



Rankings, standards and awards

The real value for responsible and sustainable business



CORPORATE CITIZENSHIP

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Sustainability, Simplified

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Not another sustainability survey

The sustainability arena is crowded with schemes offering companies recognition for their efforts. Each initiative is unique, with different issues and audiences – from global indices to national awards and industry rankings.

For the corporate responsibility practitioner, the landscape can seem overwhelming. There is often a nagging doubt about the real value of such schemes. What are the

benefits to the business? How effective are the schemes at getting your company recognised? And do stakeholders really care?

Differing approaches taken by each scheme can make submissions complex and time-consuming. Companies have to prioritise. To do this effectively, they need to identify the schemes that will deliver greatest value to the business, in terms of both reputation and core performance.

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Simplifying the landscape

Before entering a ranking, standard or award, it is crucial to understand the range of different initiatives that exist. Corporate Citizenship has developed a database of over 250 global and local schemes, dividing them into three categories:



AWARDS

Awards provide recognition of a company's performance at a given moment in time, usually judged by an expert panel. They are often focused on headline initiatives or achievements.

Examples:

- Guardian Sustainable Business Awards
- Business in the Community (BITC) Responsible Business Awards
- Singapore Compact CSR Awards



STANDARDS

Standards certify companies, products or raw materials based upon "in/out" criteria. To be included, companies must meet a minimum level of performance or disclosure, which usually remains static from year to year.

Examples:

- Fairtrade
- FTSE4Good
- Johannesburg Stock Exchange SRI Index
- Carbon Trust Standard
- ISO 14001
- LBG



RANKINGS

Rankings score companies relative to others. This means they are often more focused on processes and steady improvement – coming top of a ranking means that you meet or exceed current best practice, but may not do so next year.

Examples:

- Dow Jones Sustainability Indices (DJSI)
- CDP Leadership Indices
- BITC CR Index
- Ethisphere World's Most Ethical Companies
- MSCI ESG ratings
- CSRHUB

The distinctions between the categories may not always be clear-cut, but this framework can help companies understand the range of different schemes that may be relevant to them.

What is an index?

Confusingly, the word “index” is sometimes used simply to mean a ranking, as in the case of BITC’s CR Index. However, it more usually refers to an investment vehicle. In this sense, indices are one form of output from a ranking or standard. For example, the DJSI and CDP rankings and the FTSE4Good standard

form the basis of a variety of investment vehicles. In addition, an increasing number of asset management firms manage proprietary ESG rankings or standards for investment funds, as do ratings agencies such as EIRIS, MSCI, Sustainalytics, Trucost and ESG-Connect.

What’s the point?

Rankings, standards and awards are often seen to be about **enhancing reputation**. This is one benefit, but in many ways it is the least important – recognition is likely to be temporary, confined to specialist audiences and vulnerable to attack if things go wrong.

In our experience, the real value of taking part in rankings, standards and awards is in **improving core performance**. Entering initiatives can help to engage colleagues, streamline data collection and improve performance – provided you select the right initiatives and manage the processes effectively.

The specific benefits vary from scheme to scheme, but may include the following:

1 Addressing the material issues

Many initiatives, especially rankings and standards, require a focus on processes and systems. Recognising and defining

these is the first step to improving them. The criteria for rankings, standards and awards provide an understanding of how stakeholders such as investors, NGOs and other sustainability experts think that organisations should be run. This opens the door to new ways of thinking and fresh management approaches. Some initiatives can also help companies to stay on top of emerging trends and predict new potential flashpoints.

- The DJSI ranks companies based on sustainability criteria judged by the investment community to be most material to their sector. In 2013, the DJSI introduced new questions on financial stability, oil sands and breaches of customer privacy, indicating that these issues are rising up the sustainability agenda.
- New, issue-specific schemes such as the Fair Tax Mark also reveal areas where expert and activist interest is growing.

2 Strengthening the case internally

Making submissions can involve issue-owners from across the business, including senior management, raising awareness of the issues and strengthening initiatives for improvement. Performance in rankings, standards and awards can also provide a platform for wider engagement with employees.

- Standards such as the Carbon Trust Standard and the LEED and BREEAM green building certifications can provide a visible reminder of a company's achievements and commitments to employees as well as to customers.

3 Benchmarking with peers and competitors

Comparing performance with others can serve as an impulse for improvement, especially if other companies are consistently at the top of rankings and winning awards. However, companies should be wary of "benchmarking to mediocrity": making incremental improvements on less important issues at the expense of greater, transformational change in the core business.

- Companies can establish themselves as global leaders through rankings such as the Davos Listing and DJSI, and awards such as the Guardian Sustainable

Business Awards.

- NGO rankings such as Oxfam's Behind the Brands and Greenpeace's Cool IT Challenge Leaderboard are often effective at encouraging laggards to catch up.
- The LBG standard for measuring corporate community investment, managed by Corporate Citizenship, is an example of a scheme which allows participating companies to benchmark privately without participating in a public ranking.

4 Improving performance

Regularly capturing data from across the business, streamlining processes for reporting and assessing performance in key categories can help to improve corporate performance. By embracing schemes that provide a systematic and standardised measurement framework, we find that companies can improve their performance year-on-year.

- For example, the CDP climate change questionnaire provides a framework for reporting not only global carbon emissions, but also reduction initiatives and short- and long-term targets. For many companies, the CDP is a valuable tool in helping to reduce their environmental footprint.

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Next steps: prioritising and planning

The complex and shifting nature of the landscape means that companies should take a strategic approach to entering rankings, standards and awards that best meet their needs from year to year. There are five key steps to obtaining maximum value from taking part:

1 Identify objectives

What value do you want to get out of the process? Different schemes serve different purposes and every company has unique issues and drivers that will determine which schemes are most relevant to them.

2 Map out your landscape

Relevant schemes will be different for every company, depending on its industry, stakeholders and geographic location. Companies need to find credible schemes which address their most material issues with a focus on improving core performance. Drawing on the Corporate Citizenship database, we can help companies to understand their options.

3 Choose your targets

All schemes demand time and resources, and many also come with an entry cost. Whether you manage the process internally, or with the support of an expert third party, effective engagement requires prioritising initiatives and selecting those that will best help to meet your objectives.

4 Make a winning submission

The process of entry is the key to unlocking value. The real prize is not in winning, but in deriving benefits to the business from your submission.

5 Review the outcomes

Use the knowledge gained during the entry process to evaluate your policies and strategy, and drive future improvements. This might include gaps identified in the issues addressed, lessons for internal engagement, and insights into competitor performance and stakeholder expectations.

About us

Corporate Citizenship is one of the longest standing specialist consultancies, working with corporate clients around the world to achieve their commitments to responsible business behaviours and sustainable practices. Founded in 1997, we're proud to be working with a huge variety of companies, large and small.

Our highly experienced 35-strong team in London, New York, Singapore, India and Scandinavia bring practical and pragmatic solutions to often complex challenges. Faced constantly with the big issues confronting the world today, we are uniquely placed to help companies strategically manage their approach to rankings, standards and awards.

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