Thinking about Sustainability Reporting?

A beginner's guide to help you get started

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Why bother with 'sustainability reporting'?

Sustainability reporting can help companies gain competitive advantage and increase profits through more efficient processes.

Sustainability reports need to be based on actual actions taken in a company. The process of creating a report requires reflection, discussion and buy-in, all valuable activities to guarantee the long term survival of a business.

This guide will take you through the steps to creating a sustainability report that is targeted towards the SME members of the MMTA.

What is Sustainability?

Business sustainability is often defined as managing the **triple bottom line**: financial, social and environmental risks, obligations and opportunities.

Another way of putting it is 'meeting the needs of the present without compromising the ability of future generations to meet their own needs.' [World Council for Economic Development (WCED)]

Or even more simply, **'profits, people and planet'.**

Many companies communicate these plans to their stakeholders through their annual report and/or a separate 'sustainability report'. Sustainability reports usually follow a framework. The most commonly used is the Global Reporting Initiative (GRI). The United Nations Global Compact's ten principles can also be used as a simple template to get started. This guide uses the GRI as its basis.

Why communicate about sustainability?

Here are some of the main reasons a company may choose to report:

- Transparency and reputation

- Customer requests (immediate customer and/or end users/consumers)

- Ethical Behaviour – acting in with 'good values' which may include fairness, equality and diversity

- Supplier requests for information

- Companies can gain valuable feedback from stakeholders so that they may better position themselves in the marketplace

- Attract new business

- Compliance / license to operate (in certain markets)

Summary of the steps

By completing the steps below, you will have the basics of a sustainability report for your company. Additional help and information for each is contained in the following pages.

Vision	What is your company's contribution to society over and above making profits? How will your company interact with markets, the natural environment and society in a way that will allow it to survive and prosper in the long-term?
Materiality	What are the issues of greatest importance to your business continuity and success? What issues are of greatest importance to your internal and external stakeholders? (These will include your customers, employees, suppliers, and local community.)
Measure	What gets measured gets managed – what are the core sustainability indicators that are relevant for your business? Maybe start with the top five first – p.11 will help you to identify these.
Manage	Manage your sustainability goals as you would any business goals. Bearing your vision in mind, create a two-year action plan for how you will manage the goals.
Delivery	Produce your report!

In Detail

Vision

What do you add to society beyond making profits? This includes things like providing raw materials essential for certain technologies, business services which reduce risk and save other businesses money/time. Minor metals are used in a myriad of technologies including renewable energy and for electric vehicles. Speak to MMTA for information.

How will your company interact with markets, the natural environment and society in a way that will allow it to survive and prosper in the long-term?

How can you continue to meet market demand and reduce your impact on factors along the supply chain?

My company's sustainability vision is:

Try making a short phrase or strap line that sums up your social mission. Take some time to brainstorm this within your company and look at examples of other companies you do business with, or even your competitors.

Here are some examples:

H C Starck - *Committed to mankind and the environment / solutions for today and tomorrow*
Rio Tinto - *Supporting our license to Operate*
KGHM - *Our way to sustainability*

Strapline ideas:

In Detail

Materiality - Part I

Establishing your company's 'materiality' is the most important and time consuming step, but getting this right will create a focused report that holds up under scrutiny. An example of a poorly done materiality assessment would be a mining company focussing in their report on office paper recycling rather than the environmental impact of their mine.

Firstly, who are your stakeholders?

Potential stakeholders	How important are they for your business (1 – 10)? (1 is low and 10 high)	What do they want from your business other than a financial relationship?
Customers		
Employees		
Suppliers		
Local Community		
Neighbours		
Trade or other commodity associations		
Local authorities		
Local environmental organisations		
Finance or insurance providers		
Others (specify)		

In Detail

Materiality– Part II

What are the issues (indicators) of greatest importance to your business continuity and success?

Pick around five issues to start with and focus on these. Once you feel you have made progress with this first set of measures, you can introduce others. Pages 8, 9 and 10 have the in-depth information for each of these indicators.

Environmental: Energy consumption (electricity, water, fuel in vehicles, etc) Business travel (car mileage, air travel, etc) Waste generated or recycled	
Workplace: Employee satisfaction, absenteeism, turnover, injuries, diversity, progression, development and training, performance management, etc	
Customers & Suppliers: Satisfaction, complaints, on-time, payments, etc	
Community Measures: Donations, volunteering, in kind support	

In Detail

Materiality in-depth

Measure	Detail
Environmental	Electricity consumption per year (kWh) – track your consumption and measure the impact of energy-saving measures: lights, appliances, air conditioning, temperature levels, efficient lighting, insulation, even an energy audit. Energy is a key cost to the business, so savings impact the bottom line.
	Fuel consumption per year (litres) – track consumption of fuel by the company and reduction through education or incentives to staff, and changes to working practices. Fuel is a key cost to the business, so savings impact the bottom line.
	Business travel miles – track distances travelled by all staff on business. Changes to travel, e.g. greater use of virtual meetings, may also save costs and time.
Your carbon footprint	This can be calculated from your energy (electricity and fuels) consumption and flights.
	Total water consumption per year – again this is a cost to the business, one which may increase in the medium- to long-term. Water saving measures and devices will save money, as well as conserve water.
	Total waste generation per year – more difficult to measure, as this requires a means to weigh all waste before disposal. Increasingly there is a cost to waste and any reduction is a potential cost saving. Is there a way that you can make money from your waste?
	Total waste recycled per year – if you have a system to measure waste generation, measuring how much is routed to recycling should be manageable. This may be a source of revenue generation. Some companies have created valuable revenues from their waste.

In Detail

Materiality in-depth

Measure	Detail
Workplace Measures	**Employee Satisfaction** – correlates directly to employee motivation, loyalty and productivity. Any business needs high productivity and low turnover, especially a small business. Understanding satisfaction can be measured through face-to-face conversations. These may form part of the performance review process. A written survey could be completed, e.g. using survey monkey, which is free and online. Satisfied employees help you grow your business.
	Absenteeism – absenteeism is a direct cost to the business and causes disruption. Low absenteeism is another indicator of employee commitment and satisfaction. High absenteeism will affect your ability to operate and grow as a business.
	Turnover – high turnover creates a cost to the business in terms of recruitment, training and supervision of new staff. SMEs with high turnover cannot reach their potential. This measure demonstrates how effective the business is at choosing the right people and allowing them to reach their potential within the business.
	Accidents – this measure provides insights into how to create a safer working environment, and how well the business is complying with safety legislation. Each lost day is a cost to the business too.
	Development – businesses that invest in employee training and development generally see better performance and higher retention rates. Development does not need to be formal training, it may be allowing employees to work on more challenging projects or giving them new responsibilities. Publishing a commitment to development may attract higher quality recruits also.
	Diversity – promoting diversity, whether gender, ethnicity or age diversity ensures the business is making the most of the entire talent pool available. Many large companies look for suppliers that can demonstrate a commitment to diversity. Many top graduates look for a positive attitude to diversity when looking at a potential employer.

In Detail

Materiality in-depth

Measure	Detail
Customer	**Customer satisfaction** – this is an essential component of your business sustainability: without customers you have no business. Develop a mechanism to record customer satisfaction and if you manage it effectively, you will gain insights which are important to the future of your business, as well as demonstrating to your customers that you are committed to them.
	Customer quality : complaints/Product quality: complaints - tracking the number of justified complaints is an indication of the health of your business processes. These are issues of great importance to your customers. Tracking this information may be uncomfortable at first, but it is the basis for improvement.
Supplier	**Supplier satisfaction** – your suppliers may be critically important to your business continuity. How do they view working with you? How can you make it easier for them to give you their best service? You may discover ways to create greater efficiency or collaboration, or you may discover risks to your supply chain.
	Supplier on-time payments – How do your suppliers rate your performance at paying them on-time? Your suppliers may also be SMEs and on-time payments may be essential to their cash flow. This is probably the most important thing you can do for your suppliers.
Community Measures	**Cash and in-kind donations to local community causes/Staff volunteering** – as an SME you probably won't have lots of cash to donate to the local community. Do you produce products that have value, which could be donated to the local community? Do you have space that you are able to make available for a community group to use? Are you able to donate the time of your staff? Track the value of any cash or in-kind donations, for example what is the value of an hour of a member of staff's time? What would it cost them to rent a room for a day? What is the value of the product you have donated? This helps you to understand the actual cost of your commitment to the community. Your employees may be members of the community and they will find this motivating. Track the number of employees who volunteer in the community, as well as the total hours of community volunteering your employees undertake.

In Detail

Manage and measure
How do I manage and measure my indicators?

Making goals

- Having chosen your top three to five sustainability indicators, create a plan to manage these over a two-year period. It's better to show good progress across two or three areas than poor progress over a larger number of goals.

- Make the goals manageable, have a baseline measurement and track changes with your report.

- Make these goals part of your overall business plan for the period.

- Assign clear responsibilities to specific individuals. And make them part of their personal goals to ensure that they are given the same focus and rigour as other areas of their role.

- Remember, these indicators can improve your business and save you money, so they are important to the business, not just window dressing.

Tracking

Include milestones in your action plan to ensure that you stay on track throughout the year and not just at year-end when it's too late to go back and make changes.

Final Exercise

How do you imagine your business in the long-term?

Governments and large companies often have documents outlining the next 20-30 years– Roadmap 2050 from the EU is a good example envisioning the low carbon economy of the future.

Try it yourself:

Targets in action

Alcoa
From a 2005 baseline, a 30% reduction in total (direct and indirect) carbon dioxide equivalent (CO_2) intensity in Global Primary Products (refining and smelting) by 2020; 35% by 2030.

Boeing
Boeing is committed to maintaining 2012 levels for greenhouse gas emissions, water use and solid waste to landfill through 2017, even as our business continues to grow

ArcelorMittal
To ensure steel's recyclability is adequately valued in product markets.
To enhance our capabilities in steel recycling.

In Detail

Deliver your Report

Producing a report can be both expensive and time consuming, but reporting on a low budget is very achievable.

Start off simple- any report is better than no report. It is possible to build and develop over several years.

Practical considerations

- What resources do you have available?

- What's your budget

- Which reporting framework will you use? (examples given at the beginning were GRI and UNGC, but there may be a better one out there for your business)

- What format? Online only? Print?

- What period will the report cover? From what period is/ could data be available from?

Structure of the report– it is often a good idea to make chapters covering different aspects– Operations, Human Resources, Local Community depending on what you have decided is material to your business.

Collect data and illustrative stories– has your company been in the local press? Do you share news internally? Using stories makes the report easier to read and memorable to your stakeholders.

Design your report– this is an area where costs savings can be substantial but a simple design can also look good.

Don't forget to send your report to your key stakeholders (and the MMTA who will publish it on their website)

For further help, speak to the MMTA and learn how we can help you.

The MMTA offers a sustainability consulting service to MMTA members.

Helpful Resources

Global Reporting Initiative

https://www.globalreporting.org/Pages/default.aspx

BCorp

http://www.bcorporation.net/

United Nations Global Compact

Http://www.unglobalcompact.org/

ICMM- Sustainability Tool Kit

http://www.icmm.com/materials-stewardship-toolkit/

2 Degrees Network- post your questions and read articles

https://www.2degreesnetwork.com/groups/2degrees-community/

News on sustainability

http://www.triplepundit.com/

http://www.greenbiz.com/