FT SPECIAL REPORT

Responsible Business

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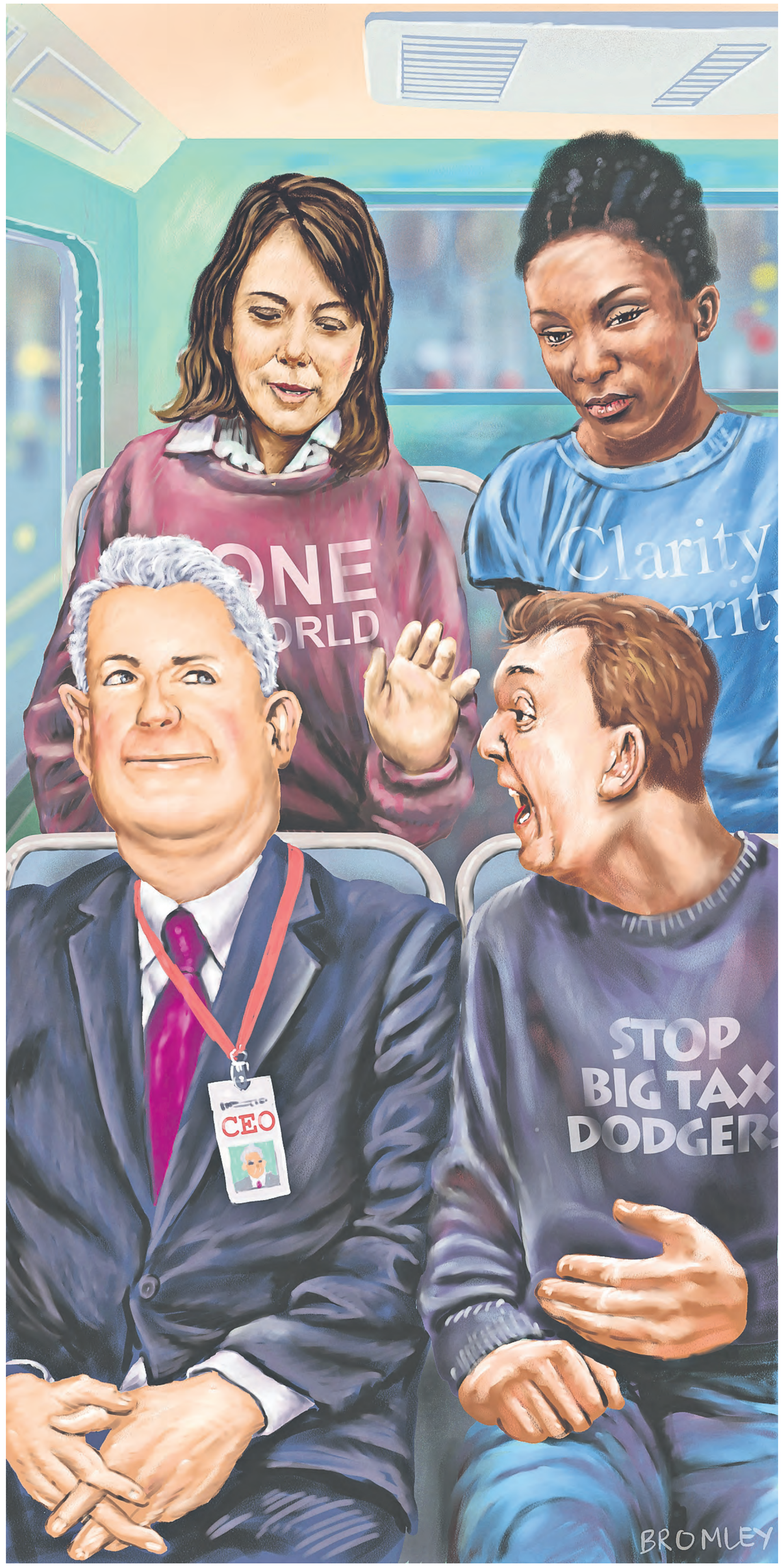
A time for leaders to listen

Top executives must pay more attention to public opinion if they are to rebuild damaged trust, *Page 2*

Inside

Leaders must go out and take society's temperature

Times are changing and senior executives need to hear how, writes *Michael Skapinker*



A 51.9 per cent shareholder vote against top management's remuneration plan at Deutsche Bank's annual meeting in Frankfurt in May provided stark evidence of the growing ill-feeling about how companies around the world have been behaving.

The Deutsche Bank vote, which was non-binding, followed a 54 per cent shareholder vote against the pay of Carlos Ghosn, Renault's chief executive, and a 59 per cent vote against the pay of Bob Dudley, chief executive of BP.

In a letter to the Financial Times, Paul Myners, a member of the UK House of Lords, former government minister and experienced company director, described the BP vote as a "defining moment", calling on shareholders to bring an end to a culture of "unseemly greed".

That defining moment applies to more than executive pay excess. A long period of swaggering corporate confidence that goes back to the 1980s and the Reagan-Thatcher era is coming to an end.

That was a period in which companies' overriding aim was to maximise returns to shareholders. To make sure that executives served shareholders rather than themselves, boards and remuneration committees set out to align their rewards with the interests of investors. Awarding share options to top executives was seen as a principal way of doing that. Instead, it often turned out to be another means for them to enrich themselves.

The system came to a sulphurous halt with the 2007-08 financial crisis. Even such champions of the shareholder value-maximising system as Alan Greenspan, former chairman of the US Federal Reserve, said he had watched the failure of bank chief executives to protect their shareholders with "shocked disbelief". Josef Ackermann, then chief executive of Deutsche Bank, made an even more startling admission: "I no longer believe in the market's self-healing power."

The period since then has been mixed for business. It has seen an explosion of innovation and the rise to prominence of companies such as Google, Airbnb and Uber — organisations that Colin Mayer, professor at Oxford university's Saïd Business School, has called "mindful corporations". These are companies based on ideas and algorithms, but often with no physical assets, machines or even, sometimes, people. As Prof Mayer pointed out, Facebook bought WhatsApp, a phone messaging company with fewer than 60 employees, in 2014 for $19bn.

But however popular these innovative companies were with consumers, the scandals kept on coming. British politicians both provoked and reflected a wave of public anger over the tax-minimising policies of companies such as Google, Amazon and Starbucks.

Worst of all was the discovery that Volkswagen, one of the world's most respected companies, had been cheating in its vehicle emission tests.

What can companies do to restore their reputations and win back the trust of politicians, the public and investors? Clearly, supporting community projects and sponsoring music festivals and museum exhibitions, as BP does, are not enough.

Too many companies have lost their social "licence to operate". They need to think far harder about how to win it back. They need to ensure that they behave with scrupulous honesty. Companies that cheat on emission tests and banks that sell inappropriate financial products to consumers not only end up paying huge fines; they also forfeit public trust.

Companies need to be far more alert to the trends in their societies — so that they are seen to be reflecting rather than rejecting them. What are those trends?

First, an objection to high levels of inequality. People generally accept that chief executives should earn more than their workers. They do not accept today's huge disparities between those at the top and the bottom. Shareholders, who have tolerated these disparities for too long, have now also said "enough". Company directors who ignore this do not deserve to be on boards.

The second trend is concern for the environment. Here, some companies have seen that conserving the natural environment is as important to their futures as it is to society's. Companies such as Nike, Unilever and others have understood that if they do not use scarce resources such as water more carefully, there will not be enough of it for them to carry on their businesses.

A third trend visible in wider society is an acceptance of human diversity. This is wider than racial, religious and national diversity, although they remain important. It also encompasses diverse sexual identities. Many company chief executives grew up in an era when gay people hid who they were; to many company leaders, transgender employees are a new and bewildering feature of modern life.

But a new generation is increasingly at ease with a range of sexual identities. Companies need to be too. This ease is not worldwide. There are countries where being gay is still a harshly-punished crime. Companies can find it difficult to operate in these environments while remaining faithful to their declared openness. This can be tricky terrain.

The best thing for would-be responsible business leaders to do is to get out and see what is happening for themselves.

They should be speaking to students and to possible recruits. They should, at least occasionally, fly at the back of the plane and talk to the people sitting next to them. They should speak to, and work beside, their frontline staff, because these are the employees with the most direct experience of what customers are thinking.

Above all, being a responsible business today means taking the temperature of our times.

A long period of swaggering corporate confidence is now coming to an end

The 2016 Responsible Business Awards

The Responsible Business Awards recognise companies that put social and environmental concerns at the heart of their strategies.

Stephen Howard, chief executive of Business in the Community, which runs the awards, says this year's entries show how companies can find innovative solutions to problems around the world.

"Alongside companies tackling mental health at work, offering young people opportunities and responding to environmental issues, we had very strong entries from companies who saw ways to help during the Ebola crisis in west Africa, and others who played their part during natural disasters such as earthquakes and hurricanes," Mr Howard says.

Case studies highlighting the work of finalists can be found throughout this report, with a full list on page 10. The winners will be announced at an evening gala on July 11 and in the FT the next day. For details: www.bitc.org.uk/awards

Responsible Business

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Preparing for life after ‘peak stuff’

Sustainability Pioneering companies are suggesting that customers buy fewer of some products. *Kaye Wiggins* asks why

Less is more? A shopper inspects a light fitting from Ikea, which is considering its sustainability policy — Bloomberg

For large corporations, 2016 looks reminiscent of 1991, the year Gerald Ratner, chief executive of the eponymous UK jeweller, disastrously described some of his products as “total crap”.

In January, Steve Howard, head of sustainability at Ikea, the furniture company, said the west may have reached “peak stuff”, a state he also described as “peak home furnishings” and “peak curtains”.

Then in April, Mars Food — whose brands include Dolmio and Uncle Ben’s — said some pasta sauces should be eaten only once a week because of high levels of salt, sugar or fat.

The comments came shortly after the beer and cider company Heineken launched an advert whose final scene showed a customer turning down a bottle of its lager.

Rather than Ratner-style gaffes, these were calculated interventions, in the name of sustainability and responsible business — and they are not seen as incompatible with growth. In part, they are an attempt to build consumers’ trust in brands. Fiona Dawson, president of Mars Food, says offering healthier alternatives and branding the higher-fat options as treats is about showing “integrity”.

Although consumers have long understood that the company’s confectionery is an indulgence, they have been “incredibly confused” about the nutritional value of products such as pasta sauces, says Ms Dawson. “Trust is a fragile thing with consumers,” she says. “I’m confident consumers will appreciate the transparency. If people could say, ‘You didn’t tell us this, why were you not open?’ that would be significantly worse.”

Jeremy Beadles, Heineken’s UK corporate relations director, says trust is more important now than ever — but also more difficult to build. “The internet creates a huge level of scrutiny and greater requirements of transparency,” he says.

Being open about potential downsides of products is also about planning for the long term, he says, adding that the advert in which the beer is waved away is part of a campaign to encourage responsible drinking. “We’d like our consumers to be around for a long time and enjoying our products for a long time,” he says. “Drinking to excess means they might drink more for a shorter period of time, but they will run into alcohol-related problems, or move to other people’s products.”

> ‘Trust is a fragile thing with consumers. I’m confident that they will appreciate transparency’

He says the 2008 financial crisis gave companies “more commercial permission” to balance short-term profitability with the longer-term sustainability of a business, “by which I mean commercial sustainability and the impact on the environment and how consumers view you”.

Ikea’s 2015 sustainability report indicates that the company has adopted this approach — and that in doing so, it has started asking itself some difficult questions about the drawbacks of its products. “In a world of limited resources, how can Ikea create a positive impact on the planet while [selling] low-cost products that customers can easily discard and replace?” it asks. “Isn’t Ikea actually fuelling the problem?”

The company’s response is to create a “circular” Ikea in which products “last as long as possible [and] are designed for easy upcycling and recycling”, Mr Howard writes in the report. Its Belgian stores have been running workshops on repairing damaged products in a bid to encourage customers not to see old furniture as “disposable and replaceable”.

The contexts are very different, says Charlotte West, marketplace director at Business in the Community (BITC), but they both show that sustainability and corporate social responsibility are no longer marginal activities, but are increasingly being placed at the centre of business plans.

“There’s a trend for companies to realise that to be sustainable they have to think about the impact of their core products and services,” she says. “Gone are the days when they would do piecemeal, ad hoc philanthropy in communities and ignore the key way they make their product and how that helps or hinders being a responsible business.”

Proponents of responsible business should be realistic, however. It is early days for this approach, which faces some serious challenges. “Responsible products and services are the last bastion of corporate responsibility,” Ms West concedes, “but I do now see companies starting to look at that . . . People are starting to think, we’ve got to get to the core issue here.”

Rocco Renaldi, secretary-general of the International Food and Beverage Alliance, which represents leading food and drinks firms, says those companies willing to start talking about the reduced consumption of some of their products, in some circumstances, are trailblazers.

“I don’t think this is something the industry as a whole has embraced,” he says. “I think we are seeing some of the leaders breaking off in this direction and experimenting [with] new ways of engaging with consumers. It takes some courage to do it, and it’s counterintuitive, but I think it makes long-term sense.”

Shareholders do not always see it that way, says BITC’s Ms West. “One challenge is that shareholders are still demanding short-term profit, and that can scare the horses.

“Bold statements about rethinking how you’re using products might well engage customers . . . but in the short term there’s a risk that some stakeholders might be alarmed by that new era of honesty. So it’s important that companies communicate with them.”

Awards case study The water, waste and energy company Veolia is attempting to reinvent itself

Veolia is tapping into the creativity of its 14,000 employees in the UK and Ireland to develop products that reuse waste materials while opening up new sources of revenue.

Through its Resourcing the World programme, staff are invited to pitch ideas to a panel of experts at innovation forums in the style of the *Dragons’ Den* TV show. Successful proposals, such as making black refuse sacks from old carrier bags and recycling asthma inhalers, are piloted and put into practice.

This is among the initiatives that made Veolia a finalist in the Environmental Leadership category of the BITC Responsible Business awards. The schemes are part of Veolia’s effort to transform itself from a waste, water and energy company into a resource efficiency business. “If you want sustainability, it’s our business,” says Estelle Brachlianoff, Veolia’s senior executive vice-president for the UK and Ireland.

More than 20 per cent of Veolia UK and Ireland’s £1.7bn revenue is generated by products that reuse or recycle existing materials. It recycles 90 per cent of the dust from street sweeping, for example, finding palladium and titanium emitted from catalytic converters in cars, which can be reused in jewellery or microelectronics.

Rethink: Veolia’s Estelle Brachlianoff

Veolia is converting waste and wastewater to energy, using biomass, biogas, process by-products and landfill gas capture. Human sludge in sewage is turned into plastic. In the London borough of Southwark, the contents of refuse sacks are burnt to create energy to heat homes via a district scheme.

Apart from improving financial performance, the company says its campaign has increased brand awareness and staff engagement.

Brian Groom

The private sector steps in to rebuild broken states

Development Companies can foster rule of law and transparency abroad, writes *Sarah Murray*

Guilty: Liberia's former president Charles Taylor in court in The Hague. He left Liberian justice in ruins — Getty

Restoring the rule of law in the aftermath of civil war is important work, but it is not necessarily exciting. For Linklaters, which produced an indexed digest of more than 150 years of Liberian jurisprudence, it was painstaking. "It was a huge process," says Katie Williams, managing associate in the law firm's energy and infrastructure group. "Almost 4,000 cases needed to be digested, and that was just the first batch, from 1860 to 2009."

As a result of the voluntary work of more than 200 of the firm's employees, judges and lawyers in Liberia can now use case precedent in their decisions, restoring a legal system that had fallen apart during the civil war and political turmoil that marked the rule of Charles Taylor.

While countries such as Liberia continue to receive donor assistance, some argue that these programmes cannot succeed in putting developing countries on a path to prosperity until robust governance systems guarantee a rule of law and allow governments to collect tax revenues, combat corruption and protect intellectual property.

In the long run, this also helps the countries attract investment. "If the conditions for investors aren't right, they will stay away," says Gavin Power, deputy director of the United Nations Global Compact, the UN's voluntary corporate citizenship initiative.

Lawyers such as those at Linklaters are helping to build such systems in developing countries both through pro bono work and also with fee-paying clients. However, law firms are not the only businesses that can help to strengthen governance systems in the countries in which they operate. Nor are corporate contributions limited to large multinational companies.

Sue Adkins, international director at Business in the Community (BITC), points to the work of iDT Labs, a Sierra Leone-based technology company that is one of the finalists in this year's Responsible Business Awards in the international disaster relief category.

During the Ebola crisis, after response workers threatened to go on strike because they were not being paid, iDT labs helped to develop and implement an automated, transparent worker registration and payroll distribution system for more than 27,000 workers.

"This was an incredible success for the country at its deepest, darkest time," says Ms Adkins. "And it's done so well that the government in Sierra Leone has taken it on into other areas of the health ministry."

Nevertheless, helping to build transparency and the rule of law in countries where they operate is relatively new to many businesses. "The idea of companies contributing practically to good governance in this area is an evolving field," says Mr Power.

So far, in pursuing corporate responsibility strategies, companies have tended to focus on the transparency and accountability of their own operations. Addressing governance outside their organisations takes them into unfamiliar territory.

For some, internal and external responsibilities have come together. In 2009, for example, Siemens — which itself faced a bribery scandal in 2007 — launched the Siemens Integrity Initiative as part of a settlement with the World Bank in the wake of the company's misconduct. The initiative supports organisations fighting corruption and fraud and works to strengthen global corporate compliance through education and training.

Companies must tread carefully to avoid wielding — or seeming to wield — undue influence on governments.

"If you have companies engaging with government on the formulation of policies related to rule of law, is that being done transparently and is it involving other stakeholders?" says Mr Power. "There are legitimate concerns whenever there is that corporate-public dialogue."

If attempts to influence governments need to be carefully thought through, companies are on firmer ground when it comes to their supply chains. For example, the UN Global Compact is helping participating companies contribute to governance by encouraging them to extend to their suppliers training in transparency and implementing anti-corruption measures.

Meanwhile, the Global Compact's 10th principle not only commits members to avoiding corruption and developing internal programmes and policies to address it, but also to working with civil society, the UN and governments to promote transparency.

"There's a powerful role that the private sector can play in advocating for a conducive operating environment," says Mr Power.

He argues that the adoption of the Sustainable Development Goals in 2015 has also given companies a framework for working with policymakers to build national governance systems. Goal 16 focuses on the promotion of "peace, stability, human rights and effective governance based on the rule of law".

Ms Adkins at BITC argues that, in the long run, working together on these goals benefits everyone.

"Doing what you're good at in these challenging markets is what it's all about," she says.

Awards case study GSK executive expands his horizons in Kenya during voluntary healthcare assignment

One of Mizanul Islam's first tasks on a six-month assignment with Save the Children in Bungoma County, Kenya, in 2015 was to visit remote health facilities. He talked to people from health workers to government officials to find out why the region suffered from high maternal and infant deaths.

For Mr Islam (right), a Bangladesh-based GSK executive, the assignment — through the pharmaceutical company's skills-based volunteering programme, PULSE — was not only a way to help solve a pressing problem. It also enabled him to acquire skills and gain an understanding of challenges in other parts of the world.

This is something companies have recognised as a valuable aspect of volunteering. Executives who work with non-governmental organisations (NGOs) build skills and bring back insights that benefit the business.

GSK — a finalist in this year's Responsible Business Awards, run by Business in the Community — is not alone. Similar initiatives include Accenture Development Partnerships at the consultancy, and IBM's Corporate Service Corps.

All these programmes offer the opportunity to develop leadership skills and gain knowledge of new markets.

"It's a fantastic way of developing an individual but also tangibly supporting the NGOs," says Natalie Woodford, GSK's senior vice-president of human resources and until recently head of the team responsible for PULSE. "And people come back with new ideas and new energy."

Sarah Murray

Responsible Business

Companies face up to clash of cultures over LGBT rights

Diversity Businesses use 'soft power' to foster tolerance for staff abroad but should they do more? By *Hugo Greenhalgh*

Do human rights trump national cultures? It may sound like an Oxbridge interview question, but the matter of which takes priority is increasingly a flashpoint for lesbian, gay, bisexual and transgender (LGBT) rights.

In essence, the question sets the tolerance and understanding that has grown within developed nations after decades of activism and social change against attitudes still prevalent in much of the emerging markets.

While countries such as Australia and Germany tussle over introducing gay marriage (but already have civil partnerships), laws criminalising homosexuality still exist in 78 jurisdictions worldwide. In five countries — Mauritania, Yemen, Saudi Arabia, Iran and Sudan — simply being gay is punishable by death.

Attitudes towards sexuality are changing. A few years ago, there were 10 countries with a death penalty for homosexuality. But the question of LGBT rights becomes most pertinent when cultures clash. The UK has moved recently to ask immigrants to learn English and understand its customs, so it might be asked what is wrong with other countries making similar demands of migrants.

This raises questions of what happens if employees move to work in a country that criminalises them for their sexuality. What duty of care do companies have to ensure not only a secure working environment but also personal safety?

"Large organisations can aim to set out some basic principles of equal treatment to apply globally, but they still must be mindful of the different legal frameworks applying in the various jurisdictions in which they operate," says Graham Greene, partner in the labour and employment group at Reed Smith, the law firm.

It is a fine line to tread, particularly for global companies and especially for those with LGBT groups active in more tolerant countries.

"There always has to be some element of adjustment and compromise by all parties," says Sarah Churchman, head of diversity and inclusion at PwC, the professional services firm. "We would never want to send our employees to anywhere where they'll be unsafe, but . . . [while] we cannot change the laws of the land, we can exercise some influence."

Graphic: response to a North Carolina law seen as transphobic — Getty Images

Changes in laws and attitudes are not always in a direction favourable to LGBT people. In the US, the state of Mississippi recently introduced laws that would allow businesses to deny service to LGBT customers on the basis of religious objections. North Carolina this year enacted legislation that would force people to use toilets intended for the gender on their birth certificate, an act critics have interpreted as transphobic.

Big business has been particularly active in campaigning against the law. Nissan, Toyota and MGM Resorts International have all lodged protests with state authorities in Mississippi, while PayPal has dropped plans to invest $3.6m in a new global operations centre in North Carolina. Yet if a company has good jobs available in these US states, what can it do to ensure LGBT employees' opportunities are not curtailed because of their sexual identity?

Jon Miller, a partner at Brunswick, the PR agency, is the founder of Open for Business. He describes it as "a coalition of large global companies taking a stand on LGBT rights around the world, formed in response to the growing concerns . . . about the spread of anti-LGBT legislation in different parts of the world".

Encouraging a culture of being out at work ensures the wellbeing of staff, but can also help bolster profits, Mr Miller says. "Businesses perform better when the companies offer an environment that is LGBT-friendly and they pursue pro-LGBT policies."

It is important to build acceptance from the ground up, Mr Miller says, adding that parachuting in notions of tolerance can sometimes create more problems than they aim to solve.

"Our approach . . . is to use the 'soft power' of business," he says. "These businesses have influence as powerful economic actors and in countries in Africa and Southeast Asia, they are often very important to the local economy."

The question remains whether big business could do more. Soft power is one option but companies could potentially use their economic clout by threatening to pull out of a country. Companies often portray themselves as citizens of the world, but some critics feel their actions do not always measure up.

"That does frustrate most people, not just folks who work in NGOs," says Felicity Daly at the Kaleidoscope Trust, which lobbies for the human rights of LGBT people internationally. "It feels many times that different rules apply, that profit is king and everything else is secondary. It often seems to take quite a long time for corporate culture to change."

However, she stresses that change is happening. "It's wonderful that [British companies are] now thinking about how to get the best out of their staff, and how to export their values, but I don't necessarily see them moving swiftly to make operational changes on the ground."

Boycotting a country in protest at its anti-gay laws would not be effective, says Mr Miller. "To say a company should just pull out of a country is not always a responsible thing to suggest as it doesn't necessarily increase the influence a company can have if they move away.

"Our attitude is that you need to roll up your sleeves and get involved."

> Companies often portray themselves as citizens of the world, but they do not always measure up


Food for thought: Brigade

Awards case study
PwC's restaurant shows street cred

The lives of more than 850 homeless people in London have been transformed by Brigade, a social enterprise restaurant created by PwC, the professional services firm, enabling them to gain skills, confidence and jobs.

The venture was a response to the numbers sleeping rough near PwC's offices in Charing Cross and London Bridge. Its success has led to the project becoming a finalist in the Employment for Excluded Groups category of BITC's Responsible Business awards.

PwC opened the bar and restaurant in September 2011 in a converted fire station near London Bridge. The aim was to provide training for people who were homeless or at risk of homelessness, some of whom were taken on to a year-long apprenticeship to prepare them for jobs in the food sector.

The project is a partnership with Beyond Food, a charity founded by chef Simon Boyle, and De Vere Venues. The Homes and Communities Agency and The Big Issue charity's social investment arm also provided funds.

> 'It has helped change perceptions about homeless people'
> **David Adair, PwC**

More than 80 per cent of those trained have found jobs, mostly in food. "It's helped to change perceptions about homeless people. Rather than run soup kitchens for them, employing people reduces the stigma attached to homelessness," says David Adair, PwC's head of community affairs.

More than 100 PwC staff have volunteered at Brigade.
Brian Groom

The finalists

Responsible Business Awards celebrate ethical companies that look beyond the bottom line

Business in the Community's 2016 Responsible Business Awards highlight how companies are finding solutions to environmental and societal challenges in the UK and around the world. Rigorously assessed by more than 200 independent experts, the awards recognise examples of business as a force for change. For more information go to: www.bitc.org.uk/awards

BITC's Responsible Business of the Year
Recognising a pioneering company that is effectively tackling sustainability issues critical to their business and demonstrating visible leadership and advocacy.

EDF Energy
Hermes Investment Management
State Street Corporation
Veolia

The Asda Environmental Leadership Award
Recognising businesses that are growing their value through better resource management, protecting nature and tackling climate change.

Élan Hair Design
JPA Furniture
National Grid
Veolia
Whitbread
WSP | Parsons Brinckerhoff

The Bupa Wellbeing at Work Award
Recognising businesses that treat employee engagement and wellbeing as strategic boardroom issues.

bmJV
Marks and Spencer
North Star Housing
Unipart
Visualsoft

The Championing an Ageing Workforce Award
Recognising businesses that are preparing for the future by responding to ageing populations and intergenerational workplaces.

Barclays
St Leger Homes of Doncaster
Steelite International

The Education Award
Recognising UK school-business programmes that are working to prevent social background limiting young people's success at school and beyond.

EDF Energy
Ford of Britain
Glasgow Caledonian University (GCU)
IBM UK
Rothschild
Siemens

The Employment for Excluded Groups Award
Recognising businesses that are supporting people from excluded groups into work and improving their employability skills.

Bolton at Home
McKinsey & Company
PwC
Wates Group

The Experian Building Stronger Communities Award in recognition of Sir John Peace
Recognising business initiatives investing time, money, skills and resources to deliver long-term social and economic benefits to their communities.

Investec
JTI
PwC
Skipton Building Society

The Samworth Brothers Rural Action Award
Recognising businesses that support communities to maintain a vibrant, sustainable and prosperous rural economy for the benefit of future generations.

debbie&andrew's
H Weston & Sons
NFU Mutual Insurance Society

The Unilever Global Development Award, supported by Business Fights Poverty
Recognising businesses that can demonstrate positive impact against one or more of the United Nations Millennium Development Goals.

Geel Medical Services
GSK
Manila Water Company
Olam International
Pollinate Energy
Primark

The Unipart Inspiring Young Talent Award
Recognising businesses that support young people on their way to a successful working life.

Amey
AmicusHorizon
PwC
Sky
Whitbread

The UPS International Disaster Relief Award, supported by the Department for International Development
Recognising companies' contributions to addressing international disasters, helping communities to prepare for, respond to and recover from them.

ArcelorMittal
InterContinental Hotels Group
iDT Labs
Philippine Long Distance Telephone
SMART e-Money
Xylem

The CommunityMark standard
Recognising leadership and excellence in community investment, the UK's only national standard uses a rigorous 360-degree assessment process to recognise companies that put community at the heart of their business. CommunityMark standard companies are innovators and leaders, showing how it is possible to successfully integrate community investment and business strategy.

Ecclesiastical Insurance Group
Linklaters LLP
London Stansted Airport
Wates Group

Big finish: finalists gather at last year's awards ceremony — BITC

Presenter Claudia Winkleman and Stephen Howard, BITC's CEO, at the 2015 awards

Awards case study Initiative intended to tackle taboo of mental illness and make workplaces more supportive

Marks and Spencer is in the vanguard of companies seeking to break the "culture of silence" surrounding mental health at work. Not only has mental ill health been costing the retailer £7m a year in sick leave, the company also recognises the wider cost to staff, families and communities.

M&S says that its Mental Wellbeing Initiative, launched last year across its 550 stores, offices and distribution centres, has resulted in a better understanding of the issue and the support available and encouraged a more open and supportive workplace culture. The company expects this will improve business performance.

The initiative has made M&S a finalist in the Bupa Wellbeing at Work category in the Business in the Community Responsible Business awards, along with Visualsoft, bmJV, North Star Housing and Unipart. It was the first retailer to sign Business in the Community's Time to Change Pledge, aimed at tackling workplace stigma attached to mental illness.

The scheme aims to raise awareness, highlight the support available and improve managers' skills in handling mental illness. Senior managers have promoted a set of "Dare to Care" principles, tackling unhealthy work habits.

A Mental Wellbeing Week, with a poster and social media campaign, encouraged people to describe their experiences under the slogan: "We all have mental health, you don't have to be an expert to talk about it".

Campaign: Steve Rowe of M&S

Steve Rowe, M&S's executive director, says: "Mental health is one of the biggest threats to our society. UK businesses are less competitive due to a culture of silence around mental health at work. It's costing UK employers about £26bn per year but the good news is there's so much we can do."

Brian Groom

Responsible Business

Charity halo loses its shine

Partnerships A spate of scandals has made companies cautious about teaming up with non-profits, writes *Kaye Wiggins*

For decades, charities' brands have had a privileged place in the public imagination, making them attractive partners for companies hoping to enhance their own image.

A series of recent controversies has undermined that position, however. In January, a report by the Fundraising Standards Board found that Olive Cooke, a 92-year-old Royal British Legion poppy seller who killed herself after suffering from depression, had felt "overwhelmed" by requests from charities for donations. Mrs Cooke, from Bristol, received 466 charity mailings in a year.

In February the UK parliamentary Public Administration and Constitutional Affairs Committee reported that the high-profile Kids Company charity had collapsed last summer because of an "extraordinary catalogue of failures" including "negligent financial management".

Also in February, the Sun newspaper reported that Age UK had promoted a tariff from Eon, the energy company, that was more expensive than others on the market. Its front-page headline accused the charity of "Taking the OAP".

Charity director Caroline Abrahams says it was a tough time for Age UK, which disputes the newspaper's account, arguing that the deal was a market leader when it was launched and that the energy watchdog Ofgem has since ruled there was "no case to open an investigation" into the arrangement. The Charity Commission has said Age UK had insufficient oversight mechanisms and should consider whether to continue involvement in the energy market, which posed significant risks.

"What's happened is that over the last year there have been a series of stories in the media criticising charities," says Ms Abrahams. "Some have been fair, others have been less fair, and if you look at the coverage together we've gone from a position in which everyone assumes charities are right and proper and doing the right thing, to . . . the other extreme."

The implications for business-charity partnerships are significant, not least because research has found companies' main reason for partnering with charities is to enhance their own reputation.

Bad publicity: (clockwise from left) Olive Cooke with some of the charity mail she received before her suicide; Kids Company's Camila Batmanghelidjh; Age UK charity director Caroline Abrahams — SWNS; Getty Images

The Corporate-NGO Partnerships Barometer, a 2015 study by C & E Advisory, a consultancy firm specialising in corporate social responsibility, found that 96 per cent of businesses said that improving public perception was their main motive. So if charities no longer come with a reputational halo, will businesses be warier about working with them?

"People who run businesses are just as aware as everybody that there have been a series of critical stories about charities," Ms Abrahams says. "That will make people want to be very clear about what they're getting into."

Fujitsu, the ICT company which was the winner of the 2015 Responsible Business of the Year award, is among those taking a cautious approach. It is in the process of choosing its next charity partner and in the wake of recent controversies has added extra questions on financial management and trustees to the expression of interest form that would-be partners must submit.

> 'A series of critical stories will make people want to be very clear about what they are getting into'

Craig Hall, Fujitsu's head of corporate and charity partnerships for the UK and Ireland, says the move aims to "minimise any reputational impact" for the company.

"It was rare to hear negative press [about charities] prior to the last few months," he says. "Certainly we're more aware of it now . . . From a business perspective [companies] are taking a closer look at things."

Cathy Pharoah, co-director of the Centre for Charitable Giving and Philanthropy at Cass Business School in London, hopes the events of the past year, which she sees as a "watershed" in the public's attitude to charities, will bring an end to some of the more impulsive partnerships of the past.

"Undoubtedly some charities do get a halo effect," says Prof Pharoah. "If there's a critical mass supporting them, others will come in without looking too closely."

She adds that many companies and charities already carry out solid due diligence and are aware of the potential risks and rewards of partnerships — but the recent controversies will "exacerbate" a trend in this direction.

Mike Tuffrey, co-founder of Corporate Citizenship, a company which advises firms on responsible business strategies, says this would be a good thing — and adds that there are other potential benefits of what he describes as a "wake-up call" for partnerships.

"I hope the byproduct of these controversies isn't that people say it's too dangerous and stop doing partnerships," he says. "The byproduct ought to be that people say: 'We've got to do it properly and if we do, we'll get more out of it.'

"That means they should stop thinking about it being a transactional relationship in which they do a deal that helps both sides [and shift to it] being a relationship in which they work together to create a solution [to a societal problem]."

At Age UK, Ms Abrahams says she hopes the controversies will result in stronger partnerships in the long term. "There will be charities that have never considered working with business at all who are starting to think about it," she says.

"[This is] a salutary reminder of the importance of thinking these things through carefully and taking extra care in your marketing and communications," she adds.

"I'm sorry that what happened to us happened, but I do think some good can come out of it."

Awards case study Campaign aims to cut deaths and accidents on farms

Farming has the poorest safety record of any occupation in the UK, with farmers six times more likely to die at work than construction workers.

NFU Mutual, the insurer, hopes to change that and in 2014 established the Farm Safety Foundation, an independent charity, to engage young farmers. It aims to help raise awareness of safety and reduce the toll of injuries and deaths. Farming accounts for 1.5 per cent of workers but 15-20 per cent of all worker fatalities.

The initiative has led to NFU Mutual being named as a finalist in the Rural Action category of the BITC Responsible Business awards, along with cider-maker H Weston and debbie&andrew's, a sausage maker.

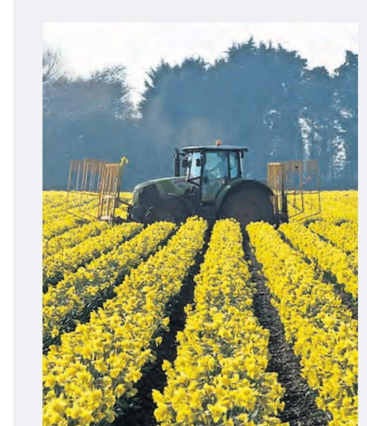
So far, 36,000 Young Farmers' Club members have benefited from the programme and 750 agricultural students have taken part in training programmes. Its "Yellow Wellies" campaign uses an image of yellow boots with the question 'Who would fill your boots?' in the event of an accident or death.

"We know we are getting them to start thinking about the consequences if something were to happen to them on the farm," says Stephanie Berkeley, who runs the charity. Risks range from being struck by a tractor to being injured by an animal.

Previous safety campaigns have targeted schoolchildren, older farmers and spouses, but the latest is aimed at those aged 16 to 40 and intended to embed good safety practices for the future.

NFU Mutual says the foundation has enabled the company to build links with industry bodies and future farmers and has helped guarantee the insurer's future.

Brian Groom



Danger: injury is too common

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