Independent Guide
Corporate responsibility (CR) - why is it important?

Assurity Consulting

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What is Corporate Responsibility?

Corporate responsibility (CR), or corporate social responsibility (CSR) as it can also be termed, has a myriad of definitions, but primarily concerns the responsibility an organisation has for the impacts of its activity and decisions on its stakeholders, society and the environment, over and above its legal obligations, through its transparent and ethical values and behaviour.

Its evolution is the result of the increasing accountability for businesses and organisations to recognise and consider the wider impacts resulting from their activities, beyond purely the financial, by identifying and examining the issues which may impact on it, or it impacts on, in the short to long term. It has though become increasingly apparent over recent years that the value of honest information is significant from a reputation as well as business perspective to both internal and external customers.

There are a number of ways organisations report their CR/CSR activities, although most can be split into four key themes covering Community, Workplace, Marketplace and Environment, or aspects of them. While increasingly legislation is impacting on the more traditional areas of reporting (energy, waste, heath and safety, etc.), many of the issues covered can be more qualitative rather than quantitative and so appear less tangible; however, this does not make them any less vital to the overall understanding and success of the organisation.

Currently 10,000s of CR/CSR reports are produced each year, with output from organisations in over 150 countries (corporateregister.com figures).

Legislation

While CR/CSR was initially a voluntary commitment made by organisations, legislation has seen greater emphasis placed on more explicit reporting of a range of measures around environmental and social plans, performance and actions.

The Companies Act 2006, Chapter 2, General duties of directors, Section 172 "Duty to promote the success of the company" states: *"A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to— (d)the impact of the company's operations on the community and the environment"* A further update to the Act now stating, *"A strategic report for a financial year of a company must include a statement (a "section 172(1) statement") which describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172."*

The Enhanced Directors Report (EDR) means that large and medium UK companies must report on the position and prospects of the business, including details of major risks and uncertainties. This, therefore, includes environmental and social risks. Although not created under the label of CR/CSR, legislation that acts to protect the environment, human rights, employee's working conditions etc. are all part of CR. Therefore, not only does good CR ensure compliance, it also provides the company with a head start on any new legislation in the future.

What is good CR/CSR reporting?

Due to its very nature, the only way of undertaking good CR reporting is by making it honest, genuine and with the best of intentions. Transparency is key. A good CR report tells of the good and the not so good, acknowledgement of poor performance and a commitment to its improvement is after all part of it's purpose.

The development of strategies around, for example, social value, equality and inclusivity, Net zero, working conditions and the United Nations Sustainable Development Goals (UNSDG) have all had and are having influence on activities and initiatives undertaken by organisations and so what they can report on.

Because the subject is dynamic and can impact a range of different departments, fully identifying the positive (or recognising the negative) effects in context and in their entirety can be difficult. Often as a result organisations will focus on a fewer, more "high profile" or "pet" CR/CSR initiatives which are then fanfared at the expense and possible detriment or oversight of others.

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Good CR/CSR reporting should offer a true reflection of your organisations, it's culture and values and realistically discuss the challenges as well as the opportunities in front of it. Any information you provide, particularly performance statistics and statements should be open to scrutiny, verifiable and accurate.

What should be included and how should we be thinking about our CR/CSR reporting?

Most organisations, while reporting on similar themes will have their own unique objectives and approaches to delivering them. Your report needs to be rounded sufficiently to cater for all stakeholder groups and be clear in it's message(s). Map out the areas you are targeting or already engaged in and plan your report against these, with aims and objectives that realistic and relevant to your organisation. Commonly a particular department or similar take the lead in producing CR/CSR reports, the best are almost always collaborative efforts with involvement across the business. Some points to consider when developing you report should include:

- First and foremost, all information you provide needs to be able to be backed up, set aspirations but report the facts and report them honestly and transparently. Third party verification of your report can go a long way to supporting these aims and adding credibility to your work.
- As well as highlighting all the excellent work you are doing, don't shy away from also reporting any challenges you are facing (and the means with which you propose to tackle them). This provides all stakeholder groups with the reassurance that your organisation is not only aware of the issues, they are tackling them.
- Use examples and case studies of where you have had success and/or are looking to build on the work you've been doing. Tell your story making each report a chapter in your progress.
- Recognise past success, but make the focus of your report forward looking and active, more about what your going to do next, based on your past actions rather than just those past actions.
- Avoid the temptation to overstate or embellish your activities. It can be all to easy to get carried away with your reporting and end up stating or committing to things that are in reality untrue or unachievable. When identified, these in turn, do nothing but damage you report and your organisation.
- Get as much of your organisation's culture and personality into your report as you can. There is a danger that with the number of templates available to format your reporting, it can become formulaic or "vanilla" in style and content. Making it something your organisation will both recognise and understand always support buy-in and engagement.

Do we need a review?

A CR review will help you to identify the potential impacts of your business on society and the environment. It will enable you to rank these impacts in order of pertinence and risk. It will establish where you currently stand as far as managing these impacts. It will instigate a commitment to change and improvement which every organisation must have in order to succeed in the future.

Having an outside organisation review and report on your CR/CSR activities can help not only enhance the quality and veracity of your report, but may also pick up areas, themes and opportunities that have not been recognised.

How do we get started?

Most organisations are already doing something positive under the Corporate Responsibility/ Corporate Social Responsibility heading, but have not fully recognised it as such. Examples include charity work, good workplace health, safety and wellbeing, community programmes, environmental initiatives around net zero, waste and recycling and social value. What HR is doing may not always be visible to facilities and visa versa. By having a management review from an external consultant, you can pull all these efforts together and create a plan for sustainable improvement within your business.

This guide is of a general nature; specific advice can be obtained from Assurity Consulting. Assurity Consulting is the UK's leading independent compliance consultancy specialising in workplace health, safety and environmental solutions. We have over 35 years' experience of helping customers of all sizes, from across all sectors, manage their compliance responsibilities, making sure that their organisation is compliant, their employees are safe, their processes are cost effective and their management team is in control.

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