

# pioneering

the strategic route to sector sustainability



Hard won reputations can all too easily be lost. This is true both of individual businesses and their industry sectors. I therefore applaud those trade bodies involved in the Pioneers Group for their commitment and leadership in developing frameworks for their members as a means of encouraging more sustainable performance.

**Margaret Beckett, Secretary of State for Environment, Food and Rural Affairs**



Strategic, forward-looking trade associations matter – they are listened to and can make a difference for their members. That is what the Pioneers Group is all about. Sector bodies that fail to address environmental and social impacts – alongside economic issues – should not be surprised if they find themselves increasingly marginalised.

**Patricia Hewitt, Secretary of State for Trade and Industry**



Getting on top of sustainable development is no longer an option for companies – it's an imperative. Not just to reduce costs, manage risk and stay out of trouble, but to get ahead of the competition. And that makes it an imperative for the trade associations that represent those companies. Given the speed of legislative change, and the ever rising curve of expectations on the part of consumers and business partners, it would be disastrous for trade associations to get trapped in minimalist, lowest-common denominator reactions.

It has to be said, nearly ten years on from the Earth Summit in Rio de Janeiro in 1992, that there's still a lot of confusion about sustainable development. However, the individual elements are now familiar to most companies: energy efficiency, waste minimisation, corporate social responsibility, stakeholder dialogue, business ethics, better governance, climate change, pollution control and so on. Despite the continuing uncertainties, the idea of doing well by doing right (the so-called 'business case for sustainable development') is really beginning to take root.

But in truth, looking at the scale of the challenge ahead of us, we've only just begun in terms of finding ways of living sustainably on this planet.

**Jonathon Porritt, Chairman, Sustainable Development Commission**

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## what is this booklet about?

*Pioneering* – a joint initiative from the Sustainable Development Commission (SDC), DTI and DEFRA – has been produced as part of their work with the Pioneers Group, a group of sector bodies committed to promoting sustainable development in business.

It covers:

- New opportunities and business benefits that can be realised through concerted sectoral

action, based on the practical experiences of those leading the way

- Championing the groundbreaking progress that has been made already but also challenging sectors to achieve new benchmarks of excellence
- Encouraging other sectors to position themselves ahead of the field in meeting the challenge of sustainable development.

## what is the pioneers group?

DTI and DEFRA have established the Pioneers Group, a best practice forum of around 20 sectoral organisations, working to accelerate the development and implementation of sectoral sustainable development strategies. The Pioneers Group:

- Helps business help itself through more effective networking
- Operates pro-actively in helping sectors identify

and overcome barriers

- Builds and maintains momentum
- Facilitates the dissemination of experience and best practice.

The Sustainable Development Commission is supporting the Pioneers Group in developing a deeper understanding of the principles and practices of sustainable development.

**what?**

Britain's companies have taken the lead in addressing the issues of sustainable development. However there's still a very long way to go. That's why I welcome the DTI's sectoral strategies initiative. Working together, sectors can learn from each other and reap the rewards of becoming world leaders in sustainable business, which is good for the company, the sector and UK plc as a whole.

**Digby Jones, CBI**

Business can benefit from pursuing sustainability in two basic ways – by generating top line growth through innovation and new markets and by driving cost efficiencies.

**Björn Stigson, World Business Council for Sustainable Development**

## what is sustainable development?

Sustainable development is about delivering a better quality of life for everyone, now and for generations to come. Government has defined four key objectives, the integration of which will deliver sustainable development:

- social progress which recognises the needs of everyone
- effective protection of the environment
- prudent use of natural resources
- maintenance of high and stable levels of economic growth and employment.

Two centuries of industrial development have made life better for many people in ways that would have been unimaginable even a generation ago. But it has also brought increasing damage to the physical systems and social fabric on which our well-being depends. What we need now is a different kind of development, one which meets people's needs without compromising our future. For this to be sustainable, we must take full account of the social, economic and environmental impacts of our decisions, over the long term.

## what's it got to do with business?

Many business people perceive sustainability as a subject too all-embracing to ground it within the realities of commercial life. They interpret the agenda as too radical for their conservative directors and City institutions.

The agenda is indeed radical, requiring them to re-examine the company's relationships, management systems, operational techniques, products and services and basic issues of ethics and wider social responsibilities. However, those who really connect find that the sustainability agenda is not only deeply conservative in nature but actually harmonises with the essential business needs to be profitable and demonstrate added value.


Understanding, quantifying and making prudent use of financial, physical and human resources will reveal inefficient practices and business risks of all kinds. The agenda is

absolutely founded on effectiveness, efficiency, stewardship and prudence and allows intelligent businesses to position themselves to advantage.

Sectoral organisations can assist this process significantly by bringing their generic approach to the subject. They can identify common interests, differences or exceptions from the norm and make a strong contribution to identifying advantage and disadvantage for their constituents. Whilst individual companies will always find their own way to meet society's increasing requirement for all development to be economically, socially and environmentally sustainable, I see the development of sectoral sustainability strategies as essential to that process.

**Rod Aspinwall – Deputy Chairman of EnviroS and member of the Sustainable Development Commission**

**why?**



We believe that it is important to have a sectoral element as well as addressing the many cross-cutting issues. If we are looking for real, concrete examples and commitments for the future, they will be developed on a sectoral basis rather than across industry as a whole.

**Sir Mark Moody Stuart, Business Action for Sustainable Development and former Chairman of Royal Dutch/Shell**

## why sectors?

Sustainable development issues are becoming increasingly important to governments and consumers. This has important implications for trade associations in:

- Representing and promoting business sectors to policy makers
- Safeguarding and enhancing the reputation of the business sector and its member companies
- Helping member companies become more competitive.

### **Why develop a sectoral sustainable development strategy?**

Trade associations which ignore these issues, or try to fend them off instead of turning them to competitive advantage, are likely to become less effective champions for their members and their sector.

Such strategies provide a framework to help business sectors identify and manage economic, environmental and social risks in an integrated way, and to unlock opportunities to improve competitiveness and enhance reputation. There are some key points to remember about such strategies:

- They are business-owned and therefore an important step in enhancing the profile and effectiveness of voluntary business action
- There's no blueprint – approaches reflect the individual circumstances and priorities of each sector
- They build on existing activities and don't start from a blank sheet of paper
- It's a long term process of continuous improvement – all about learning by doing.

There are clear benefits to trade associations in developing sustainable development strategies:

- Setting new industry standards for sustainability, benefiting companies and consumers alike
- Improving the reputation of the UK sector domestically and internationally
- Developing and sharing sector-specific toolkits for assessing and improving sustainability
- Giving members reassurance that they are not working alone in new areas
- Helping members avoid risks inherent in unsustainable behaviour
- Representing their members better by knowing and understanding the issues
- Influencing Government and other agencies more effectively to pre-empt or inform future regulatory action.

Sectors are diverse, with different mandates and priorities. The success of a sector in producing such a strategy will depend on the commitment of its members.

**how?**



As an industry we have to ensure that we can sustain and develop companies that take their social and environmental responsibilities as seriously as the balance sheet. I will continue to champion the groundbreaking Sustainability Strategy which is helping to ensure a prosperous future for all UK industry.

**Nick Reilly CBE, Chairman and Managing Director of Vauxhall Motors and President of the SMMT**

## how are sectors responding?

By early 2002, three sectoral organisations – the Society of Motor Manufacturers and Traders (SMMT), the UK Offshore Operators Association (UKOOA) and the British Retail Consortium (BRC), had published sectoral strategies on behalf of their members.

The following section sets out in their own words the experiences of these leading sectors in developing and publishing their strategies, and what they hope to achieve. Some individual member companies also give their view of the benefits.

### **The UK automotive sector – the challenges and benefits of a sectoral sustainability strategy**

In March 2000, the Society of Motor Manufacturers and Traders launched its Sustainability Strategy, 'Towards Sustainability' (available at [www.smmt.co.uk/sustainability](http://www.smmt.co.uk/sustainability)), which outlines the industry's commitment to balance economic progress with environmental care and social responsibility and includes a commitment to report publicly on its progress in doing so. The second annual report was launched in November 2001.

#### **The challenges**

One difficulty was the shortage of supporting guidance. While sustainability reporting at national or corporate levels is evolving rapidly, that at the sectoral level is less well developed. To overcome this, the Global Reporting Initiative (GRI) guidelines proved to be a very useful tool.

In relation to data, competitive sensitivities sometimes precluded the inclusion of details as well as the identification of individual companies as examples of best practice. This, together with the use of aggregated anonymised sector data, may at times render figures and examples less

meaningful. Particular attention must therefore be paid in developing sectoral indicators and normalising units.

SMMT's membership is solely UK-based and this effectively precludes reporting on international company performance. Additionally, for some members, corporate decisions affecting sustainability are taken at head offices outside the UK.

#### **The benefits**

SMMT, through the Sustainability Strategy, provides member companies with a strategic framework for a wider adoption of sustainable development principles, as well as a platform for reporting and target setting. The sectoral approach also provides a medium through which individual companies and their stakeholders can engage on wider sectoral issues (eg. climate change, congestion).

The sectoral approach also presents a range of opportunities to individual companies, including:

- improved stakeholder communication and engagement
- improved integration (ie. provides a link between corporate approaches and national approaches)

SMMT provides signatories with infrastructure and resources as well as access to expertise and advice. This will prove to be of particular value to SMEs who often lack the resources to develop a sustainability strategy of their own. This will allow for sustainability principles to be applied further down the supply chain.

The development of a sector strategy will help to deliver a number of benefits. The content of the strategy will help Safeway to focus on the priority issues and to use Key Performance Indicators as a means of measuring progress. The strategy will be effective if it leads to companies setting self-improvement goals and reporting on them accordingly, both of which Safeway is committed to. We also look forward to the strategy identifying projects with appropriate third parties to focus on specific environmental issues.

**Safeway Stores plc**

The delivery of an integrated management approach for the oil and gas industry in the UK that addresses the main economic, social and environmental issues in a responsible and transparent manner is a transforming move. Delivery of the strategy engages us all in the sustainable development agenda in such a way as to bring it alive, in clear and demonstrable terms, which will add value to our businesses and the whole industry.

**UKOOA Member**

### **British Retail Consortium**

The British Retail Consortium (BRC) launched its sectoral sustainability strategy on 15th November 2001, so it is a little soon to identify how successful it will be. It has been very well received, so far, by our membership, Government and other stakeholders. Preparing a strategy that would be meaningful for the whole sector, from supermarket to newsagent and food to electrical retailers, has been a challenge. But a challenge that the BRC and our membership have embraced. We have sought to concentrate on cross-sectoral issues and be as inclusive as possible in setting realistic and measurable objectives and targets. The real challenge will be delivery. The review group has agreed to review quarterly and report publicly on an annual basis.

We have already benefited by simply analysing the sector's activities and understanding the issues. Unless you can do this, you cannot really progress. Our key advice would probably be to return to basics – keep it simple and do not be daunted by the task. For some issues there just may not be an answer. One of the key issues that we had to overcome was the lack of sectoral data, but we have sought to address this when setting our objectives. It has been a rewarding process, but the key will be delivery.

### **UK Offshore Operators Association (UKOOA)**

The greatest benefits which UKOOA's members derived from the development of our sustainability strategy, 'Striking a Balance', ([www.ukooa.co.uk](http://www.ukooa.co.uk)) are:

#### **Applauding good work**

We put together the economic, social and environmental aspects of our activities and added the fourth, prudent use of natural resources, which we have called 'stewardship' and which is highly relevant in an extractive industry like ours. In doing so we were able, for the first time, to appreciate the extensive amount of good work already being done across such a broad spectrum and to collect it all in one place.

#### **Understanding**

The process itself created the necessary space to be able to debate the issues, to look ahead and to begin to understand some of the interactions and inevitable trade-offs between different factors, as never before. This also helped the doubters in coming to terms with the overall purpose of the work.

#### **Setting an agenda**

The strategy has established an agenda, in some detail, for us to work on over the first two years or so and set some longer term objectives to help the development of that work. This is all in the context of the Government's report into the future of the oil and gas industry, 'A Template for Change', published in September 1999 and the Government's own sustainable development strategy, 'A better quality of life', published in May 1999.

True stakeholder dialogue means listening as well as expounding and it involves much more than simply issuing reports or holding a few one-off conversations. Its successes – and there are many in the UK which is a global leader in the approach – are based on the search for common ground. It is on the common ground, not the differences between parties, that sustainable ways forward are built.

Engaging with stakeholders requires courage and commitment, qualities essential in any effective response to the sustainability challenge. Agreeing the necessary answers has serious implications for sustainable development and the sustainability of individual enterprises. We welcome this publication and wish well those who aspire to following its advice.

**Steve Robinson, Chief Executive of The Environment Council**

## how to get started?

This section sets out some of the key elements which we will expect to see in high quality sectoral sustainable development strategies. These ideas are developed in more detail in the SDC's self-assessment guide, being published in parallel with this booklet. This is very much a cyclic and iterative process and sectors will return to review each of these aspects many times as they produce and review a strategy.

### Acceptance and understanding of key principles of sustainability

Understanding the meaning of sustainability and how it relates to the sector is critical to the evolution of a worthwhile strategy.

### Audit of current performance

To get results, a strategy must:

- identify the economic, social and environmental impacts of the sector, both good and bad, including impacts related to:
  - the supply chain
  - sourcing of raw materials and energy
  - manufacture and processing
  - transport
  - employees
  - communities
  - use of products
  - disposal

- take responsibility for those impacts
- identify recent trends to inform target setting
- establish baseline data for the economic, environmental and social impacts of the core business. Assess the core competencies and resources of the sector

### Appraisal of opportunities and threats

Look ahead at strategic opportunities and threats, which may be:

- technical
- social
- environmental
- legislative

Consider opportunities for working with other sectors or with sectors from other countries to achieve greater benefits.

## key elements

- **Accept** principles of sustainability
- **Audit** current performance
- **Appraise** opportunities and threats
- **Adopt** objectives, targets and indicators
- **Assess** the strategy
- **Act** to achieve targets and objectives
- **Account** for action by reporting

### Adoption of objectives, targets and indicators

As with any business proposition, a sustainable development strategy needs to set objectives, targets and indicators so it is clear:

- where you are
- where you are going
- how you are getting there, and
- how soon.

Before you select your indicators you need to consider your strategic options. You also need good data that is transparent and verifiable. You don't have to make up indicators; there are plenty of suggestions out there (see SDC's self-assessment guide and DEFRA, SDC and Global Reporting Initiative web pages). Indicators need to suit the sector and reflect the relative importance of different factors. Scenario planning may help in this process.

## next steps

The Pioneers Group is about 'learning by doing'. We will need to look carefully at the key lessons and identify how best practice can be shared with other sectors. As part of this process, we will be

### Assess the strategy

Before the strategy is implemented it should be assessed, to ensure that all the necessary components are in place. The Sustainable Development Commission has developed its own self-assessment methodology for sectors to use in testing the quality of their work, which is being published in parallel with this booklet ([www.sd-commission.gov.uk](http://www.sd-commission.gov.uk)).

### Action to achieve targets and objectives

As with any strategic objective, sustainability can only be achieved with action. A strategy must include a clear vision of what needs to be done, by whom and by what means.

### Account for action by regular reporting

Regular reporting, at least annually, on progress towards targets, along with regular reviews of the strategy itself, are essential to ensure that progress is achieved.

holding a conference in the Autumn to review progress and discuss the further development of sectoral sustainability strategies in the light of the Group's practical experience.

**so who?**

We have started work on developing indicators with leading practitioners and published an initial status report.

**British Cement Association**

We plan to complete a sustainable development strategy by the end of 2002. It will make the business case and give direction and practical tools so members can plan their actions.

**Engineering Employers Federation**

The sustainability strategy process has brought coherence to the Institution and its partners' diverse range of current sustainability activities, allowing us to utilise our collective resources to do more with less. It has also provided a means of setting and reviewing future priorities for the sector.

**Civil Engineering Sector Strategy**

## who is in the pioneers group?

The Pioneers are the following sectoral organisations who were the first to make a commitment to developing and implementing sustainable development strategies.

### **British Cement Association**

David Pocklington  
dpocklington@bca.org.uk  
Tel: 01344 725708

### **British Ceramic Confederation and Brick Development Association**

Chris Hall  
chrish@ceramfed.co.uk  
Tel: 01782 744631  
Con Lenan  
conlenan@brick.org.uk  
Tel: 01344 885651

### **British Retail Consortium**

Nigel Smith  
Assistant Director of Environment Policy  
nigel.smith@brc.org.uk  
Tel: 020 7854 8940

### **Built Heritage Sector**

*Centre for Historic Building, Sites and Collections, English Heritage and National Trust*  
May Cassar  
m.cassar@ucl.ac.uk  
Tel: 020 7679 1780

### **Chemical Industries Association**

Steve Elliott  
elliotts@CIA.org.uk  
Tel: 020 7834 3399

### **Construction Products Association**

Rita Singh  
rsingh@constprod.org.uk  
Tel: 020 7323 3770

### **Engineering Employers Federation**

Helen Woolston  
hwoolston@eef-fed.org.uk  
Tel: 020 7654 1531

### **Civil Engineering Sector Strategy**

*Institution of Civil Engineers, Association of Consulting Engineers, Civil Engineering Contractors Assn, CIRIA and the Construction Products Assn*  
Andrew Crudgington  
andrew.crudgington@ice.org.uk  
Tel: 020 7222 7722

### **Non-Ferrous Alliance**

David Wilson  
wilson@ldaint.org  
Tel: 020 7499 8422

### **Packaging Federation**

Ian Dent  
iandent@packagingfedn.co.uk  
Tel: 020 7808 7217

### **Printed Circuit Interconnection Federation**

Frank Coultard  
fcoultard@pcf.org.uk  
Tel: 020 7331 2035

### **Property Environment Group**

Julie Hirigoyen  
j.hirig@environgov.co.uk  
Tel: 020 7250 3900

### **Steel Construction Sector**

*Corus, British Constructional Steelwork Association and Steel Construction Institute*  
Roger Plank  
R.J.Plank@sheffield.ac.uk  
Tel: 0114 222 0303

### **Society of Motor Manufacturers and Traders**

Cedric de Meeus  
cdemeus@smtt.co.uk  
Tel: 020 7344 9200

### **UK Forest Products Association**

David Sulman  
dsulman@ukfpa.co.uk  
Tel: 01786 449029

We hope the strategy will yield benefits for the industry in terms of better informed decision-making, public opinion and acceptance of the benefits metals bring to society.

**Non-Ferrous Alliance**

Our sector strategy will enhance the understanding of the interdependence of the various activities. Discussions have already led to a much improved understanding of the meaning of sustainability.

**Steel Construction Sector**

In consultation with our industry's stakeholders, we have developed and report annually on indicators to measure our progress towards environmental sustainability.

**Water UK**

**United Kingdom Offshore Operators Association**

David Odling  
dodling@ukooa.co.uk  
Tel: 020 7802 2400

**UK Steel Association**

Graham Funnell  
graham.funnell@uksteel.org.uk  
Tel: 020 7343 3156

**Water UK**

Sue Nowak  
snowak@water.org.uk  
Tel: 020 7344 1824

**Wood Panels Industries Association**

David Duke Evans  
wpif.panelboards@virgin.net  
Tel: 01476 563707

The Pioneers Group meets regularly to share best practice and work together to overcome common barriers. External experts have been involved in these workshops, thereby enabling trade associations to adopt and build on existing successful approaches. They include:

**Confederation of British Industry**  
www.cbi.org.uk

**Environment Council**  
www.the-environment-council.org.uk

**Envirowise**  
www.envirowise.gov.uk

**The Global Reporting Initiative**  
www.globalreporting.org

**Project Sigma**  
www.projectsigma.com

**Measuring Environmental Performance of Industry (MEPI)**  
*Project co-ordinated by Science Policy Research Unit, University of Sussex*  
www.environmental-performance.org.uk

**World Business Council for Sustainable Development**  
www.wbcsd.com

We would also like to acknowledge the involvement of:

**Optimat:** www.optimat.co.uk  
**Enviros:** www.enviros.com

Government is providing practical help to sectors in developing and sharing best practice as part of its on-going sponsorship activities and through the best practice forum – the Pioneers Group.



Department of Trade and Industry

**Department of Trade and Industry**

[www.dti.gov.uk](http://www.dti.gov.uk)

**DEFRA**

Department for  
Environment,  
Food & Rural Affairs

**Department for Environment, Food and  
Rural Affairs**

[www.sustainable-development.gov.uk](http://www.sustainable-development.gov.uk)

[www.defra.gov.uk/sustainable-development](http://www.defra.gov.uk/sustainable-development)



**Sustainable  
Development Commission**

**The Sustainable Development Commission**

We are actively supporting the work of the Pioneers Group and have produced our own guide to self-assessment of sector sustainable development strategies.

We are an independent advisory body, with twenty-four members drawn from business, NGOs, local and regional government and academia.

Our mission is to inspire government, the economy and society to embrace sustainable development as the central organising principle. Our task is to advocate sustainable development across all sectors in the UK, review progress towards it and build consensus on the actions needed if further progress is to be achieved.

Established in October 2000, we report jointly to the Prime Minister and the leaders of the devolved administrations in Wales, Scotland and Northern Ireland.

[www.sd-commission.gov.uk](http://www.sd-commission.gov.uk)