

Responsible Business

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BROMLEY

Responsible Business

It pays to be part of the scenery

Companies profit from alignment with the wider community, writes Sarah Murray

Companies like to highlight their commitment to the environment and the communities in which they operate, but it is all too easy for them to forget such commitment under the pressure of cutting costs and keeping shareholders happy. It is a pressure they should resist.

As Thomas Cook discovered last month, prioritising short-term profits over a broader responsibility to society can cause damage to a brand, which may dent those profits in the long run.

The UK tour operator's search for compensation for earnings lost in the wake of the deaths of two children from carbon monoxide poisoning in a Corfu hotel resulted in strong criticism of the company. Thomas Cook's chief executive later apologised to the children's family but the issue is something consumers may not easily forget.

It is unlikely to be the last time a company's actions end up causing damage to its reputation. From food contamination to banking scandals, headlines frequently offer evidence that business is not always very responsible.

However, there are also signs that many in the corporate sector are committed to minimising their environmental impact and to ensuring the benefits of their activities extend to the broader community.

Celebrating these efforts, the Responsible Business Awards recognise companies for everything from supporting an ageing workforce at home to contributing to emergency relief operations overseas.

Run by Business in the Community (BITC), the UK charity that promotes corporate responsibility, the awards – whose finalists are announced today – judge companies on how well they are integrating responsible practices into their businesses in areas that include the environment,



Purely charitable initiatives may be abandoned in a downturn

education, enterprise, unemployment and workplace diversity.

As the finalists demonstrate, companies increasingly regard such investment less in terms of the charitable use of spare cash and more as an integral part of their business, enhancing their long-term financial success.

Looking at environmental initiatives, the business benefits can be relatively easy to calculate. Cutting carbon emissions reduces expenditure on energy, while generating less waste saves money. Companies participating in Carbon Action, part of the CDP investor engagement initiative (formerly the Carbon Disclosure Project) found that carbon reduction

and energy-efficiency investments could generate an average internal rate of return of 33 per cent, delivering a payback in just three years.

Recycling has financial benefits, too. Veolia, the water and waste utility that is an award finalist, derives 19 per cent of its revenue from products once considered waste, but that are now sold and reintroduced into the supply chain.

Of course, when it comes to tackling social issues such as human rights violations or even a simple lack of training for young people, measuring the bottom-line impact of investments is a tougher task. Even so, the cost of neglecting the communities affected by commercial activities is

clear. In the extractives industry, for example, research has found that, in large-scale mining operations, community conflicts arising over social and environmental concerns can cost up to \$20m a week in lost value.

And even companies that have launched social initiatives for philanthropic reasons are starting to link these to the long-term health of their business operations – whether by lowering absenteeism from supporting employee wellbeing or because staff can acquire skills through their volunteering efforts.

Many people think that enlightened corporate self-interest is an important factor in helping guarantee the long-term sustainability of such initiatives. After all, if they are seen as purely charitable, they may be abandoned in a downturn or when the executive championing them moves on.

For example, the partnership between Manchester airport, an award finalist, and the Manchester Enterprise Academy to improve school performance is also intended to help build the airport's pipeline of skilled potential employees.

Similarly, by using its global logistics network to offer humanitarian assistance through its GoHelp programme, DHL, the delivery company and another BITC award finalist, has acquired expertise in contingency planning and gained insights that can be used in building its commercial relationships.

Businesses are looking across their supply chains to drive improvements in environmental sustainability or the economic health of local communities. However, to address global problems, more industry and cross-sector collaboration will be needed. Ultimately, the challenge is to create shifts in entire systems, rather than in individual organisations.

Tackling complex issues such as climate change, deforestation, labour abuses and poor access to healthcare will be possible only when broad teams of players work together.

Given the scale of the environmental and social problems the world faces, the biggest contribution companies can make may lie outside their own four walls.

Responsible Business

Home front is a good place to start

Industry action

Companies have a part to play in tackling the social problems they helped create, writes Kaye Wiggins

For some companies, corporate social responsibility is about addressing the social problems linked to their own industry.

Heineken is one group that is tackling head-on the negative effects of its products. As reported by the Financial Times in April, the brewer is funding projects run by Addaction to support alcoholics, and is encouraging its employees to volunteer for the charity. It discontinued its White Lightning and Strongbow Black high-strength ciders after senior managers saw the products being abused while visiting an Addaction centre.

Other industries are learning from this approach, says Richard Koch, head of policy for the UK Cards Association, which represents credit card

providers. "A bit like the alcohol industry, we know some people won't be able to manage the product we've offered them," he says, "but [at the point of sale] we don't know who those people are."

Credit card providers hold regular discussion forums with debt charities. Sector-wide approaches have been introduced offering "breathing space" and interest freezes to customers struggling with debt problems.

The sector also supports charities helping those affected by its products. Nationwide, for instance, has given grants through its foundation to Money Advice Plus Services, and offers free advice and advocacy to people struggling with debts through a partnership with IncomeMAX, a community interest company.

Participants in the social media industry are taking note of their responsibilities to stop bullying and abuse by users. Facebook has set up an online bullying prevention centre and has hosted events with the Diana Award, a charity working with young people that runs an anti-bullying programme.



Diet: food groups offer advice

Twitter has "refined" its safety policies after discussions with experts.

Jeremy Todd, chief executive of Family Lives, a charity that supports victims of cyber-bullying, would like social media groups to follow the approach taken by other industries, and use their CSR programmes to fund projects. "Efforts to counter the impact of cyber-bullying are being resourced by the charitable sector, not by companies' profits," he says.

In the fast-food industry, attempts to tackle obesity have focused on prevention rather than cure.

Manufacturers are reformulating products, offering nutritional advice to consumers, changing their marketing and promoting healthy lifestyles.

Judith Schrempf-Stirling, assistant professor of management at the University of Richmond, Virginia, wrote in a paper published by the journal Business & Society last year that the industry "could use its gains from obesity by investing them into [medical] treatments" for obese people.

But Rocco Renaldi, secretary-general of the International Food and Beverage Alliance, says this might not be the most effective use of resources. "I would argue that the public health impact of reformulation and portion-size control is much larger," he says. "Community interventions are way down the list."

Susan Jebb, professor of diet and population health at Oxford University, agrees. "[Companies] need to focus on the things that are their direct responsibility that it's hard for the rest of us to make a difference to."

"Most people can't change the composition of a hamburger, but manufacturers can."

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www.lloydsbankinggroup.com/prosperplan



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www.carillionplc.com/sustainability

Case study Co-ordination was crucial in optimising GlaxoSmithKline's response to west Africa's Ebola crisis

When a country has been affected by natural disaster, companies can contribute more than just money.

As the Ebola virus swept across west Africa last year, GlaxoSmithKline, a finalist in the International Disaster Relief category of BITC's

Responsible Business Awards, made a valuable contribution.

Cash was important, of course. The pharmaceuticals group sent £450,000 in financial assistance. However, with a combined value of £1.2m, GSK's contribution also



Fast-tracked: GSK trial

included product donations worth £770,000 and an investment of £350,000 to provide training and support for frontline health workers.

Harnessing the company's relationships with its partners helped put together many of these contributions, as did

GSK's employee volunteering programmes.

Perhaps most importantly, the company moved to speed up research and development on a vaccine, working with the World Health Organisation and others.

In a large-scale trial, it is

now vaccinating up to 30,000 people.

For GSK itself, the initiatives have provided opportunities to build its relationships with governments, global health specialists and NGOs.

Sarah Murray

Aiming higher

We are proud to have been selected as finalists for our work with Teach First helping students develop skills for the workplace through our Deloitte Access programme, and supporting socially innovative businesses through our Deloitte Social Innovation Pioneers programme.

Find out more at www.deloitte.co.uk/deloitteaccess or www.deloitte.co.uk/pioneers

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Responsible Business

Given the chance, older workers can fill the gap

Age discrimination Employers that ignore the over-50s face a skills crisis, writes *Brian Groom*

Working lives are being extended as life expectancy rises and public health improves – and employers are starting to value older workers more. However, campaigners say that company attitudes and practices need to change faster if serious labour shortages are to be averted in future.

Barclays Bank and coach operator National Express recently announced apprenticeship schemes aimed at older workers, putting them in the forefront of corporate initiatives to widen the age diversity of workforces.

The National Express scheme aims to recruit people for whom age and extended career breaks can pose a barrier to finding employment, including the over-50s, women returning to work after raising children, the long-term unemployed and full-time carers.

“We place a high value on a diverse workforce because it reflects our broad customer base and we believe

our business is strengthened by a wide range of skills and experience,” says Tom Stables, managing director for the company’s UK coach division.

National Express joins retailer B&Q, a longstanding champion of employing older staff, and companies such as fast-food chain McDonald’s, pub operator JD Wetherspoon and Lloyds Banking Group in taking steps to encourage older employees.

Baroness (Ros) Altmann, the government’s former business champion for older workers, now pensions minister, said in a report in March that a growing number of employers understood the benefits of employing older staff. But, she added: “They are still a minority. Age discrimination and unconscious bias remain widespread problems in the UK labour market.”

While some people choose to work longer because they enjoy it, for others it is a financial necessity when facing a long retirement. The government has addressed this issue by abolishing the default retirement age,



DIY: retailer B&Q has a longstanding policy of employing staff past the usual retirement age – Bloomberg

so that staff can no longer be forced out at 65, and extending the right to request flexible working. The state pension age for women is rising to 65, in line with that for men – both will reach 66 by 2020 and 67 by 2028.

Employment rates for people in their 50s and 60s have been rising for two decades and have grown more sharply than for other age groups since the financial crisis. The rate for people aged 65 and over has climbed from 7 per cent in 2007 to 10.7 per

‘People who are older find it difficult to get a job if they haven’t got one’

cent. The number of self-employed over-65s has doubled in the past five years to nearly half a million.

“The evidence suggests that a lot more employers are keeping people on for longer. Where there is a prob-

lem is in recruitment. People who are older find it difficult to get a job if they haven’t got one,” says Dianah Worman, adviser on diversity at the Chartered Institute of Personnel and Development.

Employers that fail to tackle age diversity risk losing out in the search for staff. The UK Commission for Employment and Skills says between 2012 and 2022 some 12.5m vacancies will be opened up through people leaving the workforce and an additional 2m new jobs will be created, yet only 7m young people are due to enter the workforce. Net immigration at 300,000 a year is unlikely to fill the gap. Baroness Altmann called for more apprenticeships for those over 50, flexible and part-time working and better training for line managers.

“We are in the early stages in terms of a strategic response from employers,” says Rachael Saunders, age at work director at the charity Business in the Community. BITC found that 1m people over 50 had been pushed

out of the workplace during the past eight years through redundancy, ill health or “forced” early retirement.

Ms Saunders, who is working with organisations such as Nationwide Building Society and the Co-operative Group, praises outsourcer Sodexo, a finalist in BITC’s Responsible Business Awards, for a scheme to help employers understand the needs of different generations of workers.

At Stoke-based tableware manufacturer Steelite International, 360 of the company’s 877 UK employees are aged 50 or over. “Employees who have been with the company for a long time are often a fountain of knowledge,” says Louise Griffin, human resources manager.

She says it is important to carry out a review to identify what an individual needs and can offer. Flexible working and redeployment are among techniques used to find the right role. In one department, two employees who wanted to retire from full-time work agreed to share a job.

Case study Energy group helps customers switch off

When new housing and increased use of electronic devices caused the demand on an electrical substation in Stockport, Greater Manchester, to outstrip its capacity, the traditional response of the supply company would have been to build another substation.

But Electricity North West, which powers the area and is a finalist in the Engaging Customers on Sustainability category of the Responsible Business Awards, instead persuaded residents to reduce usage, so that a new station would not be needed.

It recruited 261 households to its Power



Tips: usage has been cut

Saver Challenge and gave them tips and tools to cut their power use.

Demand on the substation at its peak time fell 3.6 per cent. This could be enough, if replicated across a wider area, to avert the need for a new substation.

The project cost £600,000, a substantial saving on the £1m cost of a substation.

“We’ve unlocked social benefits by helping people escape fuel poverty,” says Paul Bircham, network strategy and technical services director.

“And we’re building relationships with consumers – that will be important in future.

“Carbon reduction targets mean cars and heating will be powered by electricity, and when that happens, we’ll need customers to be flexible about using power.” **Kaye Wiggins**

Case study Motorway pit stop services community

Weary motorists stopping at an M5 service station might be surprised by the absence of chain stores.

The recently opened Gloucester Services is part of a partnership between Westmorland Family, the company that runs the station, and Gloucestershire Gateway Trust, a local charity. Much of the food on offer has been sourced from 130 producers based within 30 miles of the services. Meals are cooked on site.

Gloucester Services is a finalist in the Samworth Brothers Rural Action category of the Responsible Business Awards. It donates



Fresh: the food is local

about £500,000 a year to the charity and has recruited about a third of its 340 staff through a training programme for the long-term unemployed.

Westmorland Family also runs Tebay Services in Cumbria, established in 1972,

when John and Barbara Dunning set up a small café because the M6 motorway cut through their farm.

Sarah Dunning, John and Barbara’s daughter and chief executive of the company, says: “Our premise is; we’re rooted in our place and part of the community.” She says the service stations help raise awareness of the importance of local produce.

“We’re providing for everyone, and that includes coach tours, hen and stag tours and families.

“That means we can get our message to the widest possible community.” **Kaye Wiggins**

BUSINESS IN THE COMMUNITY



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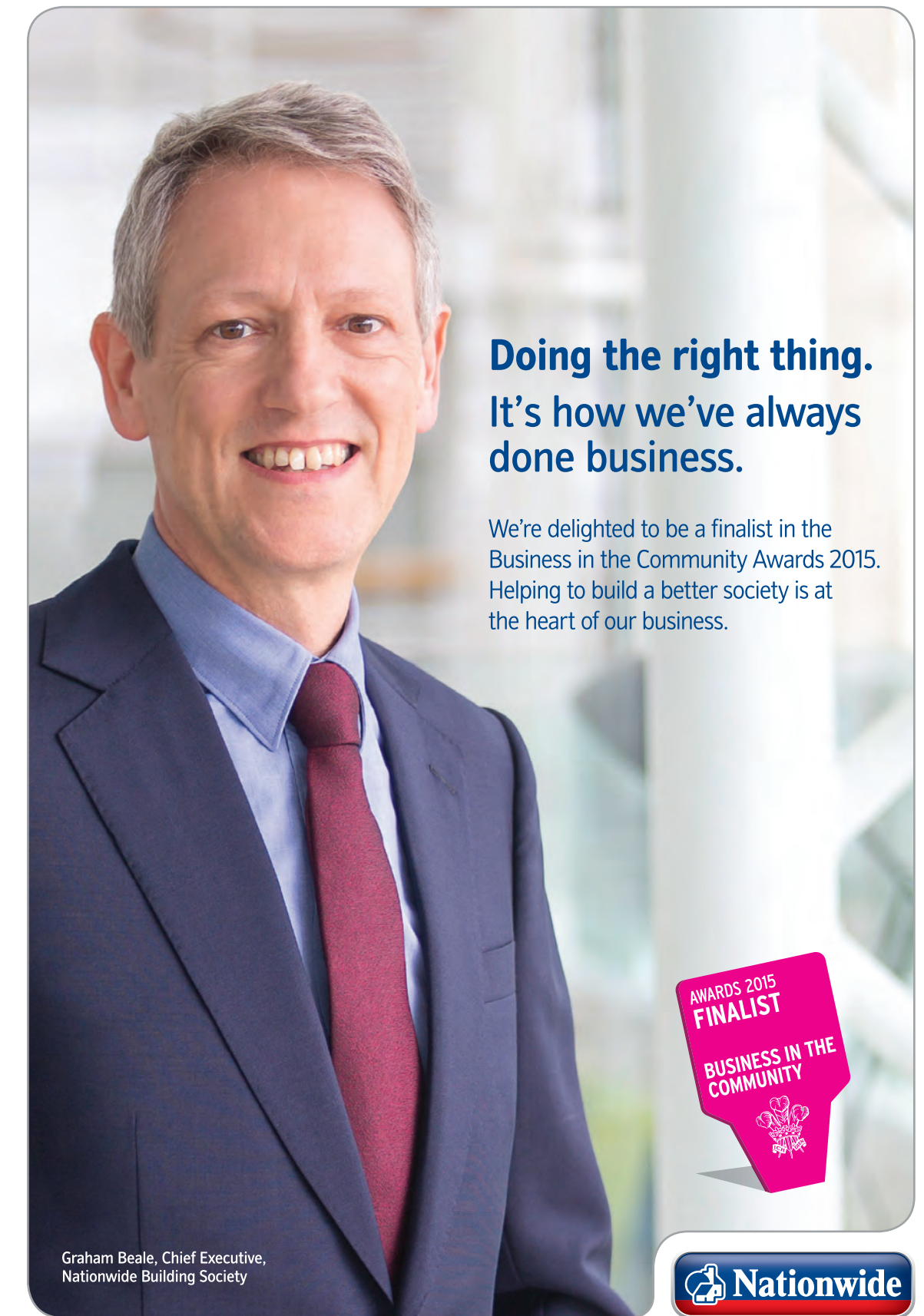


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Good Together is a strategy that links education with physical and mental initiatives which empower our people to improve their lifestyle, create long-term healthy habits which benefits them individually and has a positive impact on their families.

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Their pioneering Energy for Life programme focuses on creating a culture of wellbeing and high performance and is designed to help employees cope more effectively with the demands of their roles so they can fully engage in all aspects of their lives.

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Responsible Business

Finalists

Awards celebrate those whose efforts lead to a fairer and more sustainable future for all

Business in the Community's Responsible Business Awards celebrate the powerful and positive role of business in society.

The awards champion responsible business in the UK and abroad, and identify and celebrate businesses of all sizes whose programmes are tackling key social and environmental issues to create a fairer society and a more sustainable future for all.

Rigorously assessed by independent judges, the Responsible Business Awards are widely acknowledged as one of the most respected endorsements of responsible business.

For more information, go to www.bitc.org.uk/awards

Business in the Community Responsible Business Awards 2015 Finalists:

Responsible Business of the Year Award

Recognises a pioneering business that is most effectively integrating the sustainability issues most critical to their business and demonstrating visible leadership and advocacy.

- Carillion
- Fujitsu
- Nationwide Building Society
- Veolia
- Yorkshire Water Services

The Santander Responsible Small Business Award

Recognises smaller businesses demonstrating a holistic, responsible approach to business in the realms of community, environment, marketplace and workplace.

- Genuine Solutions Group
- Harriet Kelsall Bespoke Jewellery
- Matrix APA

The Experian Building Stronger Communities Award, in recognition of Sir John Peace

Recognises business initiatives investing time, money, skills and resources to deliver long term social and economic benefits to communities.

- Lloyds Banking Group
- Tesco
- WDH

The Jaguar Land Rover Inspiring Young Talent Award

Recognises businesses that support young people to make the transition from education into successful working lives.

- Barclays
- Central England Co-operative
- ISS UK
- JTV
- Ivlin
- WDH

The Freshfields Work Inclusion Award

Recognises businesses that are supporting people from disadvantaged groups into employment and/or improving their employability skills.

- DHL
- JTI
- Land Securities Group
- Manchester Airport
- The Calico Group

The School Partnerships Award

Recognises businesses that are building sustainable partnerships with schools in the UK, ensuring young people have the skills to build successful working lives.

- BBC
- Deloitte
- DWF
- Esh Group
- Manchester Airport
- Pinsent Masons



Taking the strain: finalist BA loads food relief bound for Africa — PA



Green fingers: Tesco runs an environment project in South Korea

The Asda Enterprise Growth Award

Recognises companies that engage, support and do business with small and medium enterprises to drive local economic growth.

- Deloitte
- East of England Co-operative Society
- Wates Group

The Samworth Brothers Rural Action Award

Recognises businesses that support rural communities to maintain a vibrant, sustainable and prosperous rural economy for the benefit of future generations.

- Asda
- Booths
- Marks and Spencer

The Sustainable Products and Services Award

Recognises businesses that are developing their core products or services in order to cut dependency on diminishing natural resources.

- Bernard Matthews
- Ricoh UK
- Sky
- The Midcounties Co-operative
- Veolia

The Engaging Customers on Sustainability Award

Recognises businesses that use their marketing activity to inspire and enable customers to live or operate in a more sustainable way.

- EE
- Electricity North West
- Hammerson
- NATS
- WM Morrison Supermarkets

The International Disaster Relief Award, supported by the UK Department for International Development

Recognises the unique contribution of business to reducing the severity of international disasters affecting the most vulnerable communities.

- British Airways
- DPDHL
- GSK
- Zurich Insurance Company

The Unilever Global Development Award, supported by Business Fights Poverty

Recognises businesses that can demonstrate positive impact with regard to one or more of the UN Millennium Development Goals.

- Alllife
- Barclays
- KEF Holdings
- SunnyMoney
- Sustainable Organic Integrated Livelihoods
- Tata Consultancy Services

The CommunityMark standard

Recognising leadership and excellence in community investment, the UK's only national standard has an independent, 360-degree assessment process that recognises the innovators and leaders in community investment.

CommunityMark businesses demonstrate how it is possible to integrate community investment projects successfully with business strategy.

- Barclays (global recognition)
- Boots UK
- British Gas
- Camelot UK Lotteries
- DWF
- East Midlands Airport
- Hogan Lovells
- JTI UK
- KPMG UK
- Lloyds Banking Group
- Manchester Airport
- Marks and Spencer
- Nationwide Building Society
- PwC
- Npower
- TD Direct Investing
- Zurich Insurance

Case study Zurich puts risk assessment skills to work protecting communities against flooding

Insurance companies are usually associated with assessing risks and pricing policies to match those risks. Now some are starting to develop programmes that can help communities and businesses become more

resilient and recover more quickly when disaster strikes. Zurich, a finalist in the International Disaster Relief category of BITC's Responsible Business Awards, launched a flood resilience programme in 2013 to

increase awareness of the risks and encourage the development of effective, practical flood mitigation measures.

Responding to the threat of flooding demands more than physical resilience.

Government can also play a role through policy areas such as housing. In recognition of this, Zurich has embarked on advocacy initiatives, working with universities and other organisations to push for changes to reduce flood risk.



Disaster: new policy

This work has benefited Zurich itself. Its flood resilience programme has helped build the company's reputation externally, while increasing employee engagement internally.

Sarah Murray

Responsible Business

Collective action shapes way forward

VIEWPOINT

David Grayson

We now recognise that global sustainability challenges such as water stress, climate change and waste cannot be addressed by governments, businesses or NGOs acting alone. Companies are collaborating, not only with business partners, suppliers and customers, but also competitors, NGOs, public sector bodies, international agencies and academic institutions, to address social and environmental problems.

General corporate responsibility coalitions, such as Business in the Community in the UK have become common around the world in the past 20-30 years. They and several international coalitions such as Business for Social Responsibility and the World Business Council for

Sustainable Development have made the case for responsible business.

More recently, these generalist coalitions have been supplemented by coalitions and multi-stakeholder initiatives focused on a particular industry, or on a specific issue such as water or human rights.

The Sustainable Shipping Initiative involves 19 companies from across the sector focused on uniting commercial growth with sustainable behaviours. Members have committed to report on sustainability performance; adopt a sustainability strategy that links to core business; and set clear reduction targets for environmental issues that are most material to their activities and make a positive social impact.

The Ellen MacArthur Foundation co-ordinates the CE (Circular Economy) 100 network of companies and partners, addressing the challenges of switching from the old linear model of "take, make, use and waste". Some collaborations are advocates of pro-sustainable development public policy.

Aviva Investors convened the Corporate Sustainability Reporting Coalition to influence the UN Rio+20 Sustainability Summit in 2012 in favour of greater reporting requirements for businesses on their social, environmental and economic impacts, and helped in shaping a EU directive on this topic.

In the UK, the Aldersgate Group involving businesses, NGOs and academia is promoting "An Economy That Works" agenda and lobbying the European Commission to produce a policy framework to advance the circular economy.

Several business representative organisations such as the Consumer Goods Council are facilitating collaboration for sustainability among their members.

Companies wishing to collaborate on sustainable development have no shortage of vehicles to work through. This number of choices can be daunting. Corporate sustainability leaders are in demand as "anchor members" for particular coalitions and initiatives. Companies, therefore,

need to approach collaboration for sustainability in the same way as other potential partnerships. What are the objectives? Which forms of collaboration and what type of vehicle for it are most likely to be effective? Which organisation can best address this?

Collaborations fail for many reasons: unclear, conflicting, unrealistic goals; insufficient capacity

Collaborations must play a central role in sustaining capitalism

to implement; or the absence of senior leadership and essential skills.

Developing the next generation of leaders with the ability to work across boundaries to tackle global challenges is a key priority.

As a first step, leading businesses could make some of their high-flyers, available to the coalitions on short-term secondments (executives on

loan). Companies would thereby signal serious commitment to improving the environment for corporate responsibility and demonstrate their confidence in coalition working.

They would also signal their intention to invest in what McKinsey global managing director Dominic Barton has termed "tri-sector athletes" comfortable working across business, public sector and NGOs.

Corporate responsibility is integral to sustaining capitalism and collaborations must play a central role in achieving this goal.

As Al Gore said: "We must abandon the conceit that individual, isolated, private actions are the answer. They can and do help. But they will not take us far enough without collective action."

"Let us say together: 'We have a purpose. We are many. For this purpose we will rise, and we will act.'"

David Grayson is director of the Doughty Centre for Corporate Responsibility at Cranfield School of Management

Case study Gemstones shine ethical light

When Harriet Kelsall set up her bespoke jewellery design business in 1998, the industry was seen as caring little about the environment or the welfare of people who mined its raw materials. One gemstone dealer told her: "You're in the wrong industry for that hippy rubbish, love."

She was not put off from campaigning on ethical and education issues. "I've built a thriving business and, with others in the UK jewellery industry, have made big strides so that now our sector is unrecognisable," says Ms Kelsall, head of Harriet Kelsall Bespoke Jewellery.

"Today, customers can choose ethically mined gemstones, Fairtrade gold and enjoy a revitalised and creative UK jewellery industry." Her company employs 34 staff in Hertfordshire and Cambridge and is a finalist in the Responsible Business awards' small business category.

It was one of the first 20 jewellers worldwide to launch certified Fairtrade gold in 2011. For a small extra charge, customers buy gold sourced from artisan miners who receive a premium to spend in their community.

Brian Groom



Fairtrade: Kelsall kept campaigning



Jobs: Manchester area has high need

Case study Airport hires as it trains as it grows

Manchester airport, which is creating thousands of jobs as it grows, is training the local unemployed to fill vacancies and is co-sponsor of one of the city's most improved schools.

"Some of the most deprived areas in the northwest are on our boundaries," says Andrew Cowan, chief strategy officer of Manchester Airport Group. "About 200,000 people work on the site and we have a symbiotic relationship with our communities. It's important that they have social and economic strength."

The company is a double finalist in the Responsible Business awards: in the work inclusion category for its Airport Academy; and in the school partnership category for sponsoring Manchester Enterprise Academy, a secondary school.

The on-site academy helps people in areas where unemployment is twice the national average, get jobs at the airport. At Manchester Enterprise Academy, the airport's support for governance and management has helped the school improve its attainment levels, Ofsted rating and reputation.

Brian Groom

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A bank for John's financial goals

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Central England Co-operative

As one of the UK's largest Co-operatives, primarily focussed on food and funeral services, we know how important our reputation for ethical business is. In 2013 we launched SENSE to ASPIRE in partnership with Birmingham's Selly Oak Trust School to give students with special educational needs a better chance of getting paid employment than the 7% indicated by the Department of Health.

The first of its kind in the UK, as well as helping give pupils the skills to find, get and keep a job, the scheme is having a hugely positive impact on their confidence and self-esteem. Search 'Sense to Aspire' on YouTube to find out more.

www.centralengland.coop

Been wondering what responsible looks like?

Look no further.



From SMEs to PLCs, we know business is a force for positive change.

Congratulations to these companies, for helping to build a fairer society and a more sustainable future as part of **The Prince's Responsible Business Network**.

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