FROM ENVIRONMENTAL MANAGEMENT TO SUSTAINABILITY

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AGENDA

- Definitions and practical examples:
    - Environmental management, Environmental sustainability, Sustainability
- Drivers for sustainability
- Sustainability, stakeholder engagement and the value chain
- Sustainability reporting platforms and benchmarks
- Moving from environmental management to sustainability – approaches and practical examples
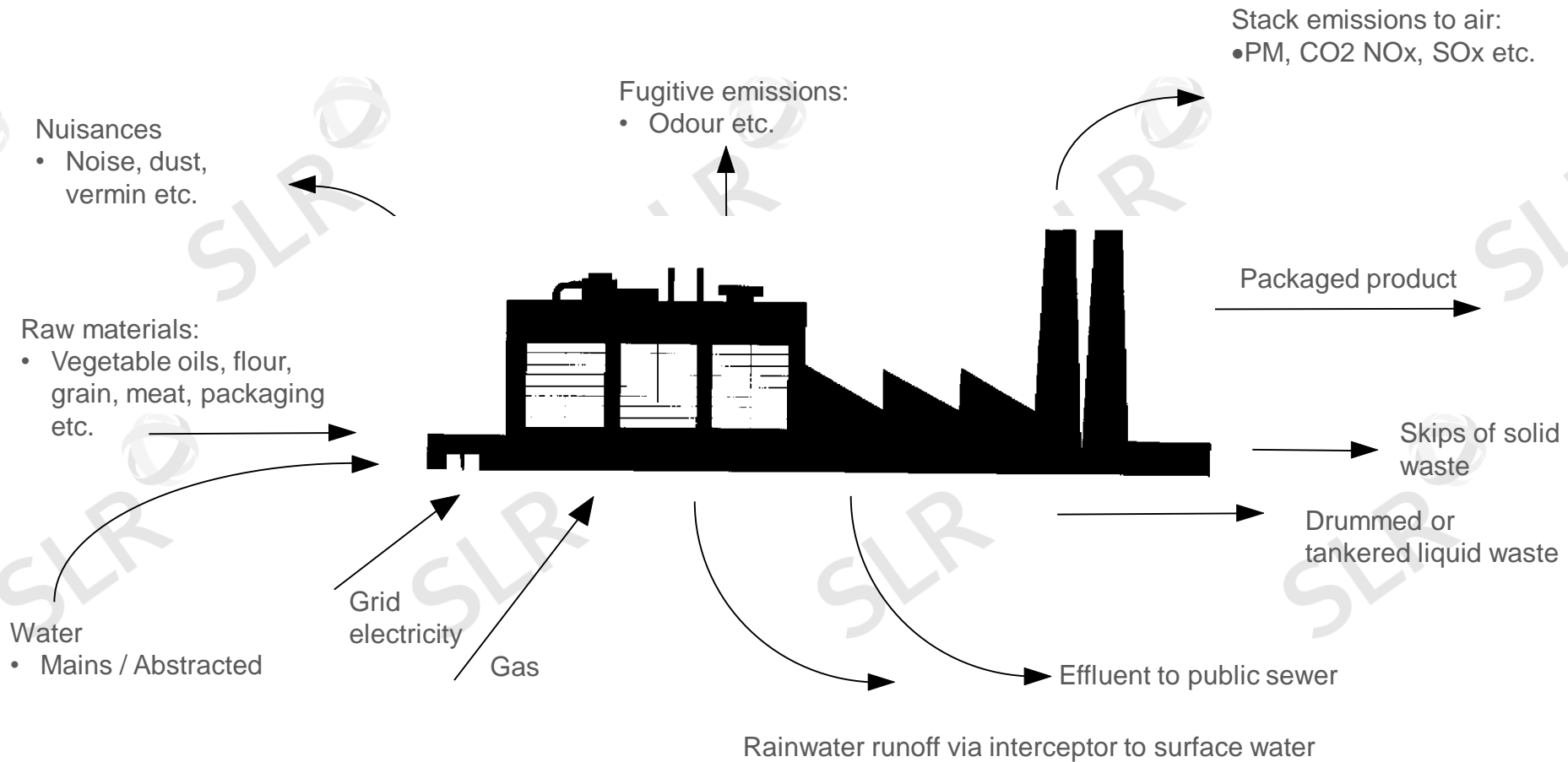- Final thoughts and next steps

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DEFINITIONS AND PRACTICAL EXAMPLES

ENVIRONMENTAL MANAGEMENT – TYPICAL CHARACTERISTICS

Stack emissions to air:
- PM, CO2 NOx, SOx etc.

Fugitive emissions:
- Odour etc.

Nuisances
- Noise, dust, vermin etc.

Raw materials:
- Vegetable oils, flour, grain, meat, packaging etc.

Packaged product

Water
- Mains / Abstracted

Grid electricity

Gas

Skips of solid waste

Drummed or tankered liquid waste

Effluent to public sewer

Rainwater runoff via interceptor to surface water

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ENVIRONMENTAL MANAGEMENT – TYPICAL CHARACTERISTICS

- Performance heavily weighted to operational matters and risk management:
  – Utilities;
  – Waste;
  – Legal compliance;
  – Pollution management; and
  – Operational controls.

- Typically reactive with reduced engagement and alignment with:
  – Organisational value chain;
  – Organisational strategy;
  – Senior management;
  – Interested parties; and
  – External context indicators.

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ENVIRONMENTAL SUSTAINABILITY

"Environmental Sustainability:
Creating organisational value through
a strategic approach to environmental
management" (IEMA)

The organisation has no systematic way of managing environmental impact.

Senior Managers have little understanding of the risks associated with poor environmental performance.

Concerns over fines are common place.

The organisation has a functioning environmental management system.

The organisation adopts a risk based approach to minimising pollution incidents on all sites.

Adequate procedures are in place to minimise emissions to air, land and water.

All relevant environmental legislation is understood and fines mitigated.

Senior Managers understand their responsibilities to the environment and all risks and potential prosecutions and fines are mitigated.

Environmental Sustainability is embedded across all functions and along the supply chain as a core business objective.
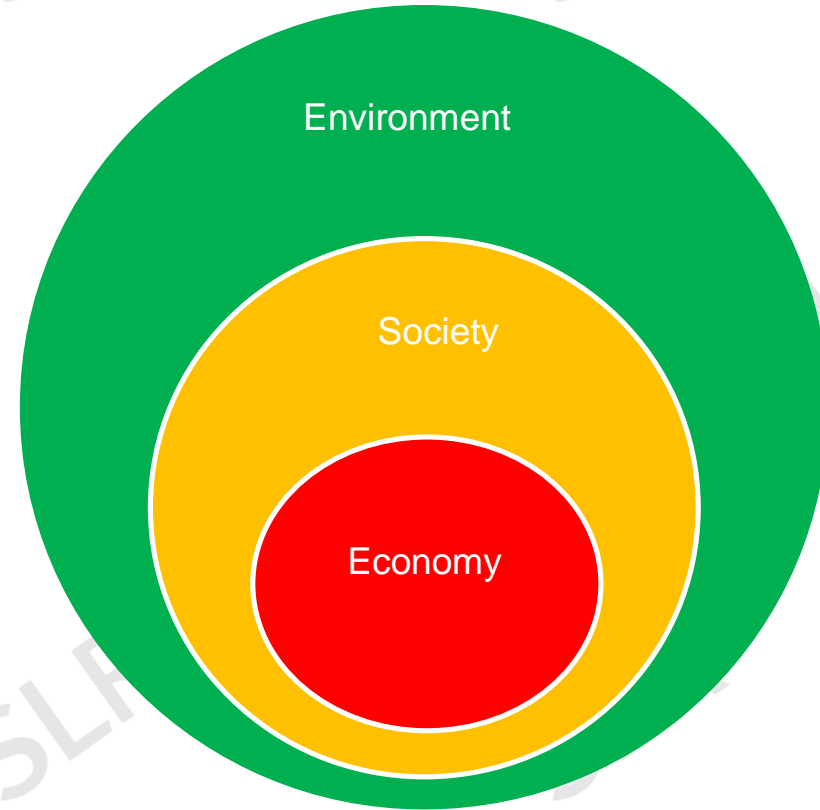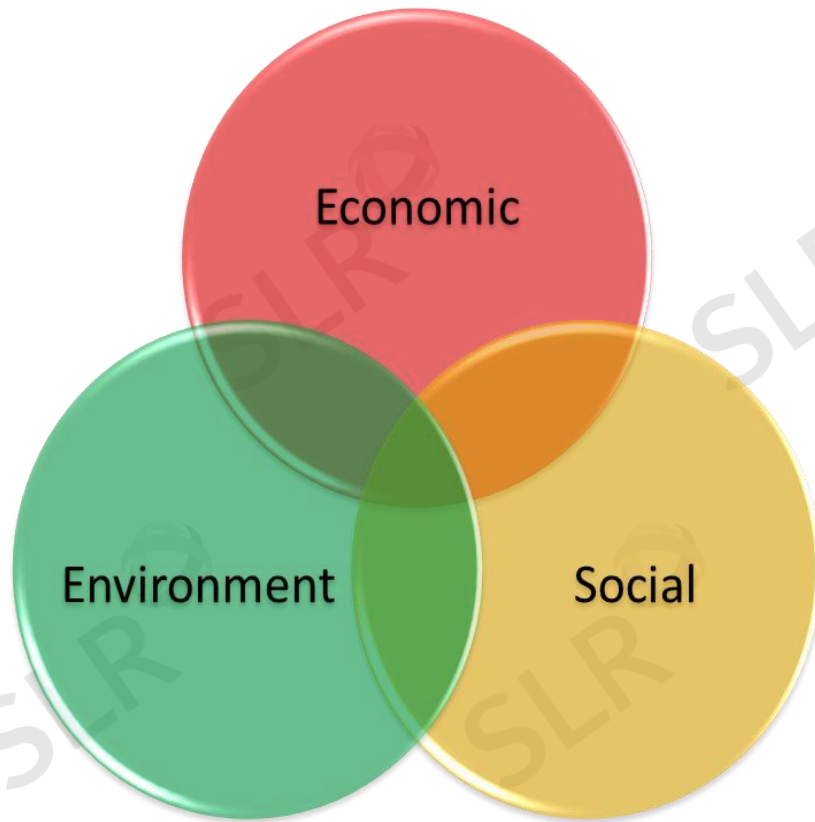
The organisation's business model addresses both the organisation's impact on the environment and the environment's impact on the organisation.

The organisation's sense of value and overall business model is driven by an understanding of how value can be created by understanding the environment's impact on the organisation in the long-term.

Environmentally sustainable products and services are delivered as the norm.

The organisation has established competitive advantage through its work on environmental sustainability and is recognised by stakeholders for its approach.

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SUSTAINABILITY

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SUSTAINABLE DEVELOPMENT

- *"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs". (World Commission on Environment and Development)*

- *"Meeting the needs of present generations without jeopardising the ability of futures generations to meet their own needs – in other words, a better quality of life for everyone, now and for generations to come. It offers a vision of progress that integrates immediate and longer-term objectives, local and global action, and regards social, economic and environmental issues as inseparable and interdependent components of human progress." (European Union)*

- *"The Government is committed to sustainable development. This means making the necessary decisions now to realise our vision of stimulating economic growth and tackling the deficit, maximising wellbeing and protecting our environment, without negatively impacting on the ability of future generations to do the same." (UK Government)*
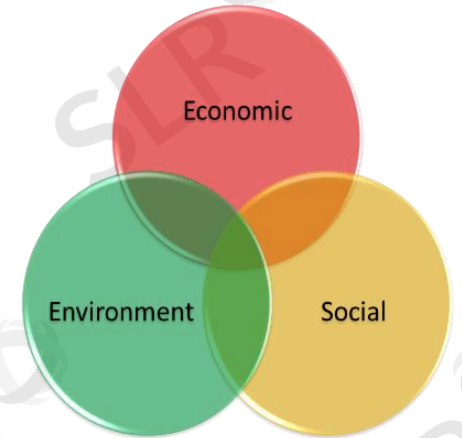
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DRIVERS FOR SUSTAINABILITY

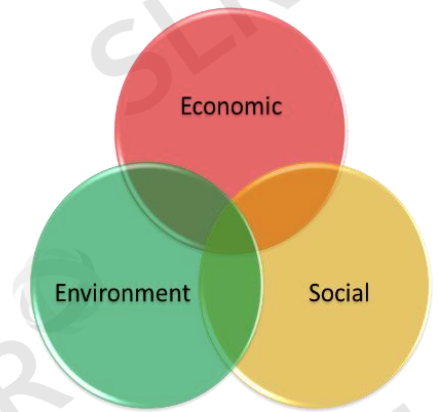global **environmental** and **advisory** solutions

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SUSTAINABILITY AND THE BUSINESS STRATEGY

- Sustainability influencers in market conditions:
  - Climate change and carbon management; biodiversity, ecosystems and natural capital; plastics; waste, resource scarcity/efficiency and the circular economy; transport; local communities; equality and diversity, modern slavery, supply chain due diligence, life cycle thinking.

- Law and policy:
  - Brexit, 25-year Environmental plan, Waste and Resources/Industrial strategy, sanctions and enforcement.

- Sector specific initiatives:
  - Courtauld Commitment (SDG 12.3), Food Waste Reduction Roadmap, Food Waste Redistribution, Plastics Pledge, Decarbonisation of Heat Across the Food and Drink Manufacturing Sector, Supplier sustainability frameworks.

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SUSTAINABILITY AND THE BUSINESS STRATEGY

- Reputation:
  - Sustainability performance is increasingly a material factor in business relationships:
    - Business development, pre-qualification questionnaires, strengthening existing relationships, competitive advantage, competitors, market positioning.
- Stakeholders:
  - Mapping sustainability risk and opportunity, maturity
  - Internal and external sustainability communications
- Business resilience to changing market conditions:
  - Horizon scanning, management of change
- Financial performance:
  - Example: Research by WRAP and The World Resources Institute found a strong business case for reducing food loss and waste, with the average business able to achieve a 14:1 positive return on investment.

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SUSTAINABILITY, STAKEHOLDER ENGAGEMENT AND THE VALUE CHAIN

STAKEHOLDER ENGAGEMENT

Where would you benchmark your
company on stakeholder engagement?

3rd Generation
Integrated strategic
engagement for sustainable
competetiveness

2nd Generation
Systematic engagement for risk
management and increased understanding
of stakeholders

1st Generation
Pressure driven engagement for pain alleviation
with localised benefits

(Stakeholder Engagement Manual Volume 1)

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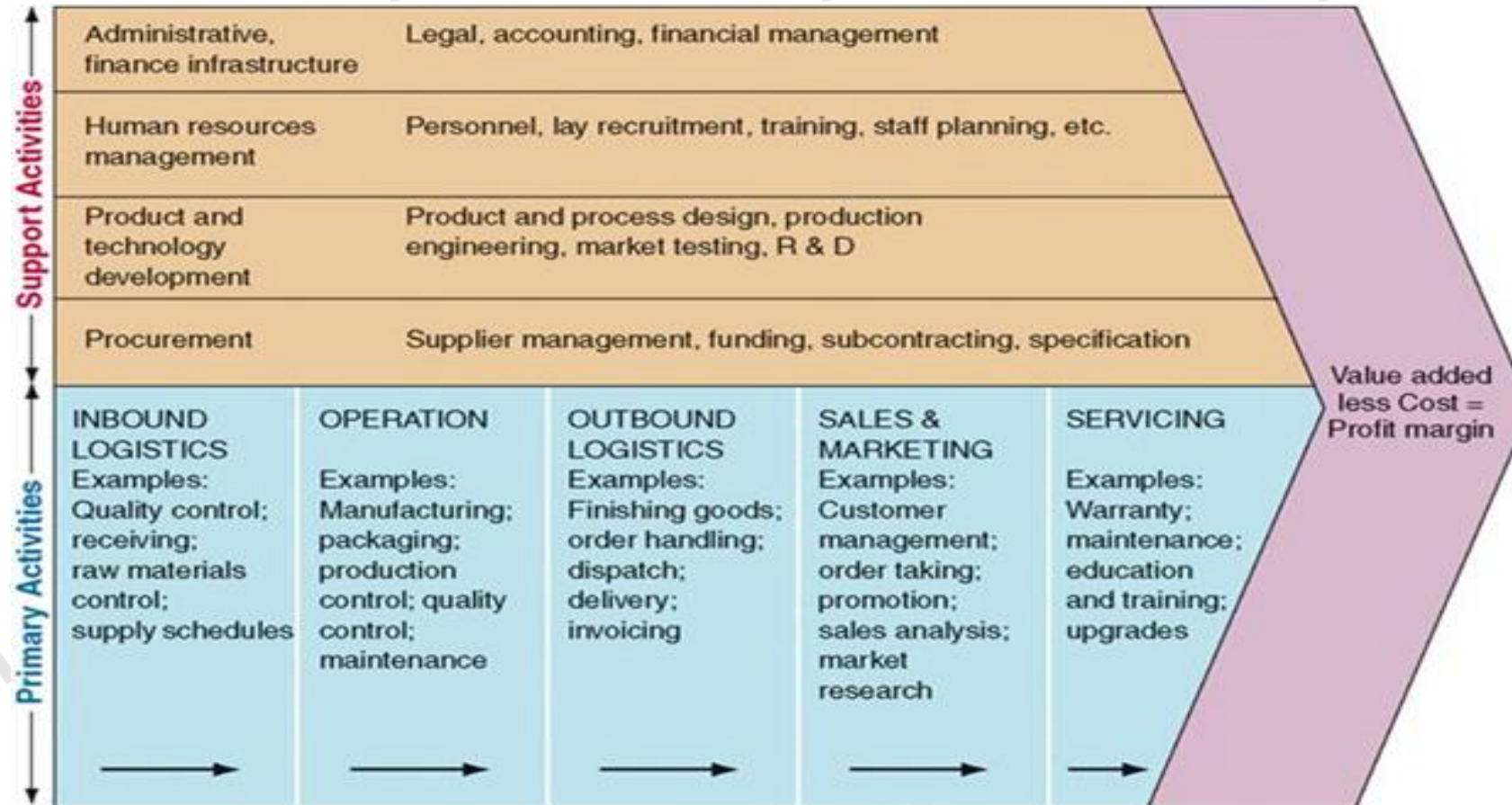
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STAKEHOLDER ENGAGEMENT AND SUSTAINABILITY

- Core element in any sustainability strategy.
- Approaches to engagement based on level of risk/opportunity and include:
  - Internal / external
  - Reactive / proactive
  - Opportunity progression / fire fighting
  - Communication
  - Consultation
  - Dialogue
  - Partnerships

- Engagement enables sustainability risk and opportunity to be more accurately understood, defined and managed.

- Managing Internal and external stakeholder engagement is influenced by an understanding of sustainability risk and opportunity in the organisational value chain.

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SUSTAINABILITY AND THE VALUE CHAIN

www.researchgate.net

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SUSTAINABILITY REPORTING PLATFORMS AND BENCHMARKS

SUSTAINABILITY REPORTING PLATFORMS, BENCHMARKING AND GUIDANCE

- Platforms to enable organisations to develop, implement, benchmark and disclose sustainability performance include:

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BS8900: MANAGING SUSTAINABLE DEVELOPMENT OF ORGANIZATIONS

- BS8900-1: 2013 – Managing sustainable development of organizations. Part 1: Guide
  - Designed to help organizations develop an approach to sustainable development.
  - Defines core principles of inclusivity, integrity, stewardship and transparency.

- BS8900-2: 2013 – Managing sustainable development of organizations. Part 2: Framework for assessment against BS8900-1 Specification.
  - Provides a framework for assessment (self / third party)

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BS 8900 PRINCIPLES: INCLUSIVITY
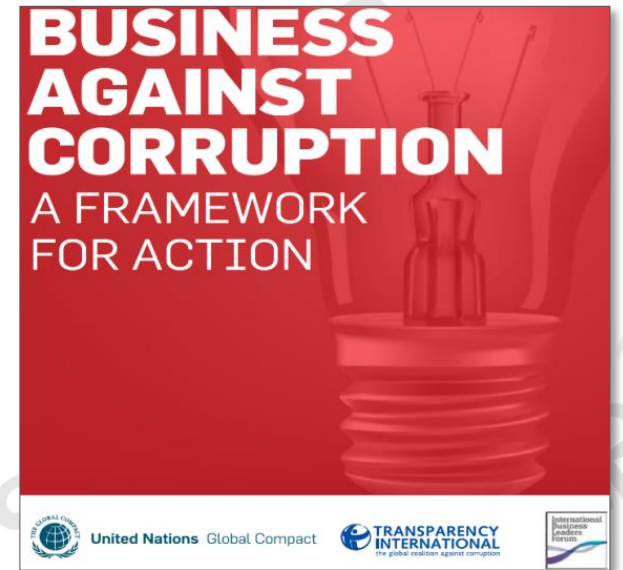
Inclusivity

"A clearly expressed intention or policy of including key stakeholders in the development of organisational strategy". (BS8900)

- The identification of key stakeholders; and
- Engagement and dialogue

- Typical primary stakeholder groups:
  - Customers, communities, suppliers, regulators, non-governmental organizations, investors and employees.

- Note linkage with ISO14001:2015 (interested party)

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BS 8900 PRINCIPLES: INTEGRITY

Integrity

- Adherence to a set of commonly held ethical norms and law abiding behaviour. Examples include :
  - Bribery, abuse, oppression, corruption, political donations, gifts / entertainment, agreement with subcontractors etc.
  - Defined systems for; policy, training and awareness, competence, zero tolerance, reporting channels, risk management, auditing, disciplinary action, continual review etc.
- See links with UN Global Compact:
  - *Anti-Corruption: (10) Businesses should work against corruption in all its forms, including extortion and bribery.*
- See links with Global Reporting Initiative:
  - *GRI 400: Social*

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BS 8900 PRINCIPLES: STEWARDSHIP

Stewardship

"Responsibility for sustainable development shared by all whose actions affect environmental performance, economic activity, and social progress, reflected as both a value and a practice by individuals organisations, communities, and competent authorities" (ISO 20121)

- Includes competence and skills, recognition and management of life cycle social / environmental aspects.
- Examples include:
  - Product development – incorporation of sustainable materials to minimise environmental impact during development, use and disposal.
  - Purchasing from sustainable sources to support economic / social progress of that local community.
- Note linkage with ISO14001:2015 (life cycle thinking, procurement, outsourcing etc.)

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BS 8900 PRINCIPLES: TRANSPARENCY

Transparency

- Openness about decisions and activities that affect society, the economy and the environment.

- Willingness to communicate in a clear, accurate, timely, honest and complete manner.

- Presumption in favour of transparency.

- Examples include:

  – Sustainability disclosures (reporting etc.)

  – Proactive communications to interested parties.

  – Managing requests for information from interested parties.

- The principles of Integrity, Inclusiveness and stewardship support transparency.
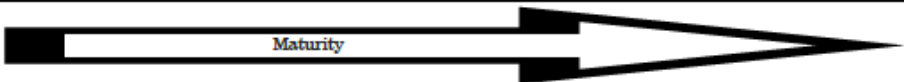
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Principles and practice		Characteristics of developing organizations			
		Minimum involvement ——— Maturity ———→ Full engagement			
Inclusivity	Stakeholder engagement and issues identification	Restricted to few	Defensive Some dialogue with immediate stakeholders, especially shareholders	Systematic stakeholder identification Issues emerge and clarified PR and competitive advantages recognized and opportunistically utilized	Strong and continuing engagement of all relevant stakeholders Issues clear and regularly reviewed Feedback networks established Focus on strengthening relationships Promotion and support of wider sustainable development
Integrity	Key drivers	Quarterly returns-driven Profit paramount	Reactive-driven by regulatory, NGO, shareholder and/or investor pressures Cost/return decisions	Sustainable development part of reputation/risk management Based on longer term development	Short, long term and broader view fully integrated Proactive planning and seeking out opportunities Championing of sustainable development
	Leadership, vision and governance	Directive and narrowly focused	Adherence to (one or more) public codes	Leadership commitment consistent Publish SD and SR statement, policy and objectives Non Executives influential	Sustained leadership internally and externally Purpose, vision and values integrated Key role of reviews based on audit and analysis of performance
	Managing risk	Fire-fighting	Compliance by the book Compliance effort where likelihood of enforcement Seek "safe-harbours"	Main risks identified and managed Performance indicators, but sustainable development separate	Sustainable development policies fully integrated Spirit not letter Prevention rather than cure
Stewardship	Sustainable development culture	Minimalist: doing as little as can "get away with"	Tick-box approach, seeing PR only, if little cost/impact Meeting regulatory baseline requirements only	Seeing link between sustainable development and business advantage but PR/marketing focus Developing education programme	Culture of sustainable development embedded at all levels Values-led and ethical approach Sustainable development part of all relevant planning and decision making Wide understanding and buy-in Sharing know-how outside organization
	Building capability	Closed shop Minimum standards or below	Statutory rights only	Building rights, responsibility frameworks and competencies Stimulating innovation, learning and people-empowering	Continual reappraisal and learning Recognizes and rewards sustainable actions Encourages and values diversity Internal cohesion and common direction
	Key management issues, e.g. supply chain	Lowest price suppliers Latest possible payment	Supplier rating scheme based on technical compliance, cost and delivery time	Broadened criteria of selection, to include SD, SR and environmental factors	Community of interest fully recognized Assistance given to lower tiers where necessary
	Environmental assessment	Minimal awareness Defensive posture	Standards not embraced Ad hoc solutions	Education and training Apply environmental policies and external standards	Environmental impact/risk assessments/audit comprehensive, integrated in decision making and valued Prevention rather than cure
Transparancy	Review	Not valued	Minimal systems in place Conventional reporting	Analysis of needs Integrated system design and planned dissemination	Periodic review and adjustment All necessary recipients served
	Reporting and building confidence	Little or none unless pressed	Minimal or as required	Selective to determined ends	Legitimate stakeholders (internal and external) receiving regular and appropriate reporting Building understanding in the stakeholder community, seeking to explain decisions and implications, and wider long-term education beyond Building trust and confidence

Figure 1 — Example of a sustainable development maturity matrix

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MOVING FROM ENVIRONMENTAL MANAGEMENT TO SUSTAINABILITY – APPROACHES

ISO 14001:2015 AND ENVIRONMENTAL SUSTAINABILITY

- Natural alignment to advance from operational environmental management to "environmental sustainability".

- Key clauses include:

  - *Context of the organisation;*

  - *Needs and expectations of interested parties;*

  - *Life cycle thinking;*

  - *Leadership; and*

  - *Risks and opportunities.*

BS EN ISO 14001:2015

BSI Standards Publication

Environmental management systems — Requirements with guidance for use

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ENGAGING INTERNAL STAKEHOLDERS

- Consider short workshops with internal departments to engage and understand key issues and build consensus.
    - Understand departmental role, function, strengths / weaknesses, resources.
    - Define sustainability in simple and practical terms and raise awareness of current / future sustainability agenda.
    - Discuss how day to day departmental activities influence (positively and negatively) the sustainability agenda.
    - Draw out and capture entrepreneurial ideas / initiatives from internal departments (most have plenty…).
    - Debate how identified sustainability issues could be more effectively managed.

- <u>Focus on effective communication and change management techniques</u>.

- Initial outputs typically include:
    - Feedback including next steps with individual departments – maintain momentum.
    - Initial benchmark of sustainability performance and risk / opportunity.
    - Use content to influence strategic and operational performance plans, and to support senior management engagement.

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ENGAGING INTERNAL STAKEHOLDERS

- Run facilitated workshops with senior management, include representation from all main departments.

- Key areas to discuss include:
  – Market shift towards increasing sustainability performance management, transparency, supply chain management and life cycle thinking.
  – Review of existing business strategy, including strengths and weaknesses relating to sustainability:
    - Vision, culture, commitment, defined sustainability objectives, KPI's / case studies
    - Awareness and management of short / longer term sustainability context issues
    - Review current and aspirational customers sustainability maturity
    - Review competitors and other key external stakeholders sustainability maturity
    - Review and analyse examples / case studies of sustainability leadership
    - Recognise multi-departmental influence in management of key sustainability issues

- Initial outputs include:
  – Outline sustainability strategy, key focus areas, quick wins, longer term goals, resource requirements, next steps.
  – Time bound action plan including regular engagement with key departments, measurable outputs etc.

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FINAL THOUGHTS...

- Integrating sustainability into the business is not an end point, it is a way of working.
- Sustainability can and does mean different things to different organisations. There is not a "*one size fits all*" approach.
- Recognise and capture what you are already doing, most organisations are doing more than they think.
- The sustainability strategy should be based on your material sustainability risks and opportunities, and implemented according to your organisational culture, resources and vision.
- All departments and functions interact with the sustainability agenda, this should be reflected in sustainability risk and opportunity management.
- The sustainability programme should make sound business sense, and should compliment and add value to the business strategy.

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TOOLS TO HELP

- ISO 14001 / ISO 14004
- Global Reporting Initiative – www.globalreporting.org
- United Nations Global Compact – www.unglobalcompact.org/
- Business In the Community: www.bitc.org
- CDP: https://www.cdp.net/en
- WBCSD - https://www.wbcsd.org/
- BS 8900 - Managing sustainable development of organisations
- PAS 7000 – Supply Chain Risk Management
- ISO 20400 – Sustainable Procurement – Guidance
- ISO 26000 – Guidance on Social Responsibility
- BS 8001 – Framework for implementing the principles of the circular economy in organizations. Guide
- BS 8583:2015 – Biodiversity – Guidance for businesses on managing the risks and opportunities
- WRAP – www.wrap.org.uk

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THANK YOU
FOR LISTENING

Thank you for participating in the session. If you would like to discuss any issue raised in the presentation, please contact me via the details below or via the FDF environmental helpline:

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