

The Guide to Responsible Business

Executive Summary

Details of how to order your copy can be found on page 51



Your guide to responsible business

STEFANIE BROWNE looks at how **Business in the Community** is leading the quest for business sustainability, and how the concept can help rail companies develop their business to benefit themselves and future generations in a rapidly changing world

Sustainability is one of those buzzwords we hear everywhere. It's often dismissed as a fad, or something for others to worry about. But in the rail industry, some of the biggest players - Network Rail, Crossrail and the Rail Safety and Standards Board (RSSB) - are talking about it and acting on it. More and more companies are taking notice, and drawing up

sustainable business plans.

According to Business in the Community's 2014 report 'Fortune Favours the Brave', opportunities for sustainable innovation are valued at £100bn in the UK economy alone, and there are £40bn worth of efficiency savings still to be made in British businesses.

There is a common misconception that being sustainable is all about the environment,

and about safeguarding natural resources.

Yes, it is about that, but beyond the natural environment, sustainability is a concept that applies to much more - jobs, people, the local community, even money.

To be considered sustainable, a business must also look beyond its immediate needs and act in a way that protects the needs of future generations.

But that's not to say it's a selfless act - while considering the future of the local community and natural resources, you're also conserving the future of your own business and its ability to grow. You're creating resilient communities around you, but also building a thriving workplace and a sustainable future.

Sustainability is all part of responsible business practice (previously known as the ►



A 12-car South West Trains Class 450 Desiro formation weaves past a five-car Class 444 at Battersea, between Vauxhall and Queenstown Road stations on the South Western Main Line on September 4 2013. London's population is expected to top ten million in the next 15 years, and businesses will need to respond to this growth sustainably. PHIL METCALFE.

➔ slightly more convoluted corporate social responsibility). It's about creating mutual benefits for both business and society.

But while that is a laudable aim, is it really something that should concern businesses?

To answer that, we need to look at how the world is changing and the trends that are forming. Known as 'global mega-trends' they include factors such as rapid population growth, increasing global connectedness, increasing resource constraints, changing weather patterns, and shifts in consumer values and habits.

And the prediction is that all these changing trends will make the world a vastly different place by 2050. According to a UN-led study released on September 18, there is a 70% chance that the population of the planet will rise continuously - from today's seven billion to nine billion by 2050 and a staggering 11 billion by 2100.

Those dates might seem like a long way off, until you consider that even in the rail industry, we are planning a railway (HS2) that won't even open until 2026. It means that conventional business models won't be enough in the future, and that we need to plan for those changes now.

Business in the Community (BITC) has identified what it calls the Forces for Change, defining those global mega-trends in a way that makes them relevant to business (see panel). Its research has revealed that 76% of business leaders think they will need a

different business model to remain fit for the future, yet only 17% of them have business plans that look more than ten years ahead. Many of them recognise the need to change, but are not acting on it.

BITC is keen to emphasise the role that business leaders play in addressing these issues. It recently released a report to which 300 business leaders contributed through surveys and a series of debates. During the process, nine out of ten leaders surveyed believed that business is about more than just maximising profit. But despite that belief, fewer than three in ten think sufficient attention is given to developing long-term business strategies.

While the core purpose of business hasn't changed (ultimately, businesses still need to provide excellent products or services to customers in order to make money to survive and prosper), the context of business is changing. Greater expectations, scrutiny and pressures are shining a spotlight on how businesses make their money, on the impact they have on the communities they serve, and on the importance of creating long-term shared value.

But while those leaders may recognise the importance of a sustainability agenda, it isn't easy to make big changes in an arena where you're under short-term pressures, and dealing with customers and shareholders who aren't asking for one. Paying lip service to responsible business is easy, but really standing up as a

responsible business leader is a different story.

BITC's advice for business leaders is relatively simple, and it has put forward some short action points:

- Create a clear long-term and short-term strategic vision.
- Demonstrate your values.
- Identify and communicate total long-term value creation.
- Develop responsible leaders for the future.
- Be an advocate for responsible leadership.

Learning from other industries is vital here, because businesses from all sectors are making a difference. The Responsible Business Awards (see separate panel) recognise those businesses that have been really successful.

For example, in June this year, Anglian Water won an award for educating its customers on fat disposal, WM Morrison Supermarkets for supporting British farming, and EDF Energy for encouraging students to consider a career in science and engineering, while National Grid won Responsible Business of the Year for investing in sustainable energy infrastructure.

But that doesn't mean to say that the rail industry isn't already heavily involved - BITC has more than 25 members in the industry, and they have also enjoyed awards success (see individual case study panels).

While individually, each business may never achieve total sustainability, each is working towards areas in which they can make their mark.

It becomes easier to tackle the massive

umbrella of 'responsible business' by prioritising the things that really matter now. These break down into six issues:

- Stimulating the local economy and creating jobs that are essential to vibrant communities.
- Reducing the impact of unemployment, particularly on young people and adults who are excluded from society.
- Addressing the skills shortage so business can compete in the future.
- Tackling inequality in recruitment, pay and promotion for women and black, Asian and other ethnic minority groups.
- Creating healthier, happier and more productive employees.
- Cutting dependency on diminishing natural resources.

But how can businesses identify and tackle these issues?

Stimulating the local economy

In difficult financial times, it is the private sector that is expected to drive economic recovery, and small and medium-sized enterprises (SMEs) have an important role to play.

They account for 99% of businesses in the UK. Defined as having up to 249 employees, they are vital for employment. In 2011, they employed 13.8 million people and had a combined £1.5 billion turnover.

Because of their financial importance, large companies need to support their smaller cousins. And it's not just about the ethical imperative. Allowing SMEs to compete for business on a level playing field, engaging with local SMEs and supporting them will do more than create jobs in the local community, it also supports a sector of business that is worth almost half of the turnover in the private sector.

Reducing the impact of unemployment

Although unemployment has been falling since January 2013, the number of people unemployed for longer than 12 months has been rising. And the number of young people not in employment, education or training has remained steady at just under one million since 2010.

Young people and the unemployed often face greater barriers to employment. A lack of self-confidence, recent experience or qualifications means that, without proactive support, it is difficult for them to find and keep work. Sometimes, those barriers are compounded by homelessness or by the criminal justice and care systems.

Unemployment has a cost for society, as well as individuals. By making employment more accessible to people facing these barriers, there can be vast benefits to business.

"The pleasure our people get from helping someone change their life is enormous, and this translates into building a motivated and loyal workforce," says Carillion IMS ➔

The UK's population is diverse, and the rail industry's workforce needs to reflect that. Currently only 20% of its employees are women and 15% are from a minority background. PAUL BIGLAND/RAIL.

Forces for Change

Balance Shift: Significant population growth in emerging markets will continue to shift our current world order, with the developed economies faced with an ageing and shrinking population. Emerging and frontier markets have opportunities for growth that often aren't available in more developed economies.

Protection: Companies implicated in any way with species extinctions can expect to be blacklisted and reviled. In contrast, those seen to be protecting people and the natural systems upon which we all depend will be hailed as heroes of the new economy.

Connectedness: Technology is creating a world where people's awareness of global developments in ideas, politics and popular aspirations is growing in both speed and reach. The very same tools and technologies allow communities to assemble almost instantaneously (across markets, generations and political divides), to influence or to create alternatives to traditional business, government and community structures.

Fragile Earth: The concept of scarcity is fundamental. It is rooted in the environmental realities of the planet, ruled and limited by entropy and ecology.

Adaptive businesses will do more with less, and enable their customers to do more with less. This does not just add a real and immediate commercial advantage, it also positions the company as a leader, helping to build its brand among environmentally and socially-conscious consumers.

Transparency: The ability of consumers to understand how a company operates and where their products come from is increasing all the time. This is made easier by the rights of public access to information. 'Open' companies (those that embrace new ways to communicate with stakeholders) may be able to respond to rapidly evolving marketplaces in ways where a more traditional 'closed' company may struggle.

Values shift: We are experiencing a widespread reassessment of the values that underpin society. There is a growing realisation that we need to apportion more value to natural systems, and become aware of the limitations and threats posed by conventional economic growth. Companies and brands that are perceived as embodying values held dear by people can see their consumers be transformed into brand ambassadors.

Business in the Community

Building on 30 years of action, Business in the Community (BITC) is working to shape a new contract between business and society.

Our purpose is to create a fairer society and a more sustainable future. We engage thousands of businesses through our campaigns, focusing on:

- Stimulating the local economy and creating jobs.
- Reducing the impact of unemployment.
- Addressing the skills shortage.
- Tackling inequality in recruitment.
- Promoting wellbeing at work.
- Cutting dependency on natural resources.

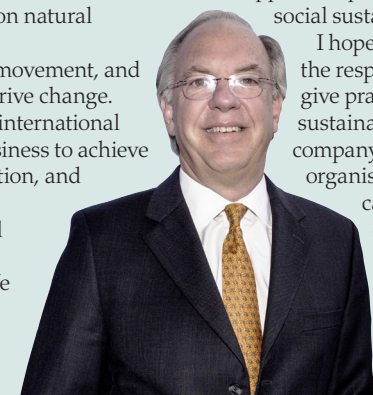
We are a progressive movement, and work with business to drive change. Our local, national and international programmes enable business to achieve more through collaboration, and we work with members to develop an integrated approach to running a responsible business. We are proud to be part of the Prince's Charities, a group of not-for-profit

organisations of which The Prince of Wales is president.

Given the projected growth for the rail sector in the UK, The Guide to Responsible Business comes at a time when it is more important than ever to demonstrate and promote best practice on the key responsible business areas for the industry.

BITC recently helped formulate the rail industry's first Sustainability Charter. Signatories to this Charter commit to meeting challenging targets designed to support the principles of environmental and social sustainability in the UK.

I hope that this guide will demystify the responsible business agenda, and give practical advice to ensure that sustainability is embedded within a company's culture and throughout the organisation, so that the rail sector can play its part as a force for change in society.



Stephen Howard
Chief Executive,
Business in the
Community

The Guide to Responsible Business

RAIL has teamed up with Business in the Community (BITC) to create The Guide to Responsible Business.

It provides advice and case studies from organisations that are already implementing some of these ideas into their business. And it helps you to identify issues in your own business, to enable you to address them effectively. To receive your copy, contact: Natalie Horton, Editorial Assistant, RAIL magazine, natalie.horton@bauermedia.co.uk, 01733 395089



► Director Barry Quatermass.

Simple changes to recruitment policy and processes can quickly reduce those barriers - even a small change such as removing a tick box and asking about criminal convictions later on in the recruitment process.

Addressing skills shortage

For businesses to compete in the future, they need access to skilled employees.

The worlds of education and employment need to be aligned so that young people leave education prepared to succeed. It is a fact that young people do not have the skills that

businesses will need to be successful in the future.

Currently, the UK's 15-year-olds are placed only 26th in the world in Maths and 23rd for reading, even though we have a high GDP and spend more on education than countries higher up the rankings.

Particularly important to the rail industry are young people that leave school with STEM (science, technology, engineering and mathematics) skills.

But 29% of firms that need these skills are having difficulty recruiting suitable staff, and 53% expect problems in the next three years.

There are several ways to help the country tackle the skills shortage, and they're not always big things.

Apprenticeships, work experience, having a school leavers' programme, even just providing good-quality careers information about the industry, will all help make a difference.

Tackling inequality

Despite significant changes to the demographic make-up of the population, evidence shows that there remains a huge disparity between access to and progress through the workplace for women and ethnic

KPMG - far-reaching corporate social responsibility programme

Last year, KPMG staff gave more than 55,300 hours of their time to community projects worth £10.6 million.

The company uses its skills and resources to strengthen community organisations, improve employability and social mobility, and manage environmental impacts.

Social impacts:

■ In 2012, employee volunteering supported more than 1,100 community organisations, and helped more than 3,400 people to improve their employability skills.

■ Between 2010 and 2012, KPMG raised £1.3m for Barnado's, supporting 20,000 children affected by severe disadvantage

and poverty.

■ Through international pro-bono programme BRIGHT, 96 employees gave more than 7,700 pro-bono hours (the equivalent of a £2.6m investment) to support KPMG's community partners in Africa, Fairtrade, Child Helpline and Restless Development.

Business impacts:

■ As an accredited Living Wage employer, KPMG has experienced reduced staff turnover, and increased productivity and professionalism as a direct result.

■ KPMG diverts 90% of waste from landfill, and is committed to achieving zero

waste to landfill by 2015.

■ Through engaging in a sustainable procurement programme and participating in the Carbon Disclosure Project, KPMG's five leading suppliers reported annual aggregate savings of £106m through activity that seeks to reduce carbon.

"Using what we are good at to make more of a difference in society." **Simon Collins, Chairman, KPMG UK.**

**AWARDS
2013**
BUSINESS IN THE
COMMUNITY



Network Rail Cymru Wales - a better railway for a better Wales

Network Rail has a company-wide responsible business programme. It has aligned its practices with five key priority areas: safety, investment, employee development, sustainability and communities.

■ Introduced market-leading sustainability criteria to supply chain contracts.

■ Reduced metal/cable theft by 40% and compensation costs to the business by 20%.

■ 78% of employees feel good about working for NR Cymru Wales.

"By making responsible decisions today, we can work towards creating a bigger, better railway."

Mark Langman, Wales Route Managing Director, Network Rail.

Social impacts:

■ Made improvements to public safety, including reducing the risk associated with level crossings by 30%.

■ Five hundred pupils have used the Rail Life Schools Package, improving their awareness and knowledge of how to be safe from 57% to 97%.

■ Engagement with young people has reduced railway crime and trespass incidents by 12.5% in one year.

■ Stimulated growth by generating (on average) £4 return from every £1 invested.

Business impacts:

■ Committed to delivering £400 million of investment in the network over 2013-15.

■ Increased visibility of the NR Cymru Wales brand.



**AWARDS
2014**
BUSINESS IN THE
COMMUNITY

minorities, compared with other groups.

Just 15% of the rail operations workforce is from an ethnic minority background, and only 4.4% of rail's engineering workforce is female.

The only way for a business to benefit from a better and more diverse pool of talent and skills is by offering equal employment, regardless of race or gender. It's important businesses act to ensure their workforce

reflects the make-up of the population.

At a Women in Rail conference in May, Rail Minister Baroness Kramer said: "I am determined to help them break down the barriers that prevent women from joining the industry."

Healthier, happier employees

There is a growing body of evidence outlining

both the cost of mental health to employees and to society, and the implications of an ageing workforce. These growing challenges can be mapped against the UK's productivity and engagement levels, which lag behind our European and global counterparts.

One in four adults in the UK will experience a mental health condition. That's a costly affair - mental ill health at work costs the UK

Responsible Business Week

Each year, Responsible Business Week showcases the positive impact of business in society as well as equipping and inspiring many more businesses to drive their social

and environmental value. Getting involved in Responsible Business Week 2015, running from April 20-26, will help you to tell a different side to your business story,

enhance your reputation with employees and customers and increase your business reach! To find out more, please contact Alice Sheffield (alice.sheffield@bitc.org.uk).



**AWARDS
2014**
BUSINESS IN THE
COMMUNITY



Southeastern - Health and Wellbeing Initiative

Southeastern has developed an initiative to actively promote and support healthy lifestyles for all staff, which has increased engagement and reduced absence. It addresses employees' concerns about their own physical and mental wellbeing.

It has created an atmosphere to provide support that helps prevent fatigue, encourages healthy eating and physical activity, and encourages staff to discuss their needs.

The programme uses an approach that involves employees supporting and encouraging one another, which also helps remove the stigma that can be attached to some mental and physical health issues.

Operational staff own the promotion of health and wellbeing activities at a local level and act as the initiative's eyes and ears.

Social impacts:

- Better work-life balance for employees, improving family and social lives.
- Increased staff awareness and use of local organisations and charities available to provide support.
- Greater involvement in communities through family days, encouraging interaction between employees and the local area.

Business impacts:

- Improved work-life balance leads to happier, healthier and more engaged employees who are prepared to 'go the extra mile' for the business.
- Employee wellbeing is embedded into the company's culture, creating a mutually supportive environment and open dialogue between managers and their teams.
- Reduced levels of absence through sickness.



"We recognise that the health and wellbeing of our staff is vital to the success of our business." Charles Horton, former Managing Director, Southeastern.



An artist's impression of the 'urban realm' proposed for outside Woolwich Crossrail station. As part of the Crossrail project, many community areas such as this are being included. CROSSRAIL.

The Responsible Business Awards

The longest running (in its 18th year) and most respected awards championing responsible business in the UK and abroad, these awards are designed for business by business. Rigorously assessed by their peers and other industry experts, the awards identify and celebrate organisations from all sectors, from small- and medium-sized businesses through to multi-nationals, that are transforming their communities and, in turn their own businesses, to create a fairer society and a more sustainable future.

To find out more about entering the 2015 awards cycle, now open for entries, please contact awards@bitc.org.uk.



East Coast - Further Together

East Coast inherited a demotivated and disengaged workforce that it has reinvigorated through its Further Together programme, transforming the company's fortunes in the process.

The long-term employee engagement and wellbeing programme has played a critical role.

The company transformed low morale, mediocre performance and a waning reputation into a happy and reinvigorated team. Training schemes, reward schemes and sharing experiences are at the heart of the programme, which is proving to be really successful.

Social impacts:

- A year-on-year improvement in engagement scores. In 2013, there was a 73% employee engagement rate, the best among all UK train operators.
- The average number of sickness absence days per employee reduced from 11.4 to fewer than 8.6 days, saving the business £1.89m.
- Recognition as a great place to work, with 37 industry awards in the past year and being one of Britain's Top Employers three years running.

Business impacts:

- Improved customer service has allowed East Coast to achieve its best customer

satisfaction results since 1993.

- A 25% growth in passenger numbers to become Britain's busiest train operator, with average loads per train exceeding 225 customers, 36% ahead of the next busiest operator.
- A 4.2% increase in total sales and a 6.6% increase in operating profit, with £208.7m returned to the taxpayer in premium and dividend payments.

**AWARDS
2014**
BUSINESS IN THE
COMMUNITY



➤ economy £26 billion each year, which is an average of £1,035 per employee.

Stress at work has more than doubled since the 1990s, with an estimated 500,000 people suffering from work-related stress in the UK. Yet only a third of employees receive any support to manage workplace stress.

And a staggering 39% of employees report feeling under excessive pressure at least once or twice a week.

It's no coincidence that UK productivity was 20% lower than the rest of the seven major advanced economies. Aside from having a duty of care to employees, companies that take a proactive approach to creating a culture of good work (and integrating this into how they do business) will ultimately benefit from a healthy, engaged and more productive workforce.

Equipping managers with the tools and knowledge to address health and wellbeing in the workplace, and raising awareness of mental health issues, will go a long way to tackling the problem in the long-term.

Diminishing natural resources

If everyone in the world consumed as many natural resources as the average person in the UK, we'd need three planets to support us. If we all lived the average American lifestyle, we'd need five!

The way products and services are currently produced and consumed is putting unsustainable pressure on the natural systems that underpin the global economy. Natural resources are becoming scarcer, while humanity's ecological footprint is increasing. Society is using resources at a rate that the planetary systems we rely on cannot sustain, and at a rate that will jeopardise the needs of future generations.

To stop that happening, business leaders must develop their thinking and challenge conventional business models. By doing that, they increase their competitiveness, reduce costs and create greater resilience.

It's perhaps the most difficult issue to address, but also the one with the most opportunity.

Environmental strategies involve more than just having a recycling system, or encouraging your employees to switch the lights off. Informing and educating people through marketing campaigns won't just help to change people's habits, it also demonstrates that a business is leading the way and taking action.

In today's increasingly resource-constrained world, it has never been more important for companies of all sizes to understand how and why sustainability is central to their long-term success and prosperity.

There is an unprecedented need for companies to work together to identify how business services will evolve over the next two decades and beyond.

As a sector that is constantly changing, and which is recording growth in passenger numbers and freight, rail cannot ignore its responsibility.

It must take action to become one of the leading sectors for responsible business practice. **R**