

Executive Forum - Session Notes
11 December 2007

How can we avoid the problem of “greenwash” and ensure organisations become truly sustainable?

Executive Summary

A wide-ranging and stimulating discussion on the issue of “greenwash” naturally flowed in to other related topics and how we can ensure we can make sustainability happen.

A number of themes concerning the key challenges for sustainability were covered through robust discussions:

- Sustainability is a fundamental issue and we definitely need to avoid the problem of “greenwash” for organisations to retain their integrity and credibility.
- Measurement – there need to be common measures, standards and targets so that we all pull in the same direction.
- Impact – we need to demonstrate a real impact, proving our achievements against the full range of sustainability criteria, with a sense of proportion around current and required performance.
- Authentic reporting – validated to prove integrity.
- We need to overcome barriers to change, making the move to become more sustainable simple and fun, encourage brave early adopters, find and demonstrate exemplar cases, and apply real incentives.
- Learn from others and make sure that sustainability and CR/Sustainability Reporting does not become a “fad”.
- Responsibility – for everyone to take.

Context

- Sustainability has risen to the top of the public and business agendas.
- Investors and customers have started holding companies to account for their social and environmental, as well as their economic performance.
- Many organisations are getting to grips with what this means and what they need to do to become more sustainable.
- Many also appear to be capitalising on the PR opportunity and making the most of their claims to be making a difference:
 - How much of a difference are we really making?
 - How much of what is going on is hyperbole?
 - What should we really be doing to become truly sustainable?
 - How do we retain credibility and integrity?

Purpose of the Session

- Raise awareness.
- Promote debate on what may be done to avoid the problem of “greenwash”.
- Share ideas on the way forward.

Opening Comments and Aspirations

Essentially, there was a shared passion for sustainability issues and the need to avoid “greenwash”; everyone was keen to promote a robust, visible, transparent & honest approach to reporting on sustainability achievements.

Key comments included:

- We collectively need to own up to the “problem” and close the honesty gap.
- Reality, openness, honesty, full disclosure, integrity.
- Document the truth to overcome cynicism about “spin” in the media.
- Companies need to take real action; few organisations appear to be “doing it for real”.
- Promote visibility of our total impact in organisations; in doing so establish a positive business case for sustainable solutions.
- Business efficiency and sustainability should go “hand in hand”.
- Ensure investors are attracted to sustainable investments.
- Culture – remove the fear of mistakes – promote a learning approach.
- But we need the same goals and common standards to work to.
- We need to cut through the confusion and ensure there are clear messages.
- More transparency of what is going on, what we need to achieve and how we can make the necessary difference.
- Sustainability needs to be central to company strategy, linked with individual performance assessment and reward.
- Drive progress through peer pressure.



The Issues and Challenges:

The discussions covered a number of challenges through the morning, which may be grouped under the following themes:

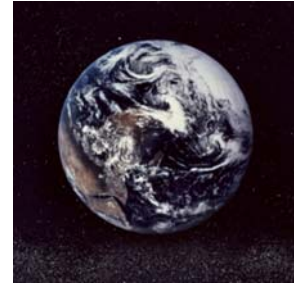
1. Measurement – Agreed Common Standards.

- Participants would like to see common measures for sustainability.
- It would be useful to unpack the full range of specific attributes and develop appropriate metrics.
- There is also a need for common standards – e.g. carbon measurement: there are a number of different schemes and calculation models available, giving different figures for similar activities.
- This may be explained by the use of different methodologies, scope of what is included and different input data used in the calculation models.
- There is also a need for common targets – what do we need to achieve?
- There are some published high level indicators from Government (Defra National Statistics).
- There are also some useful models & indices available for business, e.g. FTSE for Good and Business in the Community (BITC).
- BITC is considered a good place to start with measures, although some concerns that this approach relies on relative indices rather than absolute measures of sustainability. Points awarded for perceived maturity of practice. An organisation could score well, but not be that sustainable in real terms. Furthermore, as it is funded by members through subscriptions, there are questions about the objectivity and impartiality of the system; it is known that little pressure is put on under-achievers and a member company resigned as a result of their views on this limitation in the approach.
- In relation to the built environment, the UK Green Building Council (UKGBC) is starting some work on sustainability measurement.
- An interesting question was raised: is there a single key measure for sustainability, in a similar way to the principal metric to indicate marketing success, developed by Reichheld, is “likelihood to recommend”?
- There are perhaps many different agendas associated with the complex issue, and it would be interesting to see if a lead criterion could be developed?
- There is perhaps a need for patience in the early days; we will need data over a long period of time to see the real impact and trend.



2. Impact – Making a Real Difference

- There is a strong need to demonstrate a real impact, and not just being seen to be doing good.
- The impact needs to cover all aspects of sustainability, not just climate change or even a single issue such as CO₂ emissions.
- There also needs to be a “sense of proportion” around impacts measured and reported on, indicating the real scale of the challenge that individual companies face.
- Many CR reports are filled with anecdotes about good deeds, but it is hard to establish if this is making a measurable difference or not in the grand scheme of things, e.g. an initiative to reduce waste from packaging and plastic bags from supermarkets.
- How do we follow through from measuring and reporting to make a real impact?
- How do we ensure things change?
- Is there a fear of being first and holding back to see what the “others” do first?
- Are organisations just doing the easy, small things?
- What will actually drive improved sustainability performance in companies?
- Measures are necessary, but also important is a real commitment to improve and real incentives (sticks & carrots).
- It might be helpful to establish a link between sustainability performance and impact on share value.
- Customer satisfaction and staff retention may also be improved by good CR/Sustainability performance.



3. Reporting with Authenticity

- Two main areas of reporting were discussed – through company published CR/Sustainability reports and through the media.
- Circulation is a key driver in the media, so reporting will be focused on what sells.
- Suncor of Canada commended as an example of good CSR performance and reporting. (Post discussion note: a news item in *Ecologist* magazine, November 2007 noted that Suncor claimed to have reduced CO₂ intensity by 51% between 1990 and 2006, a good performance. But as the company has significantly ramped up production, its overall GHG emissions are up by 131%. Comment: the company has increased output but perhaps become more efficient through its process).
- CEO has ultimate responsibility.
- Need for independent third party validation.



- Employees are “brand ambassadors”, can be cynical and “vote with their feet” if the company does not live up to its own “hype”.

4. Overcoming Barriers to Change

- People are generally resistant to change.
- Change therefore needs to be easy for them, so simple and fun strategies are more likely to receive better “take-up”.
- British Gas “Green Street” campaign: example of local empowerment with budgets given to local residents to compete against other “Green Streets” around the UK to become the *most* green.
- Culture and behaviours will always present a problem, e.g. fear of being first and any potential adverse impact on the business.
- Some players are perhaps brave enough to take the first step alone and drive the market, e.g. Wal-Mart’s first move to sell low energy light bulbs at low prices.
- Perhaps it was seen as a good opportunity to differentiate?
- There is the potential for collaboration between key players to drive changes in the market.
- But, we need to ensure these are for the good of customers, as it is possible to fall foul of competition law, e.g. alleged collusion between supermarkets for increasing the price of milk.
- Need to assess risks in deciding how to move forward, although a risk-based strategy only goes so far, and may lead to minimal possible action.
- There is a need to win “hearts and minds”.
- Need to promote “win-win” solutions – for the benefit of employers, investors and society.
- Financial motivation to change and a perception in the market of “premium” prices for green solutions: organisations need to challenge prices & cost structures; often it is a case of new & emerging technologies with low economies scale, the need to recover investment or perhaps even market exploitation or opportunism that promotes high prices?
- We need to make visible and challenge these situations, then develop countervailing strategies to reduce the investment cost and improve the business case.
- Commercially, we need a holistic view within the business case, considering whole life as well as the capital cost of solutions.
- Perception that climate change might not be as big or hurt as much as we think.
- Misinformation about the whole issue of climate change, peak oil, etc, as well as the suitability and integrity of different products and services to help.



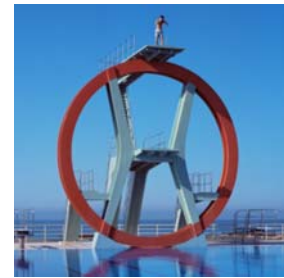
5. Learning from Other Initiatives

- There have been many “fads” in business over the last thirty years, that have come and gone and perhaps not had the impact or longevity they promised, e.g. Investors in People (IIP).
- What can be learned from this to ensure that such an important issue as sustainability doesn't go the same way?
- Some suggestions made:
 - Need to measure the right things.
 - Prove total impact.
 - Make a commitment to improve and be held accountable.
 - Sustainability is perhaps too big an issue and it won't “go away”; it can only get worse, we have to act now and become more sustainable.
 - Need rigorous case studies, with real data, proving business case and lessons learned.



6. Responsibility for Change – Who Should Take the Lead?

- What role should Government take?
- We all need to take personal responsibility – every little helps – “pebble in the pond” and the ripple effect.
- Change habits and behaviours e.g. use of car. Paradox of the car – it enables access and freedom, but then as use expands so much, it ultimately restricts and constrains freedom!
- Companies also need to take the lead, e.g. British Gas with its on-line energy efficiency report – 1 million customers have used this service!
- Public opinion - massive demonstration at Trafalgar Square.
- CEOs need to spend more time on this issue.
- We need to be optimistic – we can change our behaviour, and have already started that change.



What Do People Want to Take Away With Them?

- Understand measures that could be taken forward – at company and individual levels. Common measures and benchmarks. Much more information needed on measurement.
- Many companies claim to be the “greenest”, but need to know when you are truly green and when you are not.
- Focus on the business case.
- Hold ourselves responsible.
- Increase awareness and become better informed, e.g. use of technologies and costs.
- Tackle mixed messages – joined-up thinking in media/education/science community.
- Demystify key issues, e.g. carbon trading.
- Find and disseminate good examples to drive behaviour.
- Establish common standards and vocabulary.
- Ignore the less convincing claims made by some companies.
- Do what you know or believe works.
- Measure the total impact, commit to improve, re-measure the difference, validate and scrutinise, link benefits to share value.
- Develop the equivalent of an “exam board” or “kite mark” to validate standards and achievements.
- Government to provide clear leadership on the issue, with radical initiatives e.g. free school buses for all. Divert funds from less valuable areas (post discussion note: suggests re-appraisal about what will be of value in post peak oil/climate change world).
- Turn waste to good use.
- Link business efficiency and sustainability – tie in the “bottom line”.
- Influence culture: make the elimination of waste “sexy”; make being parsimonious fun and have “street cred”.
- Kids in schools – influence and help make them aware; they are tomorrow’s leaders. Perhaps harness the power of brand & games to influence children, e.g. Lara Croft game involving sustainability? But need to up-skill parents.
- Social change – focus on what people want to do. What can we learn?
- Ensure we keep momentum going and avoid sustainability becoming just a “fad”, so that it becomes the DNA of the business.
- Do what you can personally – pebble in the pond.
- Long-term view: this could take ten years or more to become fully integrated in to business. What can be done to speed things up?



Concluding Thought

“You must be the change that you want to see in the world”

Mahatma Gandhi.