of these, only one company also selected Net Zero Carbon as one of their two most highly material issues. Figure 10 summarises key responses in this section.

Figure 10. Circular Economy and Resource Productivity response summary

Resource Productivity and Circular Economy



Urgent areas for improvement

- While 44% of respondents identify risks and opportunities related to circular economy, only 19% include the full value chain in this exercise.
- Only 16% of respondents have a circular economy strategy in place.
- Less than a quarter of respondents incorporate circular economy principles within the development phase of products and/or services (22%) and procurement (21%).
- Less than a quarter (23%) of respondents report that they have set objectives, targets and KPIs to monitor and evaluate the effectiveness of their circular economy strategy/activities

All businesses must consider allocating more resources to delivering a circular economy strategy. Businesses should embed circular economy principles within procurement and product development processes, and not focus solely on waste management.

CASE STUDY

Sky – Resource Productivity and Circular Economy

Media and entertainment company Sky is a good example of an organisation evolving its products and manufacturing processes to increase the efficiency of its resource consumption. When designing set-top boxes, it takes a life-cycle approach. This means they are designed for longevity, to make it easy to repair and reuse the products and to recycle them at the end of their lives. Sky engages its recycling partners to inform design decisions, monitors and manages material use, and considers the impact of design decisions on the energy consumption of products across their life-cycles. It has also introduced a service model for its Sky Q set-top boxes, retaining ownership of the boxes in order to recover, reuse, repair and manage the end-of-life recycling of materials. It is working to increase the range of products moving to this model.

It has also evolved its Sky Mobile sim card manufacturing and delivery processes – printing two sim cards per credit-card shaped plastic unit, rather than one – and only sending customers the sim. This allows it to re-use the surrounding plastic to make more sim cards. It has also developed a process to turn the plastic sheets that electronic components are stored in into reusable crates to carry components and products.

Sky launched Sky Ocean Rescue in 2017 and committed to becoming single-use-plastic free by the end of 2020. It baselined its use of single-use plastic, set a pathway to zero, and is working with suppliers and partners to transform its business.

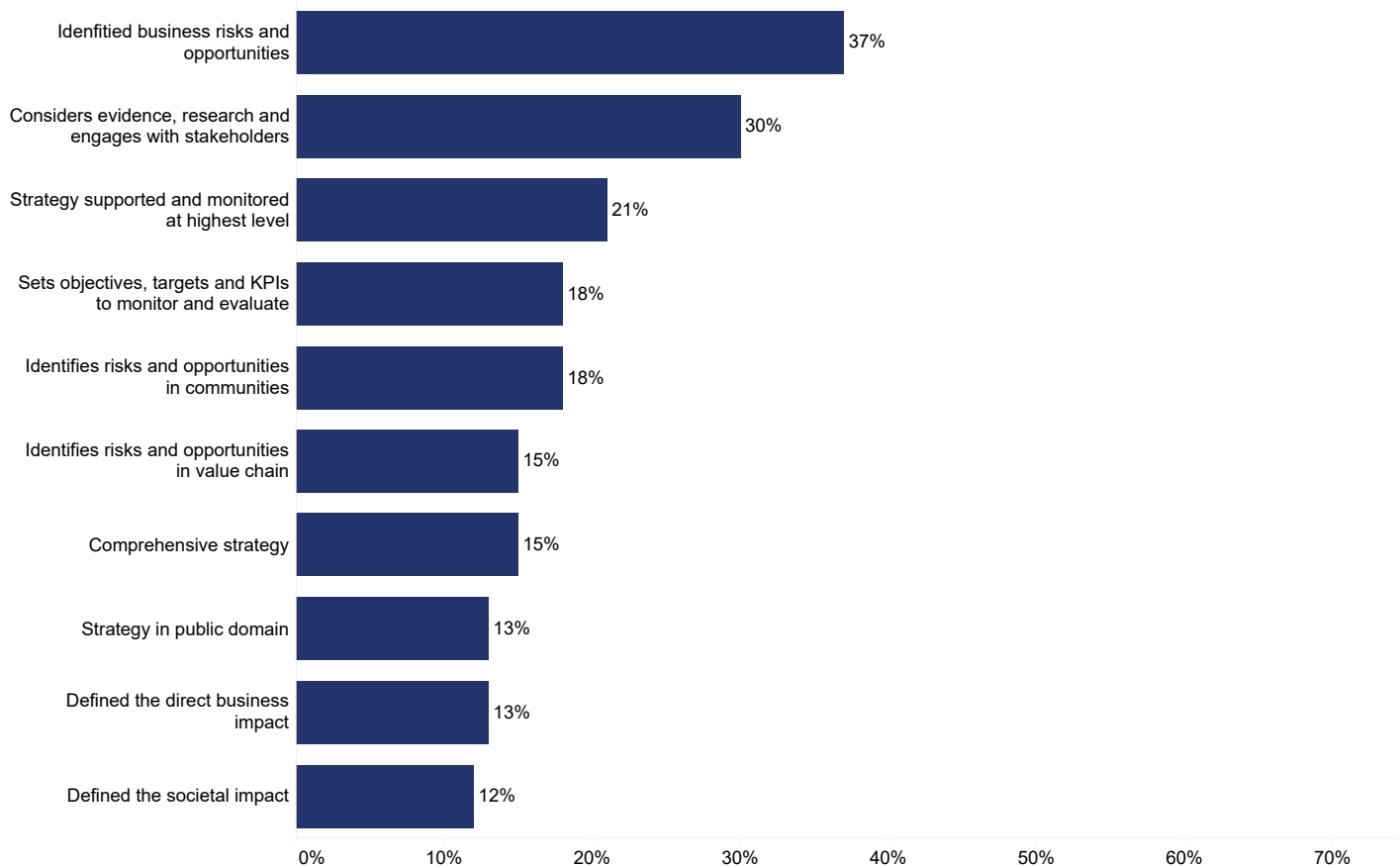
HEALTHY ECOSYSTEMS

Very few participating businesses (6%) considered healthy ecosystems as highly material to their business. Business models must recognise the impact they are having on the supply of natural resources. Investing in nature is key to ensuring the long-term supply of resources, not least ensuring global food security. Figure 11 summarises key responses in this section.

Responsible businesses must identify the risks of damaged ecosystems and their dependence on healthy ecosystems. They must then take action to manage, mitigate and transform their environmental impact across their value chains. Responsible production and consumption must respect life on land and under water.

Figure 11. Healthy Ecosystems response summary

Healthy Ecosystems



77%

of respondents say they understand their dependency on natural resources and are taking action to sustain these for the future

only 18%

set objectives, targets and KPIs to monitor and evaluate the effectiveness of their strategy, actions and investments on healthy ecosystems

Positive findings

- 77% of respondents say they understand their dependency on natural resources and are taking action to sustain these for the future

Urgent areas for improvement

- Only 37% of respondents identify risks and opportunities related to healthy ecosystems
- Less than a fifth (18%) set objectives, targets and KPIs to monitor and evaluate the effectiveness of their strategy, actions and investments on healthy ecosystems
- 34% have reduced dependency on natural resources year on year. Most businesses need to reflect on the risks and opportunities relating to healthy ecosystems across their value chains. Businesses must develop a comprehensive healthy ecosystems strategy, with clear objectives and targets.

CASE STUDY

Anglian Water

In 2018 Anglian Water unveiled its first wetland treatment site at Ingoldisthorpe, Norfolk. It was the first site of its kind in England and created in partnership with Norfolk Rivers Trust. The company has plans for another 34.

Wetland plants are used to biologically filter millions of litres of water daily, as well as providing a thriving biodiversity asset. This method offers an alternative to carbon and chemical-intensive treatment and contributes to achieving the company's ambitious goal of net zero carbon emissions by 2030.

Anglian Water has also led the development of the pioneering multi-sector Water Resources East (WRE) regional group established to safeguard a sustainable supply of water that is resilient to future challenges such as climate change. WRE's collaborative work includes: long-term planning; contributing to the development of a National Planning Framework; restoring essential fenland areas; and submitting a number of Environmental Land Management plans to the government's Department for the Environment, Food and Rural Affairs.

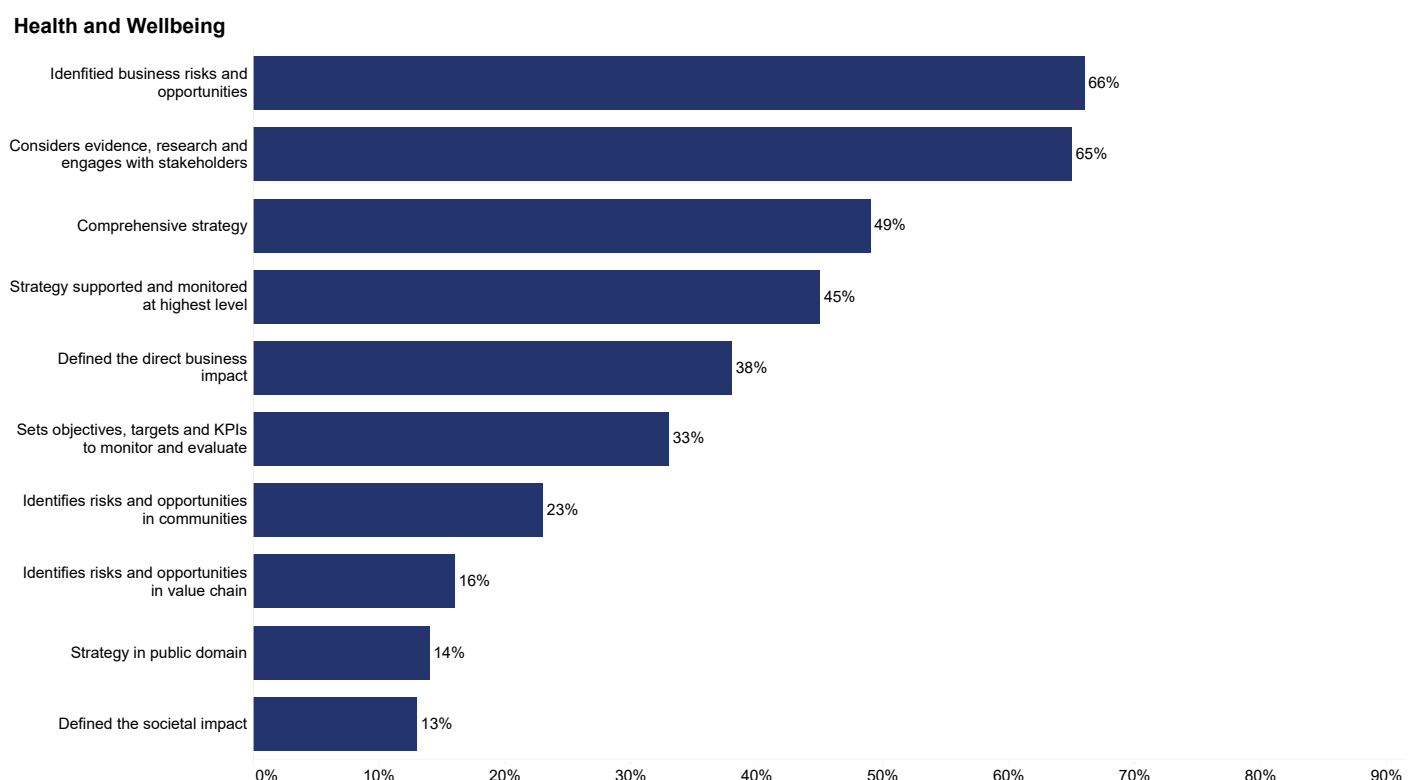
In addition, Anglian has reduced leakage by a third since privatisation to reach industry-leading levels, with water lost per kilometre of pipe at half the national average. This has contributed towards it being able to supply the same volume of water every day as they did in 1989, despite supplying an extra 600,000 properties – the equivalent of saving 200 million litres a day.

HEALTH AND WELLBEING

Health and wellbeing have been brought into focus as businesses adapted to a society in lockdown. Many have gone to unprecedented lengths to ensure employees are protected and supported physically, mentally, and financially. Figure 12 summarises responses in this section.

We know that positive health and wellbeing boosts productivity, recruitment, and retention⁴. It is encouraging to see that 63% of respondents selected health and wellbeing as highly material to their business and it has never been more important to create good working conditions, tackle the root causes of poor mental health and to embed wellbeing into management accountability, operational policies, and tools. Now is the perfect time for businesses to commit to maintaining a high level of investment in health and wellbeing.

Figure 12. Health and Wellbeing response summary



Positive findings

- 66% of respondents identify risks and opportunities related to health and wellbeing
- 65% consider evidence and research, and engage with stakeholders to understand the most effective ways of addressing those risks and opportunities
- Nearly half have a comprehensive strategy for health and wellbeing that addresses the risks and opportunities
- 45% of respondents have strategies which are supported and monitored at the highest level

Urgent areas for improvement

- Only 38% of businesses define the direct business impact of their health and wellbeing strategy and only 13% define societal impact
- Only 29% include health and wellbeing in their business risk register
- A third (33%) set objectives, targets and KPIs to monitor and evaluate the effectiveness of their health and wellbeing strategy

**only
38%**

of businesses define the direct business impact of their health and wellbeing strategy and only 13% define societal impact

CASE STUDY

Yorkshire Building Society (YBS) – Health and Wellbeing

Yorkshire Building Society is an example of a company taking a whole-person approach to health and wellbeing that addresses physical, emotional, social, and financial health. Its mental health strategy is three-fold: raising awareness and providing tools to help employees to maintain good mental health; educating leaders to spot the signs of problems around mental health and put preventative measures in place; and providing support for struggling employees – for example, through an employee assistance programme.

They provide bespoke mental health training for senior leaders, human resources, union reps and line managers in conjunction with the Mental Health Foundation. They use scenario-based training tailored specifically for YBS by a working group made up of representatives from across the business. In total, 345 employees attended a course and improvements were measured in pre- and post-training surveys of awareness, stigma, attitudes and beliefs, and confidence to act. Follow-up surveys confirmed that the positive effect was retained. The organisation's HR and health and safety teams work together to deliver its physical wellbeing strategy by: building awareness around issues such as posture, movement, eating well and sleep; educating managers on how to support their team's physical health; and supporting when colleagues are unwell. Their approach to financial wellbeing includes: education campaigns to build financial knowledge and awareness; making it easier for employees to access resources and products; and access to support for employees struggling financially.

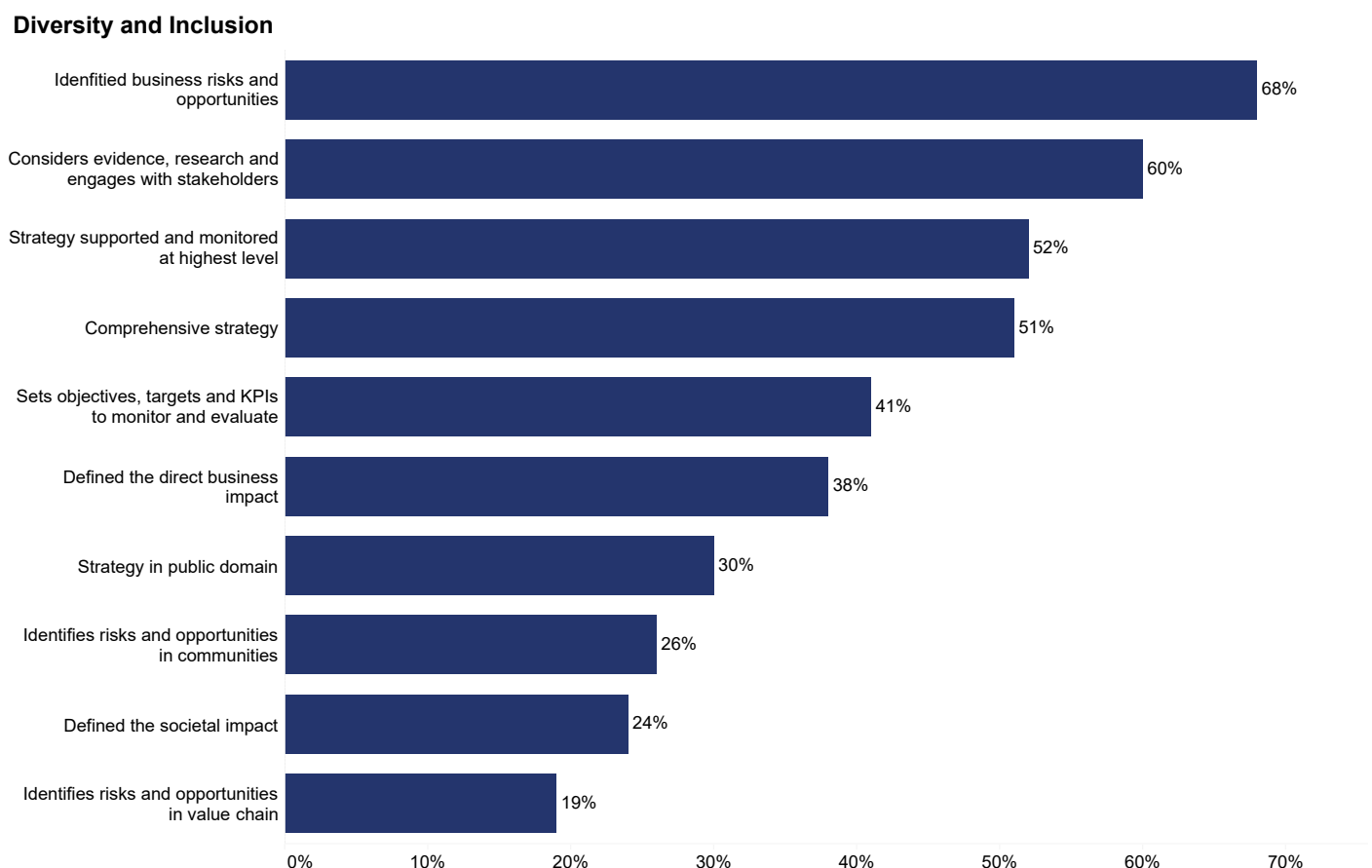
DIVERSITY AND INCLUSION

Responsible employers will have taken strategic action during the COVID-19 pandemic to address the disparate impact on people from BAME backgrounds and on people of lower socio-economic status. Existing inequalities contribute to the profoundly disproportionate impact of the disease, with greater precariousness of employment, worse general health and financial difficulties leading to worse outcomes.

Most large organisations have diversity and inclusion strategies. Leaders in this field generally have an integrated, systemic solution to taking bias out of recruitment, promotion and reward processes, with more businesses considering the implications of poor mental health, existing pay gaps and their root causes and shared parental leave.

Core to the Global Goals is a pledge that “no one will be left behind” and while many businesses are committed in principle to creating inclusive working environments, implementation remains a challenge. Figure 13 summarises key responses in this section.

Figure 13. Diversity and Inclusion response summary



Positive findings

- 68% of respondents consider workplace diversity and inclusion risks and opportunities for their business
- 65% of respondents have at least one senior diversity champion
- 51% have a comprehensive strategy for workplace diversity and inclusion that addresses risks and opportunities
- 41% set objectives, targets and KPIs to monitor and evaluate the effectiveness of their workplace diversity and inclusion strategy

**only
26%**

consider the diversity
and inclusion risks and
opportunities in relation to
communities

Urgent areas for improvement

There is a vast difference between diversity and inclusion applied within a business and the same policies applied to the world outside. The Tracker found that:

**just
19%**

consider this in relation to
their value chain

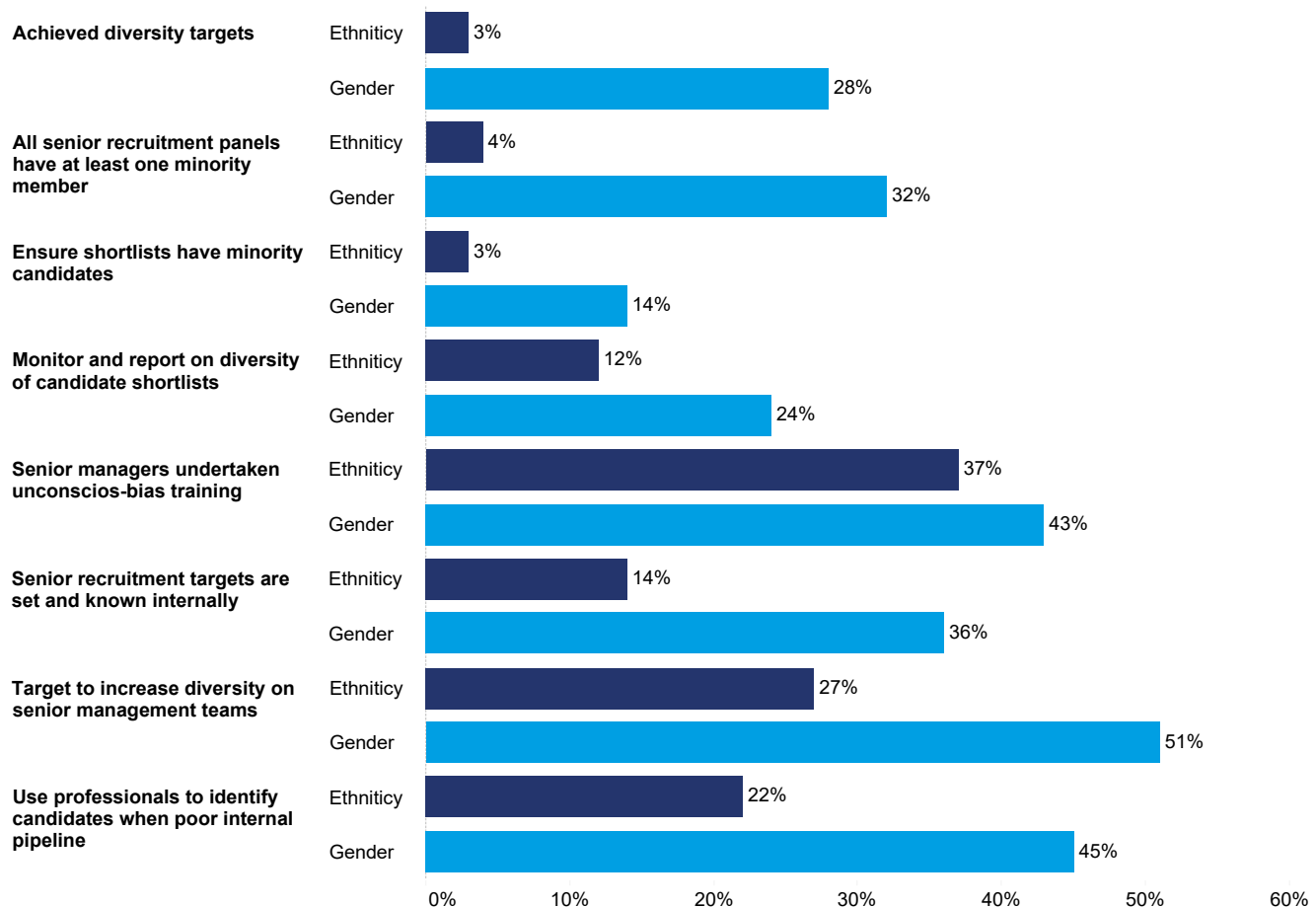
- Only 26% consider the diversity and inclusion risks and opportunities in relation to communities
- Less than a fifth (19%) consider this in relation to their value chain
- Only 38% define the direct business impact expected from their diversity and inclusion strategy
- Just under a quarter (24%) define the societal impact they are expecting from their strategy on workplace diversity and inclusion

There is a concern that too many companies are just focussing on meeting legal requirements, such as reporting gender pay gaps. Our experience is that not enough are linking major demographic changes with business issues that they are facing such as the ageing population and skills shortages.



Figure 14. Difference in performance between gender and ethnicity at senior/board levels

Diversity & Inclusion



There are serious concerns relating to the persistent problem of gender equity. Figure 14 shows that these are magnified by a factor of at least two in relation to ethnicity.



CASE STUDY

DWF – Diversity and inclusion

Legal firm DWF has brought its commitment to BITC's Race At Work Charter to life by implementing measures to drive the recruitment and progression of diverse talent. DWF has set diversity targets for women and black, Asian and minority ethnic (BAME) employees for its main PLC board, executive board and senior leadership positions. It also aims for the board to initiate BAME pay-gap reporting by the end of 2020. The firm has established executive sponsors for each diversity strand to create visible leadership and advocacy. The executive sponsors lead DWF's diversity networks and advocate for them to the board. The Chair of DWF's D&I leadership group reports to the executive board quarterly on progress against divisional action plans and reports to the PLC board bi-annually.

Because of network activity, DWF has trialled blind CVs in several business areas and shared its learning internally and externally. Its BAME network and executive sponsors identified that senior leaders would benefit from a bi-monthly reverse-mentoring scheme with the BAME network, to deepen their insight into how ethnic-minority employees feel within the firm. Each executive board member and reverse mentor committed to at least one face-to-face meeting and 100% of the relationships were maintained beyond one session. Executive board members' knowledge was shared internally through blogs.



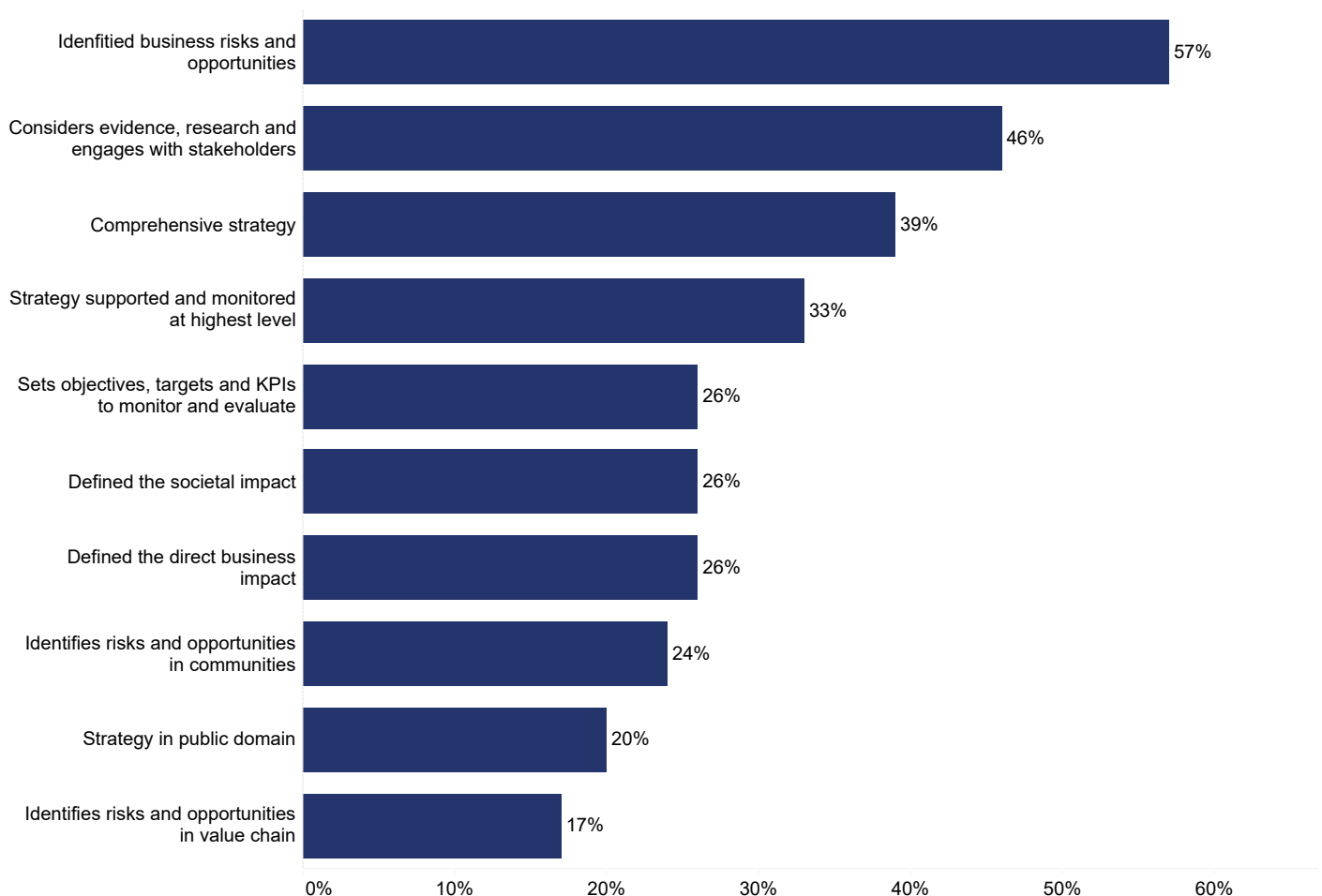
GOOD WORK AND INCLUSIVE GROWTH

The COVID-19 crisis is a time when employers must ensure their staff are at their most creative and productive, that their workforce is diverse and inclusive and has the right skills to drive recovery. In addition, we must anticipate and mitigate the future impacts on employment opportunities.

Good work begins with security, rights, and a fair income. It should also offer the opportunity for development and progression and a supportive and inclusive environment, in which all employees can thrive. It can transform individual lives, communities, and business performance. Investing in good, inclusive work creates resilience, trust, and loyalty. Businesses must support people with barriers to develop skills and ensure inclusive recruitment processes. Figure 15 summarises key responses in this section.

Figure 15. Good work and inclusive growth response summary

Good Work and Inclusive Growth



Positive findings

- 57% of respondents identify risks and opportunities related to accessible, good work
- 46% consider evidence and research and engaged with stakeholders to understand the most effective ways of addressing those risks and opportunities

Urgent areas for improvement

- 38% of respondents use HR data and engaged their lowest-paid employees to ensure it is providing good work
- Just over a quarter (26%) define the direct business impact expected from their accessible, good work strategy
- Only 26% set objectives, targets and KPIs to monitor and evaluate the effectiveness of their accessible, good work strategy
- Only 26% define the societal impact they expect from their accessible, good work strategy

More businesses need to develop a comprehensive strategy based on an assessment of the risks and opportunities relating to accessible, good work. Businesses also need to ensure that their recruitment processes are not excluding potential employees.

To enhance future security, businesses should increase functional flexibility in employees by training individuals in a range of skills, throughout their careers.



CASE STUDY

Tideway – Good Work and Inclusive Growth

Tideway, the company delivering the Thames Tideway Tunnel, is a good example of an inclusive recruitment approach that benefits the business and society. It has committed to supporting people with convictions into sustainable jobs and has set a target to have at least one person with a conviction per 100 full-time employees. From 2015 to now, the Tideway project has had 34 people with convictions for at least six months on the workforce, has one person with a conviction per 112 full-time employees, and has achieved a positive return on investment of £6.86 worth of societal benefits per £1 spent.

Since 2016, Tideway has been a signatory of BITC's Ban the Box campaign and has removed the criminal convictions question from its application forms. This ensures a fair and equal opportunity for anyone who applies for a job at the company. The Ban the Box ethos is being applied across its supply chain and in most cases a DBS check is not required, so the number of people with convictions on its workforce is likely to be higher. For those who enter the workforce through a local partner referral, formal and informal mentoring is offered to support their transition to the workforce.

Tideway has established strategic relationships on the rehabilitation of people with convictions, which include charities such as Bounce Back and BITC, to foster shared learning among organisations. These relationships, together with staff volunteering inside prisons such as HMP Brixton, are contributing to an overall culture change and practice on the recruitment of people with convictions, which will ultimately benefit ex-offenders and society.

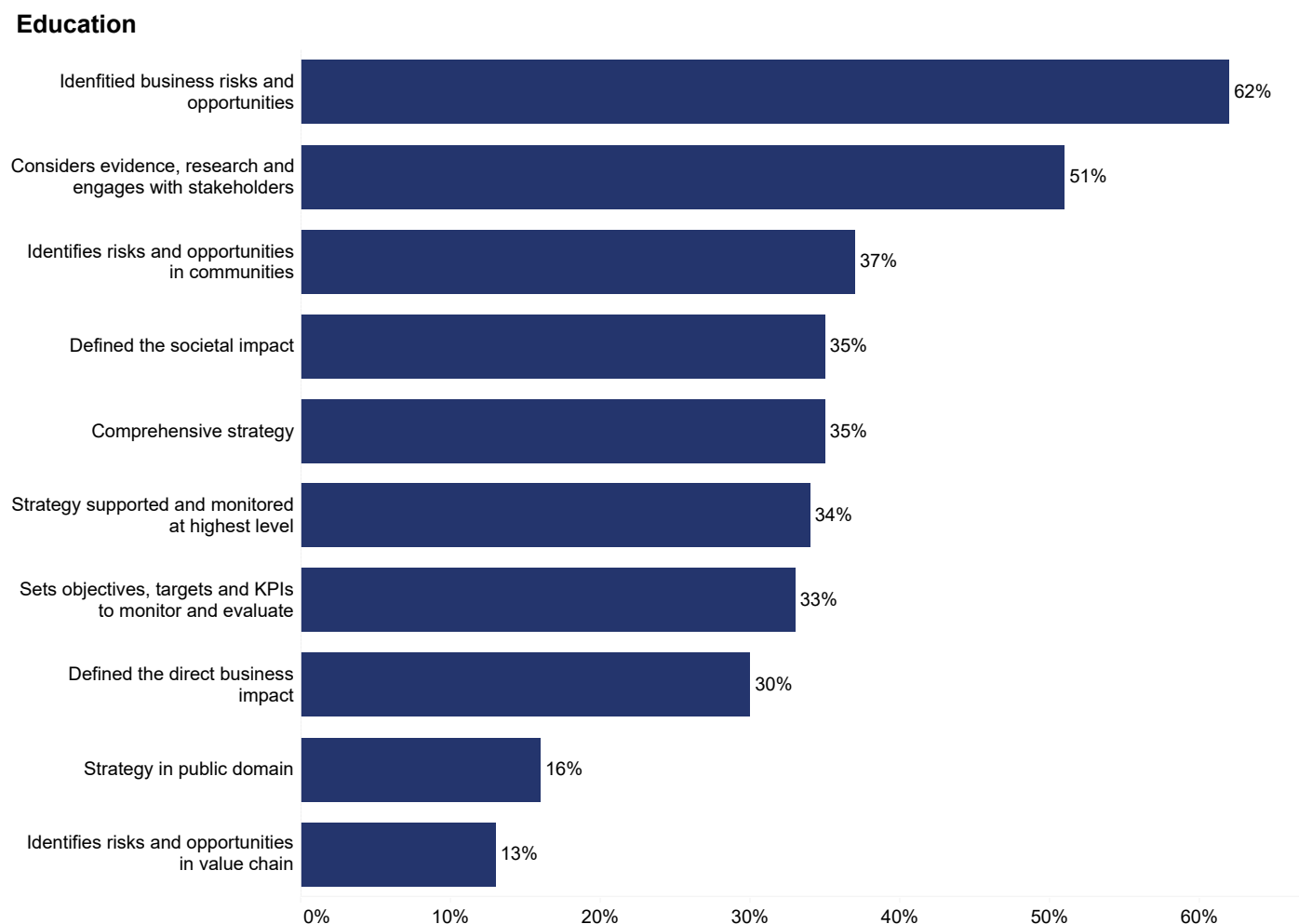


EDUCATION

Businesses often cite skills gaps and the benefits that come with increased diversity as drivers for engagement in education. A workforce with the requisite skills to adapt and transition into the jobs of the future will also enable businesses to be more resilient and adaptable to disruptions.

BITC advocates long-term, strategic partnerships between businesses and schools, based on a mutual understanding of need and opportunity, that learn from research and best practice and continuously review whether interventions are having the required impact. Figure 16 summarises key responses in this section.

Figure 16. Education response summary



Positive findings

- 62% identify risks and opportunities to their businesses related to schools and wider education
- 54% identify the most appropriate age groups or institutions to engage with for best effect, based on their strategy
- 51% consider evidence and research, and engage with stakeholders to understand the most effective ways of addressing the risks and opportunities

Urgent areas for improvement

- Only 35% of respondents define the societal impact expected from their strategy on schools and wider education
- Only 30% define the direct business impact expected from their strategy
- A third (33%) set objectives, targets and KPIs to monitor and evaluate the effectiveness of their education strategy

Businesses should engage with school leadership and use findings from external research to ensure school needs are fully understood, before setting educational partnership objectives. More businesses could align their education outreach activities with specific skills gaps or workforce diversity gaps to better meet business objectives

**only
35%**

of respondents define the societal impact expected from their strategy on schools and wider education

**just
30%**

define the direct business impact expected from their strategy

CASE STUDY

KPMG – Education

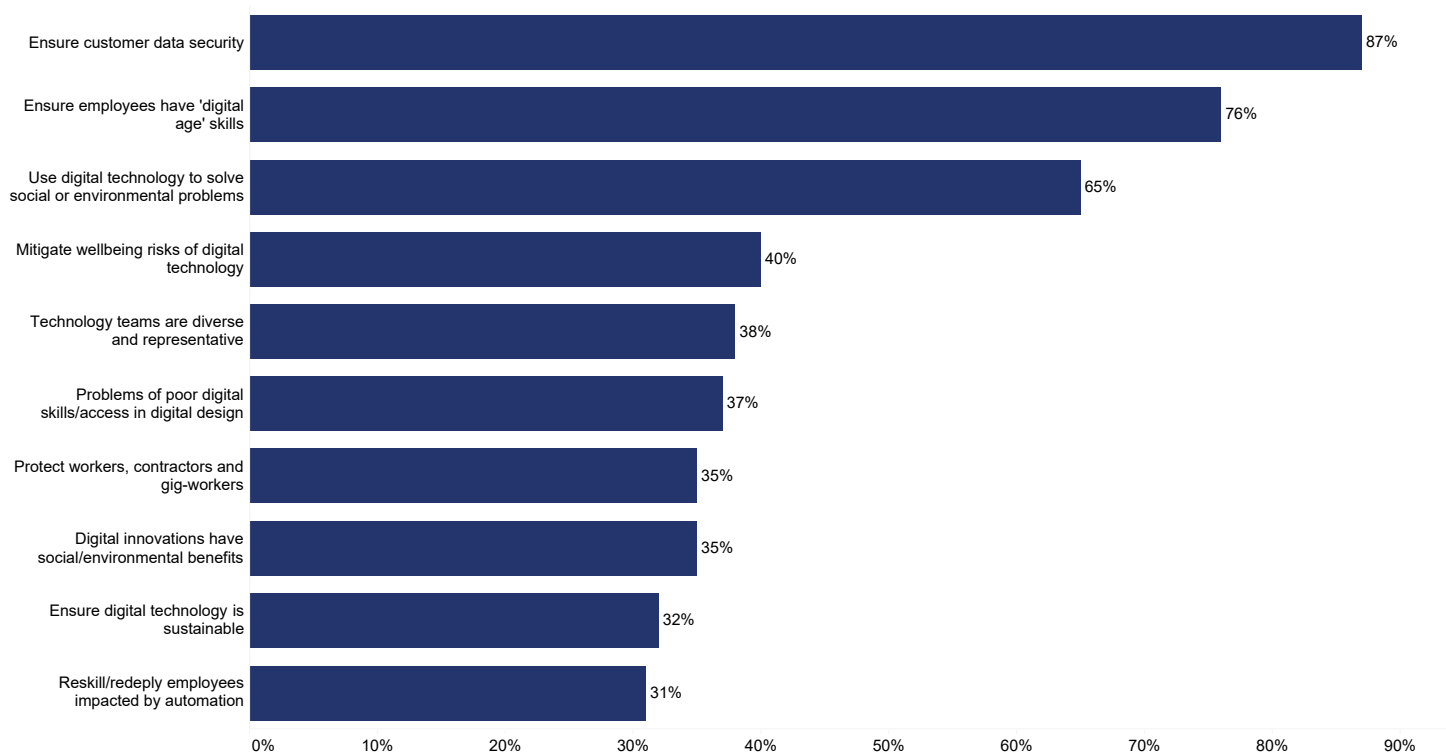
Accountancy and professional services firm KPMG has placed a strong emphasis on developing essential skills through its work on education. The firm has several sustained, strategic partnerships including some BITC Business Class programmes. The Skills Builder framework underpins its approach, focusing on preparing young people for the future world of work by developing essential skills such as creativity, problem-solving and the ability to aim high and stay positive. Their WorkReady programme for students from Year 7 to Year 12 explores the changing world of work, employability, and digital fluency, using a mixed reality headset and a series of real-world careers and technology-related challenges. In 2019, the programme reached more than 2,000 students in social mobility cold spots. WorkReady adds value to KPMG's client relationships by enabling them to collaborate and work in partnership to achieve a shared goal. It also helps KPMG attract, engage, develop and retain their talent, with hundreds of volunteers each year supporting the programme.

DIGITAL TRANSFORMATION

The digital transformation of the economy brings the opportunity to drive growth, reduce inequalities and enable humanity to better manage natural resources. It also comes with risks. Some forecasts suggest that as many as 10 million jobs – 35 per cent of today's UK workforce – could be lost due to automation by 2035 alone⁵, while emissions from the information and communications technology sector are comparable to the aviation sector⁶. Figure 17 summarises key responses in this section.

Figure 17. Digital Transformation response summary

Digital Transformation Strategy



Positive findings

- 88% of respondents have a strategy for ensuring security of customer data
- 77% have a strategy for ensuring existing employees have the right skills to work in a digital age
- 66% of respondents encourage employees to innovate to use digital technologies, data, and skills to solve social or environmental issues,
- 53% have identified opportunities to use digital transformation to advance their responsible business strategy

Urgent areas for improvement

- Less than half (41%) mitigate the wellbeing risks of digital technologies identified in their digital transformation strategy
- 39% consider the impact of digital products and services on communities and the environment
- 37% include customers and communities with poor digital skills and access when designing new digital products and services
- Just over a third (35%) provide all workers, including contractors and gig-economy workers, with job security, protection, and benefits

**only
41%**

mitigate the wellbeing risks of digital technologies identified in their digital transformation strategy

**just
37%**

include customers and communities with poor digital skills and access when designing new digital products and services

CASE STUDY

The Co-op

The Co-op has developed The Community Wellbeing Index – a digital tool that measures community wellbeing at a local, neighbourhood level across the UK. By entering a postcode, the index allows users to view wellbeing scores across measures – from the quality of education, housing affordability and public transport, to the amount of green space and the number of community centres in an area – providing a snapshot of the strengths and challenges facing that community. It was developed with community research experts (The Young Foundation) and geo-spatial specialists (Geolytix) to provide a better evidence base for their community and campaigns work. It can be used to understand what matters to communities and sparking conversations about what people and organisations can do to make them happier, healthier places to live. The

Co-op has used the index to shape their Co-operate 2022 programme, identifying three urgent calls for where they believe they can make a big difference to communities over the coming years. The index has also been used widely by external organisations with an interest in wellbeing, which have used the data as an evidence base to inform their activities that address issues affecting communities.

WHAT COMES NEXT?

Speak to your BITC relationship manager to find out more and to register your interest in participating in the 2020/21 cycle, or contact the Tracker team at RBTracker@bitc.org.uk. BITC's relationship managers will use the gap analysis provided by the Tracker, combined with BITC's expertise and resources, to help participants to improve.

ACKNOWLEDGEMENTS

Thank you to all the participants of the 19/20 Responsible Business Tracker®. Your engagement demonstrates your commitment to working with BITC to progress as a responsible business.

ACT Training	Greggs plc	Orbit Group Ltd
Aegon UK plc	Gresham Technologies Ltd	Pinsent Masons
Amey	Guest Motors Limited	Principality Building Society
Anglian Water Services	Heron Bros Ltd	Punter Southall Aspire
Atos	Iceland Foods Ltd	Ricoh UK Limited
Avara Foods	InterContinental Hotels Group	Robertson
Birmingham Business School	Irwin Mitchell	Scottish Water
Boots UK, part of Walgreens Boots Alliance	ISS UK	SecuriGroup Limited
Burger King UK	J Murphy & Sons Limited	Shoosmiths LLP
Burges Salmon LLP	Jacobs	Sky
CalMac Ferries Ltd	JLL UK	Sopra Steria Limited
Capgemini UK Plc	JTI UK	South Wales Police
Cardiff and Vale College	Knight Frank LLP	Southern Co-op
Cardiff Business School	KPMG LLP UK	Stagecoach Group Plc
Castell Howell Foods Ltd	Leeds Building Society	TAQA
Coutts	Linc Cymru Housing Association	The Co-operative Group
Deloitte LLP	Lincolnshire Co-operative Ltd	The Midcounties Co-operative
DWF	Linklaters LLP	Tideway
EDF Energy	London North Eastern Railway	Trivallis
Efficiency North Holdings	Marshalls plc	UK Power Networks Ltd
Electricity North West Limited	MWH Treatment Limited	Unipart Group
Emerald Publishing Limited	Nationwide Building Society	Via East Midlands Ltd.
ENGIE	NATS	Wesleyan
Enterprise Holdings	Next	Whitby Seafoods Ltd
Eversheds Sutherland LLP	Neyber Limited	WJ Group Ltd
FirstPort Property Services limited	NFU Mutual	Yorkshire Building Society
Future Industrial Services Ltd	NHS Property Services Ltd	
Futures Housing Group	nmcn PLC	
General Medical Council	Northern Gas Networks	
Glasgow Caledonian University	Northumbrian Water Group	
	Novus Property Solutions Limited	

ENDNOTES

1 The Responsible Business map is BITC's definition of responsible business. It is underpinned by the Global Goals - the to-do list for the world to end poverty, protect the planet and facilitate peace and prosperity.

2 Loyal Liverpool; An unequal society means covid-19 is hitting ethnic minorities harder; The New Scientist (2020); available at <https://www.newscientist.com>. Robert Joyce and Xiaowei Xu; Sector shutdown during the coronavirus crisis: which workers are most exposed?; Institute for Fiscal Studies (2020); available at <https://www.ifs.org.uk>

3 Information provided by Professor Ian Thomson, Director of Lloyds Banking Group Centre for Responsible Business at the University of Birmingham

4 Christian Krekel, George Ward, Jan-Emmanuel De Neve; Employee wellbeing, productivity, and firm performance: Evidence from 1.8 million employees; (2019); available at <https://voxeu.org>

5 PwC; (2018); UK Economic Outlook July 2018; available at <http://www.pwc.co.uk>.

6 ATAG; (no date); Facts & Figures; available at <https://www.atag.org>

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