

ethical performance

best practice

**presenting case
studies of corporate
social responsibility**

supply chain management
disaster response
education
csr strategy

ethical performance

best practice



Ethical Performance Best Practice

presents examples of best practice in corporate social responsibility. It is produced by Dunstons Publishing in association with the Institute of Business Ethics, a registered charity that exists to promote high standards of corporate behaviour (see below right).

The companies selected for inclusion have contributed towards the costs of printing and producing **Ethical Performance Best Practice**, and Dunstons Publishing wishes to thank them for this assistance. The case studies are written by the editorial team at Ethical Performance, which retains editorial control over content. In this issue, GlaxoSmithKline and ICCSR are subscribers to the IBE.

We have approached companies that we consider have a good story to tell, in the belief that one of the most effective ways of spreading best practice is by example.

■ **Ethical Performance Best Practice** welcomes comments and feedback from readers. Contact details are in the box to the right. The companies concerned would also like to hear your comments. Contact details for each company are at the end of each case study.

4 corporate strategy

Enel is using its corporate responsibility programmes to engender a sense of united purpose and identity across the company as it comes to terms with rapid growth caused by market liberalisation

6 disaster response

GlaxoSmithKline has set up business-like partnerships with non-governmental organizations to provide a quicker and more efficient reaction to the needs of people hit by natural disasters across the globe

8 education

The International Centre for Corporate Social Responsibility has come up with a novel way of helping students understand the real-life ethical dilemmas behind business decisions that may affect communities

10 supply chain management

MWH has found that joining a carbon reduction programme supported by some of its biggest customers has helped focus attention on cutting emissions – and improved its chances of winning contracts

Publishing Office
Dunstons Publishing
Wingham Business Centre
Wingham
Canterbury CT3 1AR, UK
tel: +44 (0) 1227 723 137
fax: +44 (0) 1227 723 136
email: publisher@ethicalperformance.com

Ethical Performance Best Practice is sent free of charge to named individuals known to be interested in corporate social responsibility. These persons are stakeholders and key opinion formers in the UK, Europe and the rest of the world. Extra copies are available at £11 (€16, US\$20) inc. postage & packing.

The Best Practice case studies featured are also available at ethicalperformance.com

Managing Editor Peter Mason
Office Manager Carla Thorne
Contributors Oliver Balch, Ben Hickman

Editorial Office
30 Wynter Street
London SW11 2TZ, UK
newsdesk@ethicalperformance.com

www.ethicalperformance.com
© Dunstons Publishing 2009
ISSN 1474-550X

Dunstons Publishing Ltd produces the business newsletter **Ethical Performance**, a monthly publication that covers issues and trends in corporate social responsibility, and also ethicalperformance.com, the online companion to the newsletter. Dunstons Publishing is an independent company.

The Institute of Business Ethics was established by business in 1986 to encourage high standards of business behaviour based on ethical values. It aims to lead dissemination of knowledge and good practice in business ethics. It is a registered charity. The IBE raises public awareness of the importance of doing business ethically. It helps organizations to strengthen their ethics culture and encourage high standards of business behaviour based on ethical values. It also assists in the development, implementation and embedding of ethics and corporate responsibility policies and programmes. Additionally, the IBE helps organizations to provide guidance to staff and build relationships of trust with their principal stakeholders.



The Institute of Business Ethics
24 Greencoat Place
London SW1P 1BE
tel: +44 (0) 20 7798 6040
email: info@ibe.org.uk
www.ibe.org.uk

thinking big

Italian conglomerate Enel is using its corporate responsibility strategy, underpinned by a code of ethics, to bind the company together after a period of rapid and extraordinary growth. Integrating CSR across its global operations has therefore become a priority

Enel is huge. And growing. It wasn't always the case. Italy's largest electricity company used to be 100 per cent focused on its domestic market. What changed? One word: liberalisation. The European Commission issued a directive in 1999 saying it wanted more of it. That meant an overhaul for the electricity sector, with national operators broken up and power markets opened to competition.

The changes to the sector left Enel with a choice: guard what it could in its traditional home market and hang on as best it could, or go on the offensive. It opted for the latter. 'Instead of fighting to stop liberalisation of our market, we strongly supported it. That's what kick-started our strategy of internationalization,' explains Gianluca Comin, Enel's managing director of external relations.

From being a single-market player, Enel now boasts operations in 23 countries, and its reach stretches from Lisbon to Santiago via Moscow. Its business activities have expanded likewise, moving away from just electricity distribution to power generation and natural gas. It now has more than 85,000 employees.

To survive and thrive on such rapid growth, conglomerates need to forge a common identity and purpose. But how to do that? For Enel, the answer lies in CSR. Far more than a meaningless acronym or a 'nice to have', Europe's second largest electricity company sees it as a fundamental driver for the company's future. 'CSR is so central to our business because

responsibility and respect are two huge forces around which people unite,' explains Marina Migliorato, head of CSR and relations with associations.

Not that corporate responsibility is new for Enel. As with its European peers, its early focus concentrated on established management areas such as industrial relations and health and safety. As green issues began creeping up the agenda, Enel tightened its environmental management systems accordingly. The same happened on social issues, with the company moving from straightforward philanthropy to a more holistic stakeholder management approach.

But never before has CSR carried such weight in the company. Evidence of that fact can be found in the company's recently revised mission statement. Alongside commitments to deliver value and meet shareholder expectations runs an explicit pledge to deliver 'a better world to coming generations'.

The company knows that its power to build a better world does not lie in simply sponsoring charitable programmes or funding conservation projects (although it does both of these, and more). Instead, its stamp on the planet depends on the way it carries out everyday business activities: cutting greenhouse gas emissions from its power plants, settling disputes with customers quickly and fairly, sourcing locally where it can. For these reasons, Migliorato and her core team of eight people are pushing forward an ambitious plan to integrate CSR and responsible behavioural patterns

■ Enel is Europe's second largest electricity company and has a global presence with more than 85,000 employees in 23 countries. It has decided that a strong corporate responsibility programme is the key to forging a common purpose and identity within a rapidly expanding business



through every strand of the newly expanded company.

Where to start? Top of Migliorato's to-do list was taking a fresh look at Enel's core principles. The company's code of ethics – 'our identity card', as Migliorato puts it – was therefore put up for revision. Drafts of the document were sent for approval to every business unit within the group, and later approved by the company's board and at its shareholder assembly. It was then translated into Romanian, Bulgarian and every other language in which Enel employees operate.

'The code of ethics encapsulates who we are as a company. After the job contract, it's the first document that human resources sends to new recruits,' Migliorato emphasises. Complementing the code is Enel's Zero Tolerance of Corruption policy. Migliorato admits that bribery represents a 'huge challenge' in some of the new markets where Enel operates.

Going forward, Enel's integration strategy essentially rests on three pillars. First and foremost comes the need to communicate. Word is already out thanks to the wide consultation process for the code of ethics.

But the company is also planning a major internal awareness raising campaign for the first three months of 2010. Everything from company newsletters to the corporate intranet site will be used to get the message on CSR to each Enel employee.

Then there's the training. As a baseline, Enel runs a mandatory online course for all personnel on its code of ethics and anti-corruption principles. Managers and those in 'at-risk' functions, such as procurement or business development, receive training updates on specific business responsibility issues. The CSR team is also putting the final pieces together for a global conference and training course. The event is designed to bring senior management and in-country managers with CSR responsibilities up to speed with the new code of ethics.

The third aspect of Enel's ongoing integration effort revolves around sustainability reporting. Again, reporting is not new at the Rome-based energy company. Its upcoming 2009 report will be its eighth annual publication. The last three reports have been put together in line with the benchmark Global Reporting Initiative's G3 guidelines. For the next report, Enel will use GRI's new sector guidelines for electricity utilities as its reference point.

'In order to make sure that everybody who is working with us is aligned with the latest GRI standards, we hold constant conference calls and organize meetings with our key contacts in every country,' says Migliorato.

The reporting process provides external stakeholders with an up-to-date, no-nonsense account of how Enel is performing. But more importantly, perhaps, reporting also builds internal engagement. Every January, the CSR department sends a request for

'after the job contract, the code of ethics is the first document human resources sends out'

Enel's USB pen drive

Enel has produced a sustainability report every year since 2002. With more than 450 key performance indicators to measure, it's no small job. Nor, at over 250 pages, is it a quick read. While some specialist readers require a full copy, Enel is conscious that most of its stakeholders are interested in specific issues. For that reason, all the information is easily accessible in a disaggregated format on the company website. Directing readers online also has the benefit of saving paper. With that goal in mind, Enel has also been providing its full sustainability report on a pen stick memory drive. Readers can download the report, available in both English and Italian, and search it to their heart's content.

information to the members of Enel's worldwide CSR network. That triggers them to ask their colleagues for information, and so on and so forth down the management chain.

Weaving corporate responsibility into the fabric of the new-look company has its challenges. Every subsidiary Enel has acquired boasts its own business culture. The same is true for the diverse national cultures in Enel's expanded portfolio of country operations. Aligning all these is not an overnight job. It requires time.

One factor that will ensure this process takes places smoothly is the alignment of Enel's internal decision-making process. Functional responsibility for CSR sits with the CSR department at the corporate centre. Each subsidiary also has its own CSR representative. In the case of Spanish utility Endesa, there's a separate, experienced team that works in close co-operation with the centre. Couple that with the 1000 or more people involved in the reporting process and the challenges from an organizational perspective are considerable.

Enel has understandably focused on the job at hand: clarifying its vision and values, engaging its key internal audiences and beginning the implementation process. So to date, complex questions of internal organization and management responsibilities have had to wait.

'Rome wasn't built in a day,' as the popular phrase



This is a good example of how to embed a code of ethics in a diverse international organization. Enel has recognised the advantages of unifying its subsidiaries with a common set of core values. Its holistic 'three pillar' approach to CSR – focusing on communication, training and reporting – has helped Enel to create a reputation as a forward-thinking organization.

Points of interest include:

- the consultation process employed by Enel when drafting its code of ethics
- the appointment of in-country CSR representatives in each subsidiary
- recognition that building an ethical culture takes time and involves a cultural shift.

JUDITH IRWIN, INSTITUTE OF BUSINESS ETHICS

DISASTER RESPONSE

ready for a crisis

GSK has worked with a number of non-governmental organizations to develop an efficient, streamlined system for donating medicines to areas hit by natural disasters. This involves making sure that the goods are not just delivered to the airport, but tracked on arrival

Brew a coffee. Log-on to the internet. Check your emails. Millions of employees go through the same routine every morning. But for Sue Ricketts, the process has an edge. She can never be quite sure what will be waiting in her inbox. In the frontline of GlaxoSmithKline's product donation programme, she is one of the company's first ports of call in a humanitarian emergency.

Today it happens to be Typhoon Ketsana, which has wreaked havoc in the Philippines, but it could as easily be Burkina Faso or Honduras, or any of the 100-plus countries to which GSK's programme extends. The email comes from global health and emergency response charity AmeriCares and informs her that more than 450,000 people have been displaced from their homes and 380,000 are living in makeshift shelters as a consequence of major floods. In the wake of a large-scale disaster like this, there is a massive surge in the numbers of injured requiring prompt treatment – and diseases such as cholera and typhoid can emerge quickly, creating a huge demand for medicines.

'My job is to get a handle on what is going on and to start the process for managing a donation of our products to the affected communities,' explains the cool-headed programme coordinator. Fortunately, GSK and its partners are prepared. Through news sources and local in-country contacts, Ricketts quickly ascertains the reality of the situation. AmeriCares' request for medicines is appropriate in the circumstances.

The next step is to get clearance. Ricketts contacts the local GSK manager in charge of the affected area, the donation is authorised, and then she sends an email approving the donation request to AmeriCares. Fortunately, the health charity already has the necessary product stockpiled in its warehouse. Every year, GSK provides a product inventory to the five US non-profits with whom it works. Each then chooses the medicines it thinks it will need, not only for responding to disasters, but also to support long-term community healthcare programmes or medical missions.

GSK puts an initial cap of \$15 million-worth (£9.5m) of product on this donation stage. When specific emergencies arise that require additional or different stock, GSK's partners can – and regularly do – request more products. This system of pre-ordering ensures that precious time is not wasted when the news of a

the company

GSK is a UK-based multinational pharmaceuticals and healthcare company that spends more than £300,000 (\$478,000) an hour on developing medicines that treat six major disease areas – asthma, viruses, infections, mental health, diabetes and digestive conditions. It:

- is still active in helping to deal with the devastation created by the 2004 Indian Ocean tsunami, working through its GSK Global Community Partnerships team to help rebuild communities in countries such as Thailand, Sri Lanka and Indonesia
- has donated cash and medicines to more than 100 of the world's poorest countries in recent years, including in the wake of the huge earthquake in China
- donates consumer healthcare products such as toothpaste and nutritional drinks as well as medicines to help provide short-term relief in disaster areas.

delivering a co-ordinated disaster response requires extensive planning and preparation

humanitarian disaster breaks, says Randy Weiss, corporate relations director at AmeriCares. 'Knowing what products we're going to get beforehand helps hugely when scheduling for the years ahead,' he adds.

With the green light from GSK, AmeriCares immediately sends a shipment of medicines to the Philippines. All the time, the charity is working with local health authorities and its own on-the-ground partners to ensure the consignment arrives at the disaster area.

Humanitarian emergencies typically happen without warning. Indeed, the element of surprise is what often makes them so devastating. In contrast, delivering a slick, well-coordinated response to such emergencies requires extensive planning and preparation. Central to the efficiency of GSK's programme is its internal management. GSK's Global Community Partnerships team in the UK acts as the central cog, liaising with the partners as well as mobilising people internally. In the wake of a crisis, a multidisciplinary team is also set up to assess the situation and make decisions.

Of equal importance is having trusted partners at hand. For more than ten years, GSK has been working with the same five US non-profit partners: AmeriCares, Direct Relief, InterChurch Medical Assistance, MAP International, and Project HOPE. All have proven records in supplying emergency relief in humanitarian situations.

Clear rules governing the donation process are the third major factor for success. GSK manages the delivery of its donated medicines in much the same way as its commercial supply chain. GSK's charity partners, for instance, must provide a shipping report explaining what product they are delivering and to where. The process doesn't stop there. After the donations arrive, GSK



■ GSK works closely on disaster responses with US-based health and emergency response charity AmeriCares, which has products stockpiled in its warehouse and ready for delivery by air

requests information on how, where and by whom the products were used. Each donation is dispatched with a lot number, which helps track where medicines end up.

Donation programmes are not without their critics, however. Top of the list of complaints is that large pharmaceutical companies use donations as a way of dumping old stock. GSK's strategic approach, and that of many other major pharmaceutical companies, is far more considered and well developed. But to add credence to its assertion, it participates in an industry-wide alliance to ensure best practice in medical donations. The Partnership for Quality Medicine Donations (PQMD) is made up of 13 non-profit organizations and 15 pharmaceutical and medical equipment manufacturers. GSK was a founding member, helping to get the initiative off the ground over a decade ago. As a condition of membership, PQMD insists all donated drugs have at least one year until expiry date when arriving.

GSK also goes a step further. Back at the manufacturing stage, it factors in those medicines that it intends to donate. This ensures that drugs destined for donation and commercial sale are produced at the same time. In that way, they also share the same shelf-life.

Another common criticism directed against the pharmaceutical industry is that its donations don't cost as much as the company claims. This arises from the industry's practice of valuing its donations in accordance with the wholesale acquisition price: in other words, the price that a commercial buyer pays for the product. That figure, the critics say, is considerably more than the real cost the product costs to make.

This year, GSK decided to change its method of calculation. Nowadays, it uses the 'average cost of goods' as its benchmark: that's to say, the material and labour costs involved in manufacturing the medicine, but not the subsequent sale margin. As a result, in 2008 the company's total humanitarian donations were valued at £5 million (cost of goods value), compared to the previous year's £21.6m (wholesale acquisition cost

value). And all without a significant change in the amount of product shipped to distressed areas. The company also publishes the value of its donation programme in its Annual Report and its Corporate Responsibility Report. There is internal transparency too. After every disaster the Global Community Partnerships team posts details of the company's response on the GSK intranet. 'We receive a lot of inquiries from employees during disasters, both about colleagues and people they know. It's very reassuring for them to know what we are doing and how we are doing it,' says Ricketts.

GSK's approach is not without its challenges, partly because a decade ago the lion's share of the company's products came from the US. Now GSK has factories across the globe. 'So, if there's a disaster in Pakistan, for example, does it make sense to send a donation of medicines from the US when Pakistan has its own manufacturing base?' says Ricketts. It's an important question to resolve. But, for the moment, she can log-off at the end of the day confident that yet another shipment is heading where it's needed.

■ Further information: Global Community Partnerships, GSK at community.partnership@gsk.com

ibe comment GLAXOSMITHKLINE

Getting help fast to those who desperately need it can be a logistical nightmare. GSK's partnership with trustworthy NGOs and an alert in-house team to manage the process is a good example of practical anticipation.

Points that impress are:

- the willingness to donate when need arises
- trust between GSK and its partners
- the effective and speedy authorisation system
- responses to criticisms
- information flow to employees and others

SIMON WEBLEY, INSTITUTE OF BUSINESS ETHICS

EDUCATION

business ethics in paradise

The International Centre for Corporate Social Responsibility has been teaching CSR for seven years, but it has now established a novel way to engage students in sustainability issues – by letting them apply textbook theory in real-world roles

In a comfortable, well-ventilated room in England's east Midlands, two groups of students sit opposite each other. 'I'm not having the media saying this bank invests in exploitation and drug use,' says the leader of one team: 'Your mass tourism development may be profitable, but that's not our only criterion for lending.'

The students are not beneficiaries of generous work experience placements: the scene is part of a university's innovative corporate responsibility exercise in which postgraduates engage in a role-play situation where a tourism developer seeks investment from a bank under pressure from the media and non-governmental organizations.

The International Centre for Corporate Social Responsibility (ICCSR) at Nottingham University Business School launched the stakeholder relations exercise, called Paradise Island, three years ago in partnership with the UK-based teamwork and leadership consultancy Tony Hare Communications. The concept has been written up as a European Academy for Business in Society project as an example of innovate approaches to CSR education.

The 'experiential learning' activity is based around a projected tourist development on a small self-sufficient island. Students are allocated roles as: the development company, Paradise Developments; the bank; or as members of civil society. Paradise Developments is seeking investment from the bank, but the company has a poor track record on corporate responsibility in the region, so the local community is strongly against the business coming to Paradise Island at all.

The role-play exercise, which lasts around four hours, requires 20 to 30 students to resolve the situation to the satisfaction of all three teams. Three or four teaching staff are on hand to offer help, as well as hindrances. Students are given specific roles within their group — meaning they can end up as a marketing director of Paradise Developments, an investment banker, a local fisherman or a spokesperson for an NGO.

Proceedings end with the bank either backing or turning down the developer's proposal, although in some cases partnerships between Paradise Developments and civil society have also emerged from discussions. Finally, an assignment requires

debates have been so spirited that protests have been staged by students in the middle of role-play talks

the organization

The International Centre for Corporate Social Responsibility (ICCSR) was founded in 2002 as part of the Nottingham University Business School. The centre now has seven full-time academic staff, and:

- provides two highly regarded specialist taught programmes – an MA and an MBA – in CSR, in addition to supervising specialist research degrees in the subject
- leads modules in subject areas including business ethics, ethical finance, corporate governance and social accountability, CSR, sustainable management, economics and social entrepreneurship
- is involved in a wide range of research activities and projects — ICCSR has recently published studies on CSR in Asia, corporate community investment, corporations and citizenship, business

students to reflect on what they have learned and on how a company might manage conflicting stakeholder interests.

ICCSR says the exercise is intended to 'develop skills like initiative, leadership, teamwork, communication and creativity', as well as critical business skills such as negotiation and the ability to develop flexible business models that go 'beyond CSR'. One student said in feedback about the session: 'It was very similar to a real-life setting in terms of the time pressure and forcing people to be decisive.'

Students also get an experience of engaging with the media, and some useful tips on how to safeguard their reputation. Midway through the exercise Tony Hare, a former journalist, stirs things up by playing a local reporter and asking for interviews, producing live radio broadcasts – and making or damaging reputations in the process.

Deputy director of ICCSR Wendy Chapple, who has been involved in both running and supervising Paradise Island, says the exercise 'gives students an exposure to thinking about themselves as managers and gets them used to the experience of making strategic decisions'.

The exercise has been so successful because of the level of engagement and passion it arouses in students. Some of the debates have been so spirited that protests have been staged by students in the middle of talks between the two other parties. In an assessment of the exercise, Roger Murphy and Namrata Sharma from the Institute for Research into Learning and Teaching in Higher Education concluded



■ on Paradise Island: students get to grips with the prospects of development in their imaginary setting, building leadership skills by working together and in competition with each other

that Paradise Island ‘tends to bring out strong feelings and emotions among the participants, depending upon the roles that they are given, and it is evident that these can trigger powerful learning insights’.

The activity is usually introduced to students mid-term, after they have learned plenty of CSR theory that they can apply to the role-play situation. ICCSR maintains that Paradise Island’s success is built on ‘the firm foundations of high quality teaching of CSR at Nottingham’.

Last year 120 students participated in the Paradise Island programme on both MA and MBA courses at the Nottingham University Business School, and this year ICCSR will use the concept on a larger scale by building one of its core MBA modules around it. Called ‘Sustainable Decisions and Organizations’, it will build on the success of Paradise Island and will include more substantial experiential learning exercises, including staged press conferences with real journalists.

Hare, the inventor of Paradise Island, explains the providence of the approach: ‘The principles of sustainability are often shared in a theoretical way and people find them inspiring and can immediately see why it matters,’ he says. ‘But I felt that this needed to be complemented by something practical. The sound theoretical grounding of sustainability only has meaning when it’s applied to something concrete. When students understand the principles they then need to ask, “what does it look like?” in the real world and apply the theory.’

The exercise is also used by Hare outside of Nottingham as his company, Tony Hare Communications, takes it around the world. Paradise Island has been particularly popular in banks, including HSBC, and at NGOs, where WWF was the first organization to participate in the activity. In the corporate context, the value of Paradise Island is in achieving buy-in to (and understanding of) CSR initiatives across the enterprise. Hare says his model is

particularly exportable because its ‘non-didactic approach’ means participants essentially lead the activity themselves. It also requires no hardware, and its focus on universally important business skills such as leadership, decision-making, communication and understanding complex CSR issues make it especially versatile. What’s more, says Hare, ‘one of the attractive features of Paradise Island is that it goes beyond CSR. It is also about personal growth and development.’

These advantages, however, would have meant little if the students themselves had not taken to the idea so quickly and enthusiastically. And the proof is in the pudding. ‘Paradise Island helped me to understand the importance of stakeholder roles in business better, to make decisions more efficiently and to be an expert at whatever I do by doing it right and ethically,’ says one student. That’s just the kind of outcome that ICCSR was looking for when it first began to set foot on Paradise

■ Further information: Dr Wendy Chapple at ICCSR at wendy.chapple@nottingham.ac.uk and Tony Hare at tonyhare@tonyharecom.com

ICCSR

The ICCSR is raising the bar when it comes to corporate responsibility in education. This innovative teaching tool, which uses the simple medium of role-play, not only brings academic theory to life – it helps develop the moral compass of future professionals. In doing so it goes beyond CSR.

Features of note include:

- the extension of the use of ‘Paradise Developments’ to banks and other corporate settings
- the exercise provides an opportunity for students and staff, in a safe environment, to experience the need, in a dynamic way, to make a practical ethical decision
- participants are able to develop leadership and stakeholder management skills.

PHILIPPA FOSTER BACK OBE, INSTITUTE OF BUSINESS ETHICS



SUPPLY CHAIN MANAGEMENT

signing up for change

MWH has joined a carbon reduction initiative that helps suppliers of the utilities sector reduce their impact on the environment – and acquire a certificate to prove they’ve done so

Despite tough economic conditions, climate change remains high on the agenda for most corporate boards. But the problem facing many companies is how to engage and involve suppliers in measuring, managing and reporting their carbon footprints.

MWH, a global provider of environmental engineering, consulting and construction services to the water and energy infrastructure markets, is part of a solution. As one of the largest suppliers in the utilities sector, it has signed up to be certified through the carbonReduction Programme, a collaborative initiative taken up by many companies in the utilities sector to reduce carbon emissions in their supply chains. So far the results have been promising.

Although MWH, which operates from 197 offices across 38 countries, has been active in measuring its carbon footprint since 2006, it wanted to ensure that its scope and methods of measurement were appropriate, accurate and in-line with emerging standards. It was also keen to have its processes and results independently verified. This is particularly important given that buyers are increasingly demanding that a supplier’s commitment to reducing its carbon footprint should be a pre-requisite for tenders.

The carbonReduction Programme, which is administered by the global sustainable procurement company, Achilles, allows suppliers to measure, manage and report their carbon footprint with help from companies that have signed up – including United Utilities, Scottish and Southern, National Grid, Anglian Water, E.ON UK and Northumbrian Water.

Once part of the programme, a supplier has to put together an emissions inventory that details all data it

has collected, all areas that have been looked at, what kind of boundaries have been drawn around the business, what business units have been included and any that might have been excluded. They also have to come up with a management and reduction plan to say what actions are going to be carried out over the coming year to reduce their footprint. Once this has been done, Achilles does an audit leading to a certificate that is available to buying organizations.

Alison Bradley, MWH’s environment manager for Europe, the Middle East and Africa, says this last part is crucial. ‘The independent auditing process of our work undertaken by Achilles has been invaluable, and to us, the most important aspect of the carbonReduction Programme,’ she explains.

Glenn Cargill, auditor for the programme, points out that while it’s important for Achilles to be helpful in the early parts of the process, ‘as a verification body we have to maintain independence, so we have to be careful we don’t tell a company how to do it. Our task is to get the scope and boundaries agreed and then verify results through source data’.

MWH’s present audit only covers its UK operations, but the findings have been used to improve the company’s carbon footprinting on a European and international level. ‘I’ve found myself referring back to things that have been done in the UK audit and

‘as a verification body we are independent, so we have to be careful we don’t tell a company how to do things’

■ MWH has been active in measuring its carbon footprint since 2006, but the carbonReduction programme has provided a new focus for its activities

ibe comment

MWH

Most companies are still struggling with measuring, let alone managing, their carbon footprint. Not so MWH. The agreement on a carbon reduction and management programme with clear targets enables its progress to be audited and properly certified.

Points to note:

- the economic downturn has not diminished this programme from its high place on the firm’s agenda
- MWH has pursued the initiative with thoroughness
- plans to extend the audit to overseas operations.

SIMON WEBLEY, INSTITUTE OF BUSINESS ETHICS



