

**20 | Sustainability**  
**23 | Handbook**



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This Handbook is part of a wider innovation project that seeks to identify and address the necessary steps towards our transformation to a low-carbon and inclusive society. This project focuses on the mindset and organisational capabilities needed for this change.

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## About our organisation

Business in the Community Ireland is a movement for sustainable change in business. In a dynamic and changing environment, sustainable businesses are successful businesses.

Our purpose is to inspire and enable businesses to bring about a sustainable, low-carbon economy and a more inclusive society where everyone thrives.

We act as trusted advisers in sustainability and corporate social responsibility. We provide access to best practice, and support businesses with practical management and monitoring systems.

By facilitating forums for reflection and action, we ensure businesses anticipate and are ready to meet the current, pressing challenges of climate change and the pipeline of talent, as well as the issues of social inclusion, diversity and accountability.

[bitc.ie](http://bitc.ie)

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## Introduction

Sustainability is the driving force of the 21st century. As we face the global climate and biodiversity crises, and seek to protect and uplift our people, planet and prosperity, we know we can only succeed together. In fact, for our world to survive and thrive, we can only succeed by thinking and acting sustainably in everything we do.

As the United Nations declared almost 40 years ago, sustainable development “meets the needs of the present without compromising the ability of future generations to meet their own needs”.<sup>1</sup>

### The urgent need for transformational change

In every decision we make, we must look not only at how it affects us, but how it could affect others now and in the future. To achieve true sustainability, we need to shift our current economic systems, mindsets and habits.

This transformational change is needed if we are to deliver to global commitments. Ireland has committed to achieving the Sustainable Development Goals (SDGs)<sup>2</sup>, which were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

We are also bound by the Paris Agreement<sup>3</sup>, which is a legally binding international treaty on climate change adopted by 196 parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015.

### A valuable model for sustainability

Businesses are powerful agents for good in this era of vital transformation. For the Business in the Community Ireland (BITCI) network, sustainability involves delivering a low-carbon economy and an inclusive society. We can measure progress on these fronts against Economic, Environment and Social goals, underpinned by Governance.

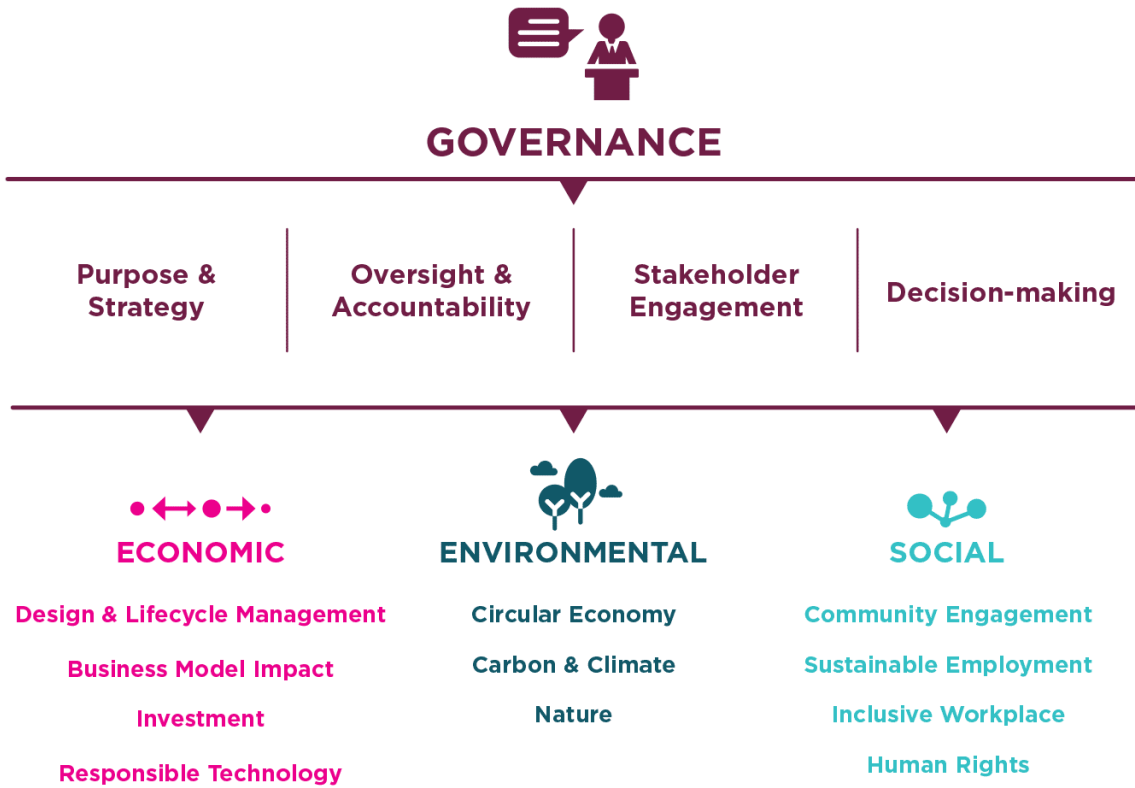
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<sup>1</sup> [Our Common Future](#), United Nations Brundtland Commission, 1987

<sup>2</sup> [SDGs](#), UNDP

<sup>3</sup> [The Paris Agreement](#), UNFCCC

Figure 1



Ultimately, however, society needs to shift from conventional business models that focus almost exclusively on profit. When we think about ‘value’, we need to broaden how we consider it to include and address how a business creates or erodes value for our wider society or our environment.

Given current global crises, sustainable business outcomes that support and enhance our people, planet and prosperity are the only way to ‘future proof’ your business. Recent BITCI research<sup>4</sup> identified reimagining business value as an accelerator of change in achieving a low-carbon inclusive society.

<sup>4</sup> [State of the Nation Research](#), BITCI, 2022

## How this Handbook aims to enable change

Given the enormity of our topic and the pace of change, we've developed this handbook to:

- introduce some readers to the depth and breadth of sustainability as addressed by the BITCI network
- support sustainability practitioners in setting and delivering strategic objectives relating to EESG topics
- facilitate anyone who wants to learn more how businesses can be powerful actors for positive change.

We understand no handbook or report can capture the fast-moving transformation of the sustainability landscape. Our intention, however, is that this handbook will support sustainability practitioners, and those interested in sustainability, to develop a common view of the role of business in bringing about a low-carbon economy where everyone thrives.

We'll update this handbook regularly and will support this work with new insights and analysis on the BITCI website.

In compiling this handbook, we've drawn on an extensive range of relevant resources, including:

- the EESG framework of BITCI's Business Working Responsibly Mark
- the BITCI member network, including best practice examples from across and beyond our membership
- academic insights from knowledge partners
- BITCI's Low Carbon Pledge and Elevate Pledge
- *Accelerating the Transformation*, BITCI's landmark research study from 2022
- global and national insights gained through our partners, the World Business Council for Sustainable Development (WBCSD) and CSR Europe
- the UN Sustainable Development Goals
- How to Mitigate the Risk of Modern Slavery, BITCI's report and guidance tool for companies in Ireland.

## How to use this Handbook

Each section of the handbook addresses one of the EESG headings, which naturally overlap in practice. In each section, you'll find:

- an overview and context
- a range of topics to consider when developing strategic objectives in line with best practice
- suggestions for **Taking action** to enable you to approach the topic as a strategic issue
- questions to prompt self-reflection and help your business assess its current performance.

Throughout the handbook, you'll also find links to helpful resources and best practice examples.



## Business in the Community Ireland's Business Working Responsibly Mark

Established in 2010, the Business Working Responsibly (BWR) Mark is a strategic management assessment framework that follows a rigorous audit-based assessment process.

By formalising your organisation's EESG management system using the Mark certification process, you can:

- foster a culture of continuous improvement, ongoing accountability and leadership
- facilitate internal collaboration
- support the integration of environmental and social imperatives into core business practices.

As this handbook outlines, it's also critical to have an appropriate business management system when you seek to achieve sustainable outcomes.

### In line with global standards

Originally based on ISO 26000, and informed by Business in the Community Ireland's 20 years' experience, the certification is regularly updated to incorporate current best practices from internationally recognised standards and guidance. These include:

- the UN Sustainable Development Goals
- best practices from GRI (a global leader in impact reporting)
- the social accountability standard SA8000
- other relevant ISO standards.

Learn more about why your organisation should become accredited to the Business Working Responsibly Mark [here](#).

## Call to action: A time for radical collaboration

Globally, we're facing three critical challenges, according to the World Business Council on Sustainable Development (WBCSD)<sup>5</sup>:

- the climate emergency
- nature loss
- mounting inequality.

In responding to these global crises, the EU's Green Deal<sup>6</sup> sets out a vision of a green continent where "no person and no place is left behind". This aligns with the concept of the just transition and an emphasis on the development of decent jobs, where workers and their concerns are central to the process of transition.

One organisation alone can't address these crises and rise to meet future challenges. In BITCI's State of the Nation Research, 96% of those surveyed said collective multistakeholder action is needed to progress targets on climate change, biodiversity and equality<sup>6</sup>.

We need a collaborative approach, not only within organisations, but also bringing together government and the public sector, businesses, academia, civil society and community actors, among others.

Until recently, corporate social responsibility (CSR) and sustainability tended to focus on philanthropy, risk management and compliance. The global crises we now face have driven sustainability mainstream, however.

Business must reimagine value, and embed sustainability throughout strategy and operations. That means we must transform how companies operate so they can deliver sustainable outcomes for multiple stakeholders, including wider society and environment.

**Acting together, we can succeed in implementing the largest change management programme of our time – embedding sustainability in everything we do.**

<sup>5</sup> [Vision 2050 - Time to Transform](#), WBCSD

<sup>6</sup> [Accelerate the Transformation: State of the Nation research](#), BITC, 2022



# **Environment**

## Environment

The climate and biodiversity crises are the overwhelming global challenges of our time. Businesses have a critical role to play in stopping these urgent crises and creating a cleaner, greener and more just society for humans and nature.

To step up and contribute in a meaningful way, organisations must integrate the climate and nature emergencies into both their business strategy and their operations. This involves:

- establishing the current impact of business practices
- identifying ways to add value across the business model
- putting in place targets and plans to help achieve sustainable outcomes.

The environmental crises place all of us under threat. By taking a leading role in the shift to a low-carbon economy, businesses can not only lead on sustainability, but they can also future-proof their assets and operations.

This handbook addresses Environment in three key themes:

- **Climate and carbon management**
- **Nature**
- **Circular economy**

### Legislative paths to change

Legislation is key to driving and accelerating change towards a low-carbon economy. In 2021, the EU made climate neutrality (the goal of zero net emissions by 2050) legally binding in all member countries.

Part of this European Green Deal<sup>7</sup> is the Fit for 55 package, so called as it refers to cutting greenhouse gas (GHG) emissions by 55% by 2030. It includes a range of pricing, targets, standards and support measures that can be integrated into existing EU legislation and used to drive new initiatives.

The EU is also working on:

- achieving a circular economy by 2050
- creating a sustainable food system
- protecting biodiversity and pollinators.

<sup>7</sup> [Climate Action](#), European Commission, 2023

### Understanding the Irish approach

The Irish Climate Action Plan 2021 (CAP21)<sup>8</sup> included ambitious emissions reduction targets and a range of initiatives to drive change. These include:

- small-scale electricity generation by businesses and communities
- innovative carbon neutral heating for specific industries
- investment in biomethane and biofuels.

In December 2022, the Government unveiled its most recent and ambitious Climate Action Plan (CAP23)<sup>9</sup>. It defines a sectoral approach<sup>10</sup> alongside the corresponding carbon budgets<sup>11</sup>.

The 2023 plan reiterates that the most important changes will relate to electricity generation, buildings, transport, agriculture and land use. The plan acknowledges that Ireland is not currently on track to achieve our emissions reduction targets, but emphasises that adopting the measures within it will create jobs and economic opportunities, while protecting people and our planet.

### Building our circular economy

The Circular Economy and Miscellaneous Provisions Act 2022<sup>12</sup> underpins Ireland's shift from a 'take-make-waste' linear model to a more sustainable pattern of production and consumption. This keeps the value of resources in our economy for as long as possible, which will significantly reduce our emissions.

With the launch of the Corporate Sustainability Reporting Directive (CSRD), one of the key mandatory topics for companies to disclose will be related to their resource use and circular economy performance.

### Change presents opportunity

While organisations may find it challenging to adapt to these changes in legislation, they may also find opportunities as a result. By aligning themselves to these ambitious goals, organisations can access capital for innovation, and secure additional buy-in from stakeholders seeking to future-proof how they operate.

<sup>8</sup> [Climate Action Plan 2021](#), Government of Ireland

<sup>9</sup> [Climate Action Plan 2023](#), Government of Ireland

<sup>10</sup> [Sectoral Emissions Ceilings](#), Government of Ireland

<sup>11</sup> [Carbon Budgets](#), Government of Ireland

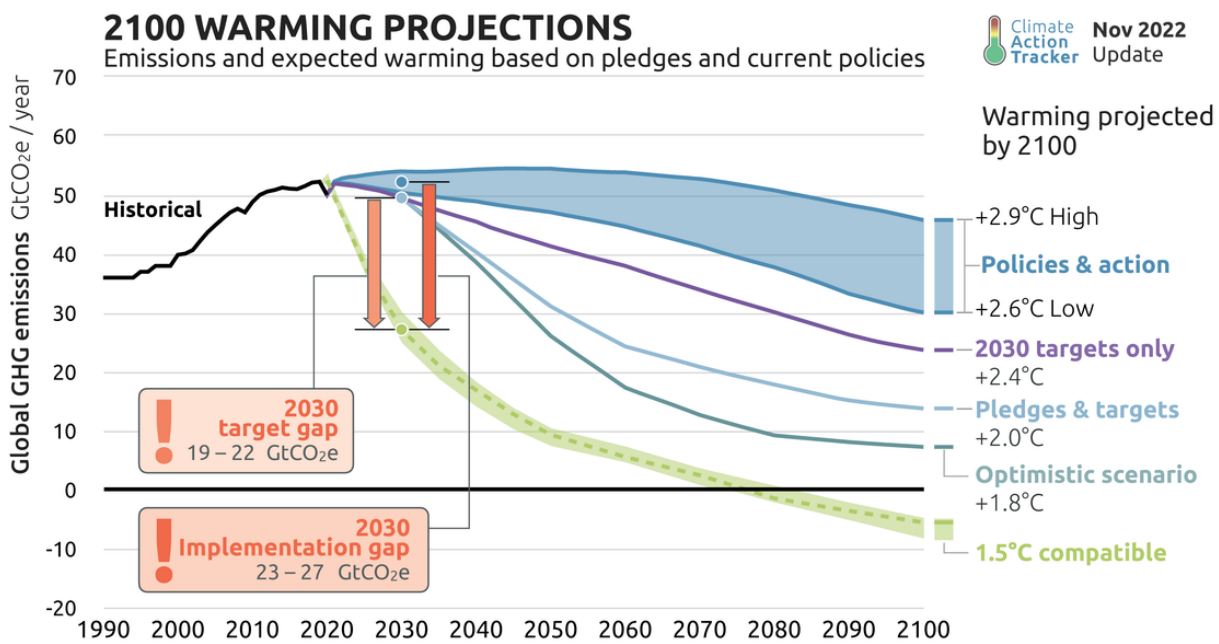
<sup>12</sup> [Circular Economy and Miscellaneous Provisions Act 2022](#), Government of Ireland

## Climate and carbon management

Emissions and climate change are both directly and indirectly responsible for an increase in extreme weather events, causing the loss of property, livelihoods, biodiversity and more.

Significant acceleration is urgently needed, however. The graph below illustrates global warming projections based on pledges and current policies. The extent to which we're off-target should concern us all.

Figure 2



Source: Climate Action Tracker<sup>13</sup>

### Business in the Community Ireland's Low Carbon Pledge

Every business and organisation needs to have an approach towards carbon mitigation measures and climate change adaptation strategies. Carbon management addresses the strategic risks and opportunities of climate change in an organisation's direct operations (Scope 1 and 2) and indirectly through its products/services and across its value chain (Scope 3).

The Business in the Community Ireland Low Carbon Pledge<sup>14</sup>, now in its fifth year, continues to propel its 70 signatories towards a zero-carbon future, in alignment with the Paris Climate Agreement. It is the first dedicated pledge generated by Irish business to set industry standards on sustainability and reduce carbon use.

The Low Carbon Pledge<sup>15</sup> is led by the Low Carbon sub-group of the BITCI Leaders' Group on Sustainability. Mark Foley, CEO of Eirgrid, and Denis O'Sullivan, COO of Gas Networks Ireland, chair this group. The Pledge is included in the national Climate Action Plan.

<sup>13</sup> [Temperatures, Climate Action Tracker](#), 2022

<sup>14</sup> [The Low Carbon Pledge](#), BITCI, 2023

<sup>15</sup> [The Low Carbon Pledge](#), BITCI, 2023

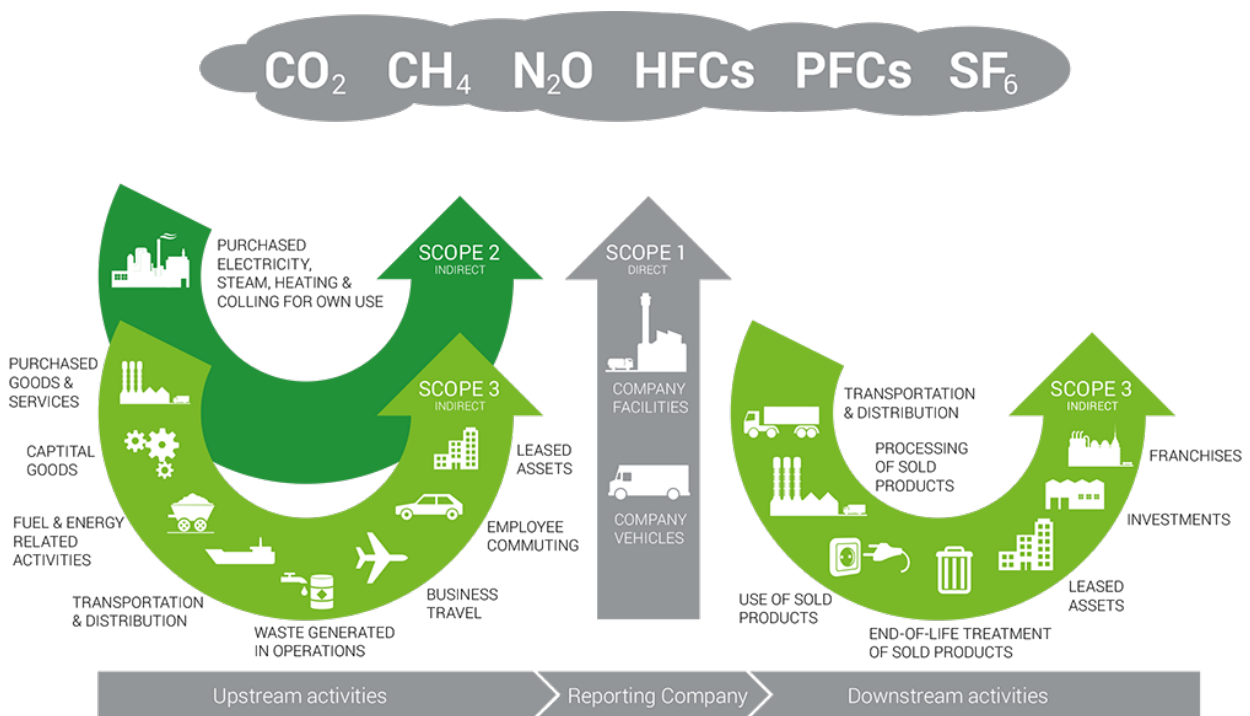
### Greenhouse gas emissions

The terms ‘carbon’ and ‘greenhouse gases’ are often used interchangeably. Often all GHGs are, for the sake of simplicity, converted into carbon equivalents. Although carbon is the most talked-about GHG, other GHGs such as methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) are more potent. For example, methane has 21 times the global warming potential of carbon dioxide (CO<sub>2</sub>) and nitrous oxide has a global warming potential of 310 times that of carbon dioxide. Other GHGs include perfluorochemicals (PFCs), hydrofluorocarbons (HFCs) and sulphur hexafluoride (SO<sub>6</sub>).

### What are Scope 1, Scope 2 and Scope 3 emissions?

The three scopes of the Greenhouse Gas Protocol cover the different kinds of emissions a company creates in its own operations and in its wider value chain (its suppliers and customers).<sup>16</sup>

Figure 3: Understanding Scope 1, 2 and 3 emissions



Source: Greenhouse Gas Protocol

Source: Greenhouse Gas Protocol<sup>17</sup>

<sup>16</sup> [Greenhouse Gas Protocol](#), 2023

<sup>17</sup> [Greenhouse Gas Protocol](#), 2023

### Scope 1

Emissions from sources an organisation owns or controls directly, such as:

- company boilers/burners
- coolants
- company vehicles.

### Scope 2

Emissions a company causes indirectly when it uses energy, such as by heating or cooling premises or otherwise using electricity

### Scope 3

Emissions for which a company is indirectly responsible, up and down its value chain.

In the interest of transparency and strong governance, organisations should disclose their emissions data and report their progress. Engaging with the value chain, and actively encouraging and supporting those in the supply chain, can help organisations achieve Scope 3 targets. Furthermore, the CSRD will require many organisations to disclose their emissions data.

**Establishing an internal price of carbon is a mechanism by which organisations can put a value on their GHG emissions in a way that drives positive change.**

## Carbon offsets: greenwashing alert!

It's important not to fall into the trap of buying carbon offsets instead of making substantial internal changes. Low quality and poorly verified offsetting projects have led to scrutiny across the globe and given rise to the idea that offsets play lip service to climate action.

Furthermore, the Science Based Targets initiative (SBTi)<sup>18</sup> does not recognise carbon offsets as part of the journey to zero carbon. Instead, once companies have reduced their emissions in operations and the supply chain by 90%, they can seek to implement carbon capture and carbon removals.

<sup>18</sup> [Science-Based Targets](#)



## How to address emissions: taking action

Table 1

<b>Establish your true Baseline</b>	<p>Determine how quickly you can move on the pathway to zero carbon</p> <p>Accurately assess your full carbon footprint using accepted methodologies (such as the Greenhouse Gas Protocol, ISO 14064, ISO 14067, SBTi Standards and Sector Guides, SEAI or DEFRA UK) to determine your scope 1, 2 and 3 emissions</p>
<b>Understand your operating environment</b>	<p>Consider your regulatory and commercial operating environment:</p> <ul style="list-style-type: none"> <li>• What commitments are your peers making?</li> <li>• What do your customers expect?</li> <li>• Are regulatory or policy changes anticipated?</li> </ul>
<b>Set ambitious targets</b>	<p>Set an ambitious target driven by knowledge of operating environment and own emissions profile</p> <p>Develop a plan to achieve your targets, review regularly and ask your organisation to take corrective action if the targets go off track.</p>
<b>Secure senior leadership sponsorship and align your corporate strategy to zero carbon</b>	<p>Establish full senior leadership sponsorship</p> <p>Ensure corporate strategy is fully aligned with your zero carbon ambition. This will mean decoupling the business from carbon-intensive assets and activities.</p> <p>Enhance your governance frameworks as needed to drive the required change.</p>
<b>Report and verify</b>	<p>Underpin goals with appropriate standards and measurement methodologies, such as SBT.</p> <p>Consider how best to report progress against your zero carbon and wider sustainability objectives. Select appropriate reporting framework, [such as the Task Force on Climate-related Financial Disclosures (TCFD) or the Global Reporting Initiative (GRI)] which can help communicate progress with stakeholders.</p> <p>Have your non-financial data externally validated for accuracy and credibility.</p>
<b>Engage your finance department</b>	<p>Engage your finance department on investment and costs required in relation to SBT, zero carbon and ESG commitments</p> <p>Build awareness within the finance team regarding the potential cost of not making the investment and how this could affect the company's long-term commercial strategy, positioning with consumers and peers, and regulatory exposure.</p>
<b>Seek supply chain support</b>	<p>Commit to continuous structured engagement with your suppliers and subcontractors to deepen their ESG knowledge, increase collaboration and share more sustainable ways of working.</p>

Source: BITCI and PwC (2022)

### Case study: Glenveagh Properties plc

Glenveagh Properties plc is a leading Irish homebuilder providing homes for private, institutional and state customers across three business segments – suburban, urban and partnerships.

Recognising the evolving reporting requirements, needs of stakeholders and the impact of the built environment on carbon emissions, it developed a Net Zero Transition Plan, which sets out both its near and long-term approach to climate change. This includes demanding science-based targets.

The plan integrates with the group's 'Building Better' business strategy, with key actions embedded throughout the five strategic priorities and is supported by robust governance, transparent reporting, stakeholder engagement and risk management. The plan is available [here](#).

## Nature

In discussions on tackling the biodiversity emergency, we increasingly hear the term ‘nature positive’. The World Economic Forum defines being nature-positive as “enhancing the resilience of our planet and societies to halt and reverse nature loss”<sup>19</sup>.

We know ecosystems are at risk of collapse due to resource exploitation, unsustainable practices and climate change. What we must remember too, however, is that industry relies heavily on the resources and benefits that nature provides, whether through its own operations or those of suppliers. This means businesses also face an existential threat, which could place immense pressure on supply chains.

### Biodiversity in peril

Climate change is having a negative impact on many of the world’s species and ecosystems, driving biodiversity loss. At the same time, protecting and restoring biodiversity is critical to mitigating and adapting to climate change (UNEP, 2020)<sup>20</sup>.

These biodiversity crises also hit local communities, particularly around livelihoods and the cost of food. In fact, a recent report from The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)<sup>21</sup> found:

- Humans use 50,000 wild species to meet their needs every day.
- About 70% of the world’s poor are directly dependent on wild species and on businesses fostered by them.

Meanwhile, only just over half of Irish rivers, lakes, estuaries, and coastal waters are in satisfactory condition.<sup>22</sup> Pollution, overuse of resources and climate change are putting these at risk.

### Compliance and reporting requirements

With the recent adoption of the Global Biodiversity Framework at the United Nations Biodiversity Conference (COP 15)<sup>23</sup>, understanding impacts and dependencies on nature will now be mandatory for businesses.

[Target 15](#) of the framework requires all large business and financial institutions to assess and disclose their risks, impacts and dependencies on biodiversity and promises comprehensive reform of environmentally harmful subsidies.

### The nature-positive challenge

There is a lack of clarity around the role of business in achieving a Nature-positive economy. This challenge also provides an opportunity to organisations to work collaboratively to find science-based pathways to becoming nature-positive, similarly to climate change and zero carbon.

However, the ambiguity around the term could become a vehicle for greenwashing. This would allow businesses to continue a business-as-usual approach and not take the radical action needed to tackle the biodiversity crisis.

<sup>19</sup> [What is ‘nature positive’ and why is it the key to our future?](#), WEF, 2021

<sup>20</sup> [Six ways nature can protect us from climate change](#), UNEP, 2020

<sup>21</sup> [Sustainable Use of Wild Species](#), IPBES, 2022

<sup>22</sup> [EPA](#), 2022

<sup>23</sup> [UN Biodiversity Conference \(COP15\)](#), UNEP, 2022

## Halting and reversing nature loss: taking action

Before embarking on any changes or initiatives, your organisation first needs to understand how it affects biodiversity, uses water and land, and so on. From here, it can then develop a pathway to becoming nature-positive. ([Business for Nature, 2022](#)).

Table 2

<b>Assess</b>	<p>Identify your most material impacts and dependencies on nature by reviewing your production and consumption value chains. The Natural Capital Protocol<sup>24</sup> is a decision-making framework that enables organisations to identify, measure and value their direct and indirect impacts and dependencies on natural capital.</p> <p>Identify, assess and develop a plan on managing nature-related risks and opportunities using guidance such as that provided by the <a href="#">Taskforce on Nature-related Financial Disclosures (TNFD)</a><sup>25</sup>.</p>
<b>Commit</b>	<p>Set transparent, time-bound, specific, science-based targets to put your company on the right track.</p>
<b>Transform</b>	<p>Act quickly to prevent or mitigate any harm or negative impacts that you identify through proactive engagement across the supply chain.</p> <p>Engage with key stakeholders such as those in your value chain, industry peers, those in the areas where you operate to support them in their journey to nature positive. Work together to identify potential areas for collaboration.</p> <p>Embed nature into the core of the business. Identify opportunities to create greater outcomes for nature and biodiversity, and embed them into the business model as appropriate. Ensure the value of biodiversity and climate impacts are taken into account in decision making.</p> <p>Advocate for policy ambition</p>
<b>Disclose</b>	<p>Track performance and prepare to publicly report material nature-related information throughout your journey.</p> <p>Monitor your progress regularly. This may be quarterly for targets such as pollution but may be every three to five years for monitoring species abundance.</p> <p>Report on progress to key stakeholders, aligning with existing reporting standards such as GRI or SASB.</p> <p>Have data externally verified.</p>

Source: *Business for Nature*<sup>26</sup>

<sup>24</sup> [Natural Capital Protocol](#), Capital Coalition, 2016

<sup>25</sup> [The TNFD Nature-related Risk & Opportunity Management and Disclosure Framework](#), TNFD, 2022

<sup>26</sup> [High-level Business Actions on Nature](#), Business for Nature, 2023

## Choosing nature-based solutions

Nature-based solutions<sup>27</sup> are inspired and supported by nature. They're cost-effective, provide environmental, social and economic benefits, and help to build resilience against the impacts of climate change.

They bring more nature and more diverse natural features and processes into cities, landscapes and seascapes, through locally adapted, resource-efficient and systemic interventions.

In an urban setting, for example, businesses, individuals or developers may opt to create green roofs and walls, and to plant trees. This can:

- moderate the impacts of heatwaves
- capture storm water
- abate pollution
- have positive outcomes for mental and physical health.<sup>28</sup>

Choose nature-based solutions carefully as some interventions can have undesired consequences. Non-native species forests grown in monocultures across large areas can become biodiversity deserts, for example. They block out light, and the local plant species and animal species aren't used to living in them. They may have carbon sequestration benefits, but can have a catastrophic impact on nature.

### Biodiversity Handbook

The BITCI Biodiversity Handbook<sup>29</sup> is a good tool for organisations starting on their journey. This handbook:

- provides case studies detailing action from member companies
- outlines practical tips on getting started, engaging employees and supporting biodiversity in the broader community
- highlights contacts and resources for biodiversity action.

<sup>27</sup> [Nature-based solutions](#), European Commission, 2023

<sup>28</sup> [Nature-based Solutions Initiative](#), 2022

<sup>29</sup> [Biodiversity Handbook for Business](#), BITCI, 2019

## Circular economy

Circularity reworks the traditional lifecycle of a product. It seeks to minimise the waste created through redesign, recycling and repurposing of materials, as well as preventing and reducing all waste where possible.

The modern economic system is sometimes described as ‘take-make-waste’ or the ‘linear economy’, because the flow of resources (components, goods and even their embedded energy) travels in one direction. Value is stripped out in the process.

There’s a clear link between this faulty system and issues like rising greenhouse gas emissions, polluted waterways and biodiversity loss.

### Reimagining our economic system

The circular economy reworks the old linear system to facilitate improved value capture and reduce waste, which reduces the negative impact on the environment and society.

In a circular economy, all resources such as materials and energy are treated as valuable capital. They’re either kept within the system or safely returned to the system to generate further economic, social or environmental value. [The butterfly diagram](#)<sup>30</sup> is a good illustration of how this works.

In a circular economy, goods and resources flow around the system in a series of cycles that aim to either retain economic value or regenerate the biosphere (environment). Goods are made to be made again and the whole system is powered by renewables. Compared with making goods from scratch, this approach requires less energy due to processes such as repairing and remanufacturing.

The circular approach moves the thinking closer to the start of a process, rather than trying to solve problems at the end of a product’s life, when it is often too late.

### Opportunities within circularity

Applying circular economy strategies in just five key areas (cement, aluminium, steel, plastics and food) could eliminate 9.3 billion tonnes of CO<sub>2</sub>e by 2050, according to analysis by the Ellen MacArthur Foundation and McKinsey & Company. That’s the equivalent of cutting current emissions from all transport to zero.<sup>31</sup>

The circular economy also represents an innovation and business opportunity worth trillions of dollars, according to the World Economic Forum, with additional benefits in terms of health and employment.<sup>32</sup>

Designers, entrepreneurs, governments and businesses of all sizes need to collaborate and re-strategise to shift the system and make the most of the opportunities the circular economy offers.

<sup>30</sup> [The butterfly diagram: visualising the circular economy](#), Ellen MacArthur Foundation, 2019

<sup>31</sup> [Completing the picture](#), Ellen MacArthur Foundation, 2023

<sup>32</sup> [Making the \\$4.5 trillion circular economy opportunity a reality](#), World Economic Forum, 2023

## How to think circular: taking action

Applying a circular economy approach is about adding and retaining value by changing practices across the lifecycle of a product. The following four areas of focus have been adapted from EYs<sup>33</sup> article on Circular Economy Strategy.

Table 3

Strategy	Action
<b>Understand the material impact</b>	Conduct a lifecycle assessment with a specific focus on materials and environmental impacts. This will enable you to identify areas for action.
<b>Design the right processes and build cradle-to-cradle applications.</b>	Once your lifecycle assessment is done, seek to design products and processes with their broader impact in mind. By incorporating circular design principles at the start, you can: <ul style="list-style-type: none"> <li>• reduce later waste</li> <li>• make product logistics easier throughout the product lifecycle</li> <li>• work to ensure used products or materials can be reused or redistributed.</li> </ul>
<b>Scale circular processes</b>	Scaling circularity to drive lasting effects demands change across your organisation's ecosystem. When considering peers and competitors, it's vital to start thinking about industry solutions rather than competitive advantage.
<b>Engage consumers</b>	Recycling, reusable packaging and product rentals only work with consumer engagement. Make sure you engage and educate consumers, making their experiences as seamless as possible.

<sup>33</sup> [4 Steps to Drive Effective Circular Strategies for Consumer Goods and Retail Businesses](#), Harvard Business Review, 2022

## Questions to consider: Leadership in Environment

Use these questions to reflect on your organisation's approach to Environment goals and to identify gaps in working towards sustainable outcomes in this area:

1. To what extent have you integrated the climate and nature emergencies into your business strategy and operations?
  2. Have you set a science-based target (SBT)?
  3. Have you set a net-zero science-based target?
  4. Where are you on your SBT-based journey to net zero?
    - Committed
    - Developing a target
    - Submitted
    - Communicated
    - Disclosed
  5. To what extent do you consider circularity when designing a product or service.
- 

1. Do you publish emissions data on Scope 1 and 2?
  2. Does your organisation publish data on scope 3 emissions?
  3. Has the company had its operational (Scope 1 and/or 2) greenhouse gas emissions data externally verified?
  4. Are you actively encouraging and supporting those in your supply chain to help you achieve scope 3 targets?
  5. With regards to GHG emissions and reductions achieved, do you measure and report?
  6. Do you take further actions based on the reductions achieved?
  7. Does the company disclose an internal price of carbon?
  8. To what extent do you consider circularity when designing a product or service.
- 

1. Has the company incorporated nature-based solutions into its strategy?

With regard to your impacts and dependencies on nature, do you disclose and report your impacts and dependencies on nature?
2. Has your company invested in nature-based solutions (NBS)/nature climate solutions (NCS)?
3. Has your company developed a pathway/roadmap to becoming nature-positive?
4. To what extent do you consider circularity when designing a product or service.





# **Economic**

## Economic

What value do organisations bring to wider society and the environment? It's an increasingly important question for consumers, businesses, investors, government and other stakeholders.

As your organisation reflects on its purpose, it's vital to consider how it approaches creating a positive and sustainable economic impact on society and the environment by responsibly managing its value chain. This happens across four key areas, which we cover in this section:

- Business model impact
- Product/service design and lifecycle management
- Investment
- Responsible technology.

### Business model impact

In recent years, we've seen organisations across the EU become much more mature and adept at identifying and quantifying the environmental (such as climate change and biodiversity) and social (such as human rights or the effects on local communities) impacts of revenue-generating activities.<sup>34</sup>

Frameworks supporting this work include:

- the Task Force on Climate-Related Financial Disclosures (TCFD)
- the Carbon Disclosure Project
- the Corporate Sustainability Reporting Directive (CSRD).

#### Understanding internal and external impacts

For each of these frameworks, organisations measure, quantify and report positive and negative impacts. Some organisations take this a step further by including a monetary value for these impacts in their financial reporting. This aims to consider the total cost of an organisation's products or services and to analyse its ability to create or destroy value.

These impacts are often externalities, which means society bears the cost or benefit rather than the organisation producing the product or service. Pollution is an obvious example. Chemicals dumped by an industrial plant into a lake may kill fish and plant life, and affect the livelihood of fishermen and farmers. Positive externalities, by contrast, include public education or building a new public park.

<sup>34</sup> [SP Impact Valuation](#), S&P, 2020

### Assessing the whole value chain

For an organisation to capture the full impact of its business model, it must assess its whole value chain. This includes:

- primary (product design) and secondary (operations) activities. [See the section on [Product/service design and lifecycle management](#) for more.]
- products or services designed for a specific environmental, social, or ethical outcome
- the environmental, social, and ethical aspects of all products or services, regardless of their intended outcome.

## Why Irish business must understand the Corporate Sustainability Reporting Directive

The EU Corporate Sustainability Reporting Directive (CSRD)<sup>35</sup> came into force in January 2023 and is set to replace the Non-Financial Reporting Directive (NFRD)<sup>36</sup>. Sustainability-related information will need to be reported at the same level of rigour and detail as financial information is already.

The CSRD means EESG considerations must be embedded across the entire business value chain, including in operational and investment choices. Furthermore, sustainability reporting will also have to be externally assured.

All of this will mean investors receive more consistent and detailed information. They can use this to allocate capital to companies that genuinely try to be socially, environmentally and financially sustainable.

### Which businesses will be affected?

The CSRD applies to an estimated 50,000 companies headquartered in the EU (up from 11,700 for the NFRD). These include listed and non-listed EU companies, EU subsidiaries and SMEs that meet two of the three following criteria:

- 250 or more employees
- Annual turnover of €40 million or more
- €20 million or more in total assets.

<sup>35</sup> [Corporate sustainability reporting](#), European Commission, 2023

<sup>36</sup> Beyond the NFRD, the CSRD will amend the Accounting directive, the Transparency directive, the Audit directive, and the Audit regulation.

**What does the CSRD mean for business?**

Affected businesses will have to apply the new rules for the first time in 2024 and report on their business model impact in 2025. They will have to give detailed information on how their activities affect the environment, the communities in which they operate, and their stakeholders. They will also have to report on:

- **Environment:** Climate change; pollution; water and marine resources; biodiversity and ecosystems; resource use and circular economy
- **Social:** Own workforce; workers in the value chain; affected communities; consumers and end users
- **Governance:** Business conduct.

## Product or service design and lifecycle management

Consumers, regulators and investors increasingly demand transparency from businesses. More and more, they want to see ‘cradle to cradle’ or lifecycle thinking. They expect ethical, environmental and social considerations to be designed into products and services, using standardised approaches and frameworks, such as Design for the Environment or the soon-to-be-updated EU Ecodesign Directive<sup>37</sup>.

Lifecycle management enables a data-driven approach, helping organisations to identify challenging areas that need to be addressed and to track the progress of the sustainability efforts. Doing that, and delivering sustainable outcomes, means a company must review its product or services offering.

Beyond working to remain financially competitive, companies must ensure their offering is designed and managed from procurement and production to sales and marketing in line with legislation and the company’s sustainability strategy. Recently proposed legislation aims to stop companies from making misleading claims about environmental merits of their products and services<sup>38</sup>.

Failure to manage compliance and sustainability has significant reputational and financial risk implications for companies and their value chain. For example, the Conflict Minerals Regulation<sup>39</sup> is strategically linked to corporate sustainability, responsible sourcing, human rights and fair trade.

### Lifecycle management methodologies

Lifecycle management approaches refer to a set of science-based frameworks and methodologies for quantifying and understanding the environmental, social and economic impacts of a product, material, process or services throughout its lifecycle. They include:

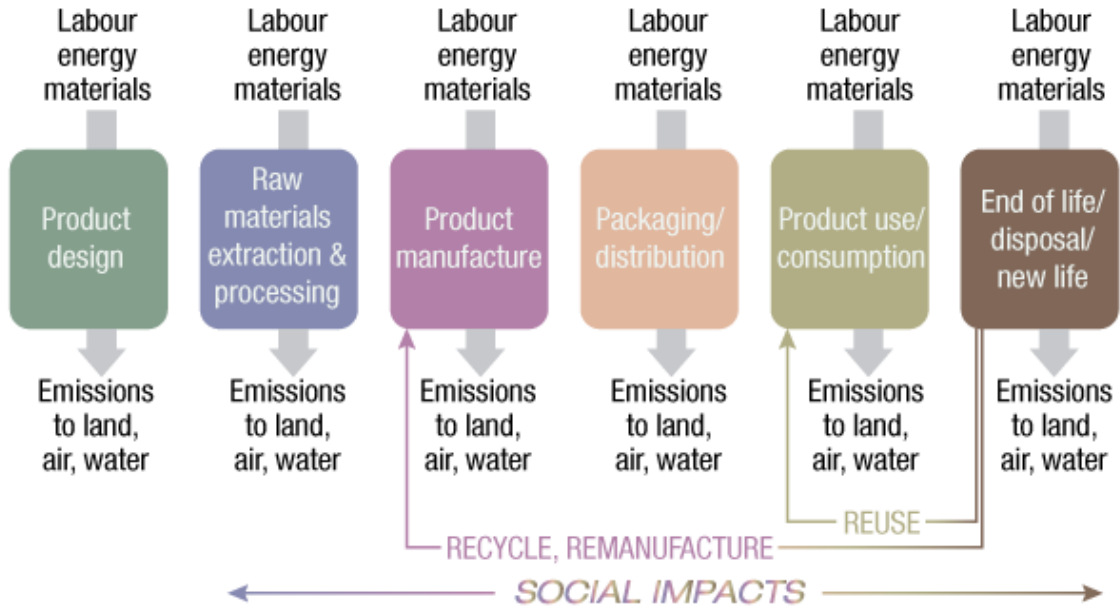
- lifecycle assessment (LCA), which is the most commonly known and recognised
- social lifecycle assessment (S-LCA)
- lifecycle costing (LCC)
- lifecycle impact assessment (LCIA)
- contract lifecycle management (CLM), which streamlines the contract process during key stages.

<sup>37</sup> [Ecodesign for sustainable products](#), European Commission, 2023

<sup>38</sup> [Proposal for a Directive on Green Claims](#), European Commission, 2023

<sup>39</sup> [Conflict Minerals Regulation: The regulation explained](#), European Commission, 2023

Figure 4



Source: Life Cycle Initiative<sup>40</sup>

<sup>40</sup> Benefits of Lifecycle Approaches, [Life Cycle Initiative](#), 2023

## Choosing an LCA methodology: taking action

It is vital for an organisation to have oversight of its value chains. Lifecycle management methodologies enable organisations to review impacts at the various stages of product or service creation and delivery. This impact could range from financial cost to environmental impact to social consequences among others.

Table 4

<b>Understand your value chains</b>	Map out the value chains for which your organisation is responsible. These could include factors such as procurement, human resource management, and sales.
<b>Prioritisation</b>	<p>Prioritise certain value chains over others looking at factors such as:</p> <ul style="list-style-type: none"> <li>• how much control your organisation can exercise on a specific value chain</li> <li>• the risk level of a value chain that is considered higher risk</li> <li>• the potential for a value chain to create high impact due to its financial significance.</li> </ul>
<b>Deciding on the right methodology</b>	<p>Select the appropriate methodology. This will depend on:</p> <ul style="list-style-type: none"> <li>• the type of impacts your organisation wishes to explore</li> <li>• any risks that organisation needs to look into</li> <li>• the value chain in question.</li> </ul> <p>For example, if the organisation is procuring services that are at high risk of modern slavery (such as building maintenance), conducting a social LCA may help identify areas of impact.</p>
<b>Making use of information</b>	<p>Ensure appropriate functions and governance structures are aware of findings of LCA.</p> <p>Use findings of any LCA to make informed decisions. For example, you might put in place policies to ensure effective oversight and minimise the risk of negative impacts.</p>

### Collaborative approach to selecting methodology

Establishing the right LCA methodology for your product or service will determine the cost and the resources you'll need. Depending on your goals and objectives, you may be able to carry out a relatively simple LCA.

Spend time and resources at the beginning of a new product or service design collaborating with cross-functional stakeholders to define their objectives. You can then identify the appropriate LCA approach to use, including the data or evidence you wish to capture.

## Investment

Key to sustainability is how an organisation invests its resources and meets its financial obligations. Its resource investment strategy should align with its overall purpose and strategy, including the environmental and social aspects. Meanwhile, its financial obligations include everything from paying invoices promptly and managing retirement plans well to having a transparent approach to tax.

### Tax approach usually proves telling

An organisation's tax approach includes its tax strategy, regulatory compliance and tax assurance disclosures, and links to the overall business strategy, along with its CSR and sustainability strategies. It can offer key insights into how an organisation is managed overall.

How an organisation engages with stakeholders on tax issues to manage concerns, to ensure legal compliance, and to advocate for public policy is also a great measure of inclusivity.

At the micro level, an organisation's approach to tax can significantly affect its profitability (and resulting shareholder wealth). At the macro level, the accumulated wealth of individuals and corporations has led to an increase in private wealth and a decline in public wealth<sup>41</sup> – some of which can be attributed to their approach to tax.

### Reform of the global tax system

For this reason, tax can be a sensitive issue, but over the past decade in particular, we've been seeing fundamental international reforms, including new standards and guidelines, such as the OECD/G20 Inclusive Framework on BEPS<sup>42</sup>.

These frameworks establish guidelines around transparency, wealth distribution and establish minimum tax floors for multinational enterprises. Ireland is a member of the OECD/G20 Inclusive Framework on BEPS and is being guided by its strategy, which we hope will prove transformational in adapting the international tax rules for the 21<sup>st</sup> century.

### Responsible investment in pension funds and beyond

Another aspect of investment is how the organisation invests its discretionary resources. The UN Principles for Responsible Investing (PRI) defines responsible investment as a strategy and practice to incorporate ESG factors in investment decisions, including retirement fund management and asset allocation. It complements traditional financial analysis and portfolio-building techniques.<sup>43</sup>

One of the largest areas of corporate (and employee) investment is pension funds. The OECD states:

"ESG investing has grown rapidly over the past decade, and the amount of professionally managed portfolios that have integrated key elements of ESG assessments exceeds USD17.5 trillion globally, by some measures. Also, the growth of ESG-related traded investment products available to institutional and retail investors exceeds USD 1 trillion and continues to grow quickly across major financial markets."<sup>44</sup>

<sup>41</sup> [World Inequality Report](#), 2022

<sup>42</sup> [BEPS](#), OECD, 2023

<sup>43</sup> [What is responsible investment?](#), PRI, 2023

<sup>44</sup> [BEPS](#), OECD, 2023



The challenge in this area currently is the quality of data companies are reporting regarding their ESG performance. One of the intentions of the upcoming CSRD is to provide better quality ESG information to investors. This, in turn, will support better investment portfolio decisions for pension and other funds.

## Sustainability and investment: taking action

Incorporating environmental, social, and ethical aims into investment has a focus on transparency. This particularly applies to tax. In the UK<sup>45</sup>, for example, large companies must publish and regularly report in detail on their tax strategies.

Qualifying companies must report:

- “details of the paragraph of the legislation it complies with
- the financial year the strategy relates to
- how your business manages UK tax risks
- your business’s attitude to tax planning
- the level of risk your business is prepared to accept for UK taxation
- how your business works with HMRC
- any other relevant information relating to taxation.”

### Get expert guidance

Discretionary investment can also benefit from transparency, but in this area companies can integrate environmental, social, and ethical goals into traditional investment structures.

Useful resources for pension investing include the Accounting For Sustainability (A4S) guides for pension fund trustees<sup>46</sup>. For capital expenditures, the Sustainable Procurement Guidelines (ISO 20400)<sup>47</sup> offer excellent guidance.

As these guidelines point out:

“Sustainable procurement represents an opportunity to provide more value to the organization by improving productivity, assessing value and performance, enabling communication between purchasers, suppliers and all stakeholders, and by encouraging innovation.”

<sup>45</sup> [Publish your large business tax strategy](#), Gov.uk, 2023

<sup>46</sup> [Pension guidance](#), Accounting 4 Sustainability (A4S), 2023

<sup>47</sup> [Sustainable Procurement Guidelines ISO 20400](#), ISO, 2017

## Responsible technology

Technology has transformed nearly every aspect of our lives, from the way we interact with the world, to the healthcare we receive, to the relationships we have with those around us.

Technology is a disruptor, and it can be a platform for us to express our creativity, to share our knowledge, and to fight for our rights and the rights of others. It has always had the potential to benefit society, and information and communication technologies (ICTs) can help accelerate progress towards every single one of the 17 United Nations SDGs<sup>48</sup>.

Information technology reflects those who design it and use it, meaning it can be misused intentionally or unintentionally to create societal harm. The onus is on every organisation to ensure the technology infrastructure they use to underpin their business processes follows a principle of 'first, do no harm'. This is a responsible approach to using technology across an organisation's operations and within the scope of its product or service offering.

This involves considering:

- how your organisation shows respect for human rights, wellbeing, human agency, operational safety and effectiveness, transparency and accountability
- how it prevents intentional or unintentional misuse (such as discriminatory algorithms, unsolicited or aggressive marketing, intrusive surveillance or promoting disinformation)
- how it incorporates the above-mentioned principles into its processes, its culture, and its software and hardware technologies, including artificial intelligence (AI), social media or drones
- how it incorporates these principles into its use of data.

<sup>48</sup> [Digital Technologies to achieve the SDGs](#), 2021, ITU

## Technology: taking action

Any organisation can act to improve its existing IT environment to ensure it is aligned to the organisation's ESG strategy, while minimising any negative consequences.

Table 5

<b>Understand the technology environment</b>	Understand the potential environmental, social and ethical aspects of technology that could apply to your organisation. These could include: <ul style="list-style-type: none"> <li>• energy use</li> <li>• paper and electronic waste management</li> <li>• privacy protection</li> <li>• accessibility for people with disabilities</li> <li>• neurodiversity</li> <li>• use of social media.</li> </ul>
<b>Assess your risk</b>	Use your list of applicable aspects to assess your risk within your existing IT architecture.
<b>Consult with stakeholders</b>	Ask stakeholders for their views to inform your decision-making and to help you prioritise risks and opportunities.
<b>Apply changes</b>	Once you know and have prioritised the risks and opportunities, you can thread ESG considerations through your IT infrastructure and business processes.

### Real-world best practice

To try to make the most of technology to achieve positive outcomes as well as mitigate for potentially adverse social, ethical and environmental concerns, many organisations now have, or are developing, responsible technology policies.

One such example is PwC which has looked at this in terms of several key themes:

- jobs & skills
- health & wellbeing
- privacy, security & integrity
- environmental protection

Find out more about PwC's approach here [Responsible technology - PwC UK](#)

## Questions to consider: Leadership in Economic

Use these questions to help you review your organisation's approach to the Economic area and to identify gaps in working towards sustainable outcomes.

1. Are you quantifying the total positive and negative externalities of environment, social and ethical product or service considerations arising from your business model?
2. Do you publish impact reporting (reporting on the aggregated positive and negative externalities of environment, social and ethical product/ service considerations from your business model)?
3. Does an independent and competent third party assure your impact reporting?
4. Does your organisation maintain a publicly disclosed tax approach, including governance, regulatory compliance, and linkages to environment, social and ethical goals?
5. Does your organisation report the extent to which its pension plan can be met either with the organisation's general resources or through a separate fund?
6. Does your organisation publicly disclose its responsible investment approach?
7. Do you have any ESG pension goals (for example, a zero carbon pension fund)?
8. Does your organisation use standard ethical or responsible technology frameworks and methodologies (such as IEEE AI design ethics<sup>49</sup>)?
9. Has the technology strategy been mapped into your organisation's EESG strategies (or vice versa)?
10. Does your organisation publicly disclose its responsible technology risk and mitigation strategies, ideally seeking input from stakeholders in shaping improvements?

<sup>49</sup> [Ethically Aligned Design](#), IEEE, 2018

 **Social**

## Social

The Social pillar is about people – ensuring their rights are honoured and they're given access to opportunity. The global inequality crisis is one of the most pressing issues facing humanity, as the World Business Council on Sustainable Development (WBCSD) has pointed out.

Inequality raises issues of social justice and poses a major risk to social cohesion<sup>50</sup>. It doesn't just hamper people's ability to participate in society and to access the resources they need to live a fulfilling life. Inequality also puts their health and wellbeing at risk.

At a most basic level, inequality kills. Oxfam estimates inequality contributes to at least 21,300 deaths each day or one person every four seconds<sup>51</sup>. OECD research, meanwhile, found inequality (in particular, educational attainment) has a direct link with reduced life expectancy<sup>52</sup>.

Inequality happens when people within a group or society are not equal, especially in terms of status, rights, and opportunities. The consequences of inequality include:

- poverty
- marginalisation
- reduced rates of employment
- poorer education outcomes
- human rights violations
- increased crime
- civil unrest.

### Factors that compound inequality

Many barriers and structures compound and perpetuate these issues. Inequality can come into sharp relief at times of rapid change or crisis, such as the COVID-19 pandemic or the climate catastrophe. In those times, the inadequacy of systems and their capacity to protect the vulnerable are accentuated.

Poverty during childhood is associated with lower educational attainment and poorer employment prospects, according to ESRI<sup>53</sup>. Its 2022 report on poverty also found policies that seek to reduce persistent inequalities in educational outcomes, from early childhood through to higher education, are crucial.

<sup>50</sup> [Vision 2050 - Time to Transform](#), WBCSD, 2021

<sup>51</sup> [Inequality Kills](#), Oxfam, 2022

<sup>52</sup> [Educational Inequalities in Longevity among OECD Countries around 2016](#), OECD

<sup>53</sup> [Intergenerational poverty in Ireland](#), ESRI, 2022

The impacts of social inequality can be seen in statistics relating to the Traveller Community in Ireland, which has:

- a life expectancy of at least 10 years below the national average<sup>54</sup>
- an unemployment rate of 80% according to the 2016 census<sup>55</sup>
- a primary level completion rate of about 55%.

#### Four key social themes

At Business in the Community Ireland, we address four key themes under the Social pillar:

- **Inclusive workplaces**
- **Sustainable employment**
- **Community engagement**
- **Human rights.**

The Social pillar of the EESG framework addresses how an organisation creates value for local communities, wider society, workers on their sites, and those along its supply chain.

<sup>54</sup> [Irish Travellers](#), HSE National Social Inclusion Office, 2023

<sup>55</sup> [Census of Population 2016](#), CSO

## Inclusive workplaces

When companies take care to build inclusive workplaces, they're not only building an inclusive internal culture, but also addressing inequalities to build a workforce that reflects society's diversity.

In recent years, we've seen equity, diversity and inclusion (EDI) become a clear business priority. A report from the UN Principles for Responsible Investment (PRI) highlights how, in addition to national and regional legislation, financial regulators are also pursuing disclosure rules around EDI.<sup>56</sup> The report also points to "a growing body of research to suggest that diverse teams can strengthen performance on other ESG issues".

Besides national and regional legislation, financial regulators are also pursuing disclosure rules around EDI. There is also a growing body of research to suggest that diverse teams can strengthen performance on other ESG issues. Companies with more diverse management teams have 19% higher revenues due to innovation<sup>57</sup>.

### Understanding the intersectional view

Intersectionality refers to the interconnected nature of social categorisations such as race, class, and gender as they apply to a person or group. These can create overlapping and interdependent systems of discrimination or disadvantage.

This concept is important in EDI as lack of opportunity or inequality is usually not the result of single, distinct factors. More often, it's the outcome of intersections of different characteristics, power relations and experiences.

The underrepresentation of different cohorts in society is a complex and multifaceted issue, and various structural issues must be addressed to rectify it. Having targets is important, but just as vital is recognising the current challenges to achieving equity and developing a roadmap to address these issues.

### Elevate Pledge

[Elevate<sup>58</sup>](#) is Business in the Community Ireland's Pledge under which signatories commit to building inclusive workplaces that support everyone to thrive equally. The ultimate ambition of this initiative is for a workforce that is representative of all members of Irish society. Now in its third year, Elevate has more than 60 signatories.

The Elevate Pledge is led by the Social Inclusion sub-group of the BITCI Leaders' Group on Sustainability. Elevate is chaired by Sinead Patton, Chief Financial and Commercial Officer in Veolia and Harry Goddard, CEO of Deloitte Ireland.

<sup>56</sup> [Diversity, equity and inclusion: Key action areas for investors](#), PRI, 2022

<sup>57</sup> [How Diverse Teams Boost Innovation](#), BCG, 2018

<sup>58</sup> [Elevate Pledge](#), BITCI, 2023



## How to be more inclusive: taking action

Employment offers the single biggest opportunity for vulnerable people to move out of a cycle of poverty and participate actively in society. Recognising this, BITCI established the Inclusive Employer Blueprint, which provides a good foundation for developing an inclusive workplace.

Table 6

<p><b>Set the intent</b></p>	<p>At this stage, it's vital to articulate the company's vision of being an inclusive employer. This needs to be backed up by strategy and resources. Then you can:</p> <ul style="list-style-type: none"> <li>• embed EDI goals in the business</li> <li>• engage all levels of the organisation in strategy development and implementation</li> <li>• build governance and accountability structures into every level of the organisation</li> <li>• run targeted initiatives, for which you choose an underrepresented group in your workplace and specify a vision for future engagement</li> <li>• engage all levels of your organisation in strategy development and implementation.</li> </ul>
<p><b>Plan for implementation</b></p>	<p>Allocate dedicated EDI resources and budget to make it sustainable.</p> <p>Select partnerships, aiming for the greatest impact, by building strong relationships with community-based organisations that work with the target group you have identified.</p> <p>Develop an action plan based on detailed data, with measurable activities, committed resources and strategic partnership agreements.</p>
<p><b>Engage in outreach</b></p>	<p>During this critical aspect of implementation, maintain a strategic focus on enhancing education and employment opportunities for marginalised groups.</p> <p>Choose as many or as few activities as make sense for your business and allocated resources. For example, you could:</p> <ul style="list-style-type: none"> <li>• assess talent needs</li> <li>• critically assess current community engagement</li> <li>• align resources to education and employment</li> <li>• engage with community organisations</li> <li>• empower employees to volunteer</li> <li>• create new pathways to employment</li> <li>• partner with disadvantaged schools</li> <li>• work with the supply chain</li> <li>• collaborate with other employers.</li> </ul>

<p><b>Evaluate progress</b></p>	<p>Carry out ongoing monitoring and review of your action plan against SMART targets. Agree measurable goals and assign accountability. Your goals could include:</p> <p><b>Recruitment:</b></p> <ul style="list-style-type: none"> <li>• number of job descriptions appraised for inclusion</li> <li>• percentage of new hires in line with vision</li> </ul> <p><b>Retention:</b></p> <ul style="list-style-type: none"> <li>• percentage of employees availing of flexible working</li> <li>• number of policies reviewed for inclusion</li> </ul> <p><b>Outreach</b></p> <ul style="list-style-type: none"> <li>• level of improvement in skills</li> <li>• how many people are moving into jobs, education or training.</li> </ul>
<p><b>Review and incorporate improvements</b></p>	<p>The spirit of continuous improvement is essential for responsible business. Make sure the organisation has open and frank discussions on why targets were not achieved, as these are key to ongoing improvements.</p>
<p><b>Communicate on successes and challenges</b></p>	<p>Ensure those in the organisation can celebrate successes and that others can learn from your success stories.</p>
<p><b>Encourage and inspire others</b></p>	<p>The organisation will know when its communication is part of a PR campaign or when it is designed to inspire others to act. It's worth noting that these are not mutually exclusive ambitions!</p>

## Case study: SSE Works employment programme

SSE has been collaborating with Business in the Community since 2016 on developing a specific employment initiative, SSE Works, which it piloted in 2017.

For this partnership, BITCI sources diverse candidates from the community to help to meet SSE's recruitment needs. BITCI also acts as an ongoing supporter and intermediary for the business and the new employees.

In 2022, SSE gained six new long-term employees, and it has gained 27 employees since 2017, 20 of whom are still working there. Some have progressed into more specialist customer service, sales or trainer roles.

SSE and BITCI have worked together to identify job requirements that may act as barriers for otherwise qualified potential candidates. By highlighting that a third-level qualification is not required, hybrid work can be facilitated, or part-time hours can be negotiated, for example. By introducing greater flexibility, the net can be cast wider to meet recruitment needs.

The success of the programme can also be attributed to:

- all salaries are above the living wage in Ireland
- one-to-one and group training is provided before the contracts start, and there is extra help as needed
- BITCI plays a key supporting role to the new hires and to SSE staff
- the programme is embedded into normal recruitment procedures, so most SSE staff don't know who is an SSE Works participant
- a culture of inclusivity and care of new recruits is continually fostered in the business, allowing SSE Works to enhance what is there rather than be seen as a stand-alone initiative requiring additional work.

In 2023, the programme aims to continue to support recruitment into Customer Service, Inbound Sales and other departments as the need arises.

## Sustainable employment

Sustainable employment requires employers to constantly monitor how their business landscape is evolving and also to look at their readiness to embed change.

It addresses people's ability to gain sufficient fulfilling employment to help them survive and thrive in the rapidly evolving world of work. It also covers how engaged people are in their work and how deep a connection they feel to their workplace. This focus extends to the concept of 'decent work' that delivers:

- a fair income
- social protection
- freedom for people to organise and participate in the decisions that affect them.

Collective bargaining is now accepted by the OECD<sup>46</sup> (2019) as being important for reducing inequality and for improving aspects of job quality, such as: occupational safety and health, working time, training, management practices, and the prevention of workplace discrimination.

The EU's new directive on minimum wages sets a threshold for collective bargaining in member states<sup>59</sup>. All organisations should have a direct model of engagement to consult with employees (and/or elected employee representatives) on decisions that impact them.

Sustainable employment encompasses these core themes:

- **Strategic workforce planning**
- **Organisational change management**
- **Compelling employee proposition**
- **Enhancing employee engagement**

## Strategic workforce planning

The Society for Human Resource Management (SHRM) defines workforce planning as "the process an organisation uses to analyse its workforce and determine the steps it must take to meet current and future staffing needs"<sup>60</sup>.

As your organisation considers its business strategy over the next five years and beyond, it will need to consider a range of key changes and transitions. As the organisation drives this change, how it plans to keep its employees at the heart of this transformation is central to sustainable employment.

Every business is responsible for ensuring its employees can manage their current role, but also are developing the skills and competencies needed to carry out their role in the future.

While some sectors will require new skills and roles, a workforce with generic sustainability skills will be needed across all sectors, as will the leadership skills required to take a holistic view of people, planet and prosperity.

<sup>59</sup> [European Union](#), Office Journal of the European Union, 2022

<sup>60</sup> [Practicing Strategic Human Resources](#), SHRM

### The move to Green HRM practices

Green HRM<sup>61</sup> involves rewarding green behaviours and any achievement of environmental targets. It also involves training and development, not just for the hard skills required for addressing the climate emergency, but also green cognition, future thinking, the ability to embrace complexity and the values underpinning sustainability.

The organisation needs to be deeply committed to its environmental strategy without sacrificing any commitments for short-term profits. Employees usually see through any greenwashing and become disillusioned.

## Strategic workforce planning: taking action

Table 7

<b>Identify your business context.</b>	<p>Identify the key trends in your sector and consider where the next big disruption could come from.</p> <p>As change is a constant, consider how best your organisation can prevent 'strategic drift' from the external environment.</p>
<b>Align business strategy with your workforce plans.</b>	<p>Segment your workforce, and identify critical roles and skills your teams will need to deliver on business goals over the next five years and beyond. Develop plans to address gaps and ensure your workers will be at the heart of any workplace transformation.</p> <p>Identify the people results that are critical for the organisation if it is to achieve its goals. (Retention is one example).</p>
<b>Forecast your supply of talent.</b>	<p>Understand the labour market and how to manage the supply of talent effectively. Forecast what talent will need to be re-skilled or hired.</p>
<b>Plan and optimise.</b>	<p>Plan to have the right people, with the right resources, in the right places at the right time. Support this with a contingency plan.</p>
<b>Manage talent</b>	<p>Addressing skills shortages and any imbalances in the organisation (where the availability of skills may not match demand). This will have implications for learning and development strategy. Identify where sustainability is addressed in ongoing development of talent and L&amp;D strategy.</p> <p>Develop plans for compelling employee proposition and employee engagement.</p>

Source: adapted from CIPD Ireland<sup>62</sup>

<sup>61</sup> [Green HRM](#), Human Resource Management Institute, 2023

<sup>62</sup> [Strategic workforce planning development programme](#), CIPD Ireland, 2023

## Shaping your employee proposition

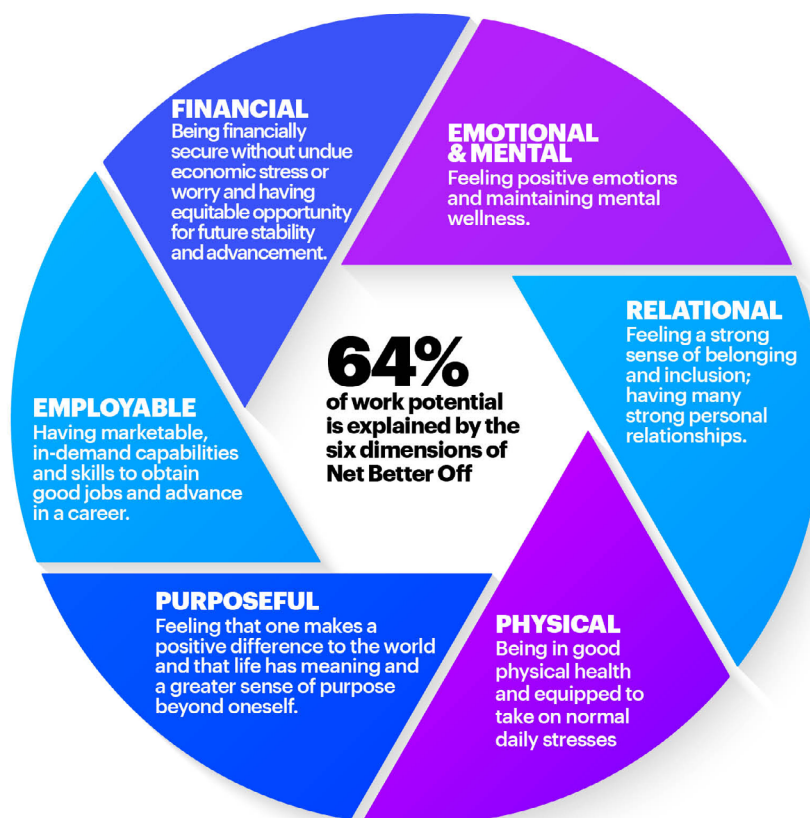
Your employee proposition reflects the culture of your organisation. It shows how well your work culture values its people as people, and not merely ‘resources’ or ‘headcount’. The employee proposition is key to talent retention and acquisition, so leadership needs to consider it in a multi-faceted way and review it regularly.

The employee proposition goes beyond reward and remuneration. It’s about:

- being respected and valued
- having equal opportunities for personal and professional development
- having a sense of purpose achieved through work and engagement with colleagues.

Organisations can unlock their people’s full potential if they meet six fundamental human needs through work, according to Accenture<sup>63</sup>. When you’re developing a proposition, examine these six dimensions of ensuring employees are ‘net better off’ as a result of working with your organisation.

Figure 5: The net better off model



Source: Accenture<sup>64</sup>

<sup>63</sup> [Better to Belong, Accenture, 2021](#)

<sup>64</sup> [Better to Belong, Accenture, 2021](#)

## Enabling 'net better off': taking action

To enable the net better off model, organisations must embrace five 'sweet spot' practices:

1. Enable continuous learning to ensure a future-ready workforce that can shift at scale.
2. Listen to what your people need at the front lines, empowering them with real-time data.
3. Use technology to enable flexible work arrangements and more creative work for your workforce that is increasingly dispersed.
4. Champion workforce well-being and equality. Safety and relational needs are more important than ever.
5. Set and share people metrics. Take accountability for diversity and equality. Be transparent and engage in intentional conversations that matter to your people.

Source: Accenture

## Managing organisational change

Sustainability is the largest change management project we face. As with any other change, all stakeholders – from the board through the C-suite and to all employees – need to know and understand the drivers for change. The crises of the climate emergency, loss of biodiversity and mounting inequality certainly give us a 'burning platform' for change.

The level of change required by these crises will affect all levels and functions in an organisation. Depending on your organisation's maturity and approach, it may decide to hire in a team of sustainable professionals or to establish a sustainability programme that will reach across the organisation, for example.

Whatever the approach, the organisation should select a change management model to guide it. An example below is adapted from the well-recognised Kotter's 8-Step Model of Change<sup>65</sup>.

<sup>65</sup> [The 8-Step Process for Leading Change](#), Dr John Kotter, 2014

## Change management: taking action

Table 8

<b>Create a sense of urgency</b>	<p>Inspire people to act – with passion and purpose.</p> <p>Build momentum that excites people to pursue a compelling (and clear) vision of the future together.</p> <p>Highlight the role of business as a powerful change agent and force for good.</p>
<b>Forming powerful guiding coalitions</b>	<p>Identify the effective change leaders and key stakeholders in your organisations at all levels. Ask them to get involved and commit to the entire process.</p>
<b>Form a strategic vision</b>	<p>Clarify how the future will be different from the past.</p> <p>Define the ultimate vision and the strategies for realising a change in an organisation.</p>
<b>Communicating the vision</b>	<p>Communicate the change in the vision often, in powerful and convincing ways.</p> <p>Connect the vision with crucial aspects like performance reviews, training, and so on.</p>
<b>Enable action by removing obstacles</b>	<p>Ensure your organisation has processes and structure in place that are aligned with the overall organisational vision.</p> <p>Clear the way for people to generate impact quickly.</p>
<b>Generate short-term wins</b>	<p>Create short-term wins early in the change process to give a feel of victory in the initial stages of change.</p> <p>Reward those who are involved in meeting the targets.</p>
<b>Sustain acceleration</b>	<p>Achieve continuous improvement by analysing the success stories individually and improving from those individual experiences.</p> <p>Continuous improvement is a key tenet of responsible business.</p>
<b>Anchoring change in the corporate culture</b>	<p>Ensure the change becomes an integral and visible part of your organisational culture.</p> <p>Evaluate systems and processes to ensure practices reinforce the new behaviours, mindsets, and ways of working.</p>
<b>Focus on Agility</b>	<p>Enable and empower people to adapt to changing circumstances as they evolve.</p>

Source: Kotterinc.com



## The value of employee engagement

Successful employee engagement sees employees feeling connected with their workplace and with work colleagues, while achieving work goals and objectives with enthusiasm.

You can measure employee engagement through multiple channels. These include:

- staff meetings
- one-to-one appraisals with managers
- annual staff surveys
- more frequent pulse surveys
- focus groups.

These touchpoints should be integrated into a closed-loop feedback system. Keep employees updated on the high-level feedback received and show the organisation is taking action on the back of this feedback.

When it comes to choosing feedback channels, the CIPD recommends:

“a mixed approach.. as different methods have different strengths. Employee surveys give a representative view of experiences across the organisation. On the other hand, qualitative methods provide a richer understanding of employee experiences in their own words and can give deeper insight into why people are happy or unhappy”<sup>66</sup>.

<sup>66</sup> [Employee engagement and motivation factsheet](#), CIPD, 2021

## Community engagement

Community engagement addresses an organisation's strategic approach to engaging with local communities close to, or affected by, its operations. It frequently involves strategic partnerships with non-profit organisations that are highly relevant to the organisation's strategy and its vision for creating positive social impact. This is one of the most effective ways to understand the challenges faced by the community and to make meaningful impact.

Responsible businesses have recognised community engagement as a priority for decades, but the area has evolved significantly in the past decade, due to:

- internal drivers such as the increasing desire of companies to be more authentic
- external pressures such as more complex demands and a call for greater authenticity from consumers, investors, and other stakeholders.

As the field evolves, an organisation's community activities will increasingly be developed with reference to the overall corporate objectives and feedback from the wider community.

## Put the right policies in place

### Community engagement policy

To manage community engagement, your organisation needs a strategy, an action plan and a policy. A documented community engagement policy:

- recognises, encourages and supports employee participation in company activities
- helps your organisation to address requests from the wider community in a more authentic way
- can set out how your organisation will measure the positive social impact of your activities.

### Corporate giving policy

This should outline the scope of charitable giving within your company, including:

- the not-for-profit organisations and social causes the company will support through giving and fundraising
- potential forms of giving (for example, monetary donations, in-kind donations, pro-bono work, and so on)
- related objectives, processes and management oversight.

### Employee volunteering policy

Employee volunteering programmes support activities that enhance and serve communities in which companies operate. A formalised policy supports employees participation by:

- allocating employees work time to engage in volunteering activities
- outlining the organisational supports available to employee volunteers
- determining how to measure impact.

## Engaging with community partners: taking action

As your organisation builds out a strategic approach to community engagement, it can have a specific theme in mind, such as:

- social justice
- youth mental health
- diversity and inclusion
- employability and education.

Aligning the theme of a charity partnership or engagement with one of your organisation's strategic objectives makes the partnership even more high-impact and facilitates opportunities for two-way learning.

Table 9

<b>Align on the intention</b>	<p>Why does your organisation want to engage with the community. Is it:</p> <ul style="list-style-type: none"> <li>• seeking to provide support in response to immediate challenges?</li> <li>• engaging with the community to deliver specific impact?</li> <li>• working with other partners to bring about wider social change?</li> </ul>
<b>Set your objective</b>	<p>When building any partnership, your organisation and the partner(s) should know and share an understanding of the primary objective. This could be:</p> <ul style="list-style-type: none"> <li>• employee engagement</li> <li>• customer engagement</li> <li>• addressing a specific issue.</li> </ul>
<b>Decide on the partnership format and duration</b>	<p>Partnerships can be short term (annual) or long term (about three years). Longer partnerships anecdotally yield greater impact as the charity and organisation can build on activities over several years. Three common formats are:</p> <ul style="list-style-type: none"> <li>• flagship charity partnership</li> <li>• skills-based volunteering</li> <li>• cross-industry collaboration.</li> </ul>
<b>Assess the available resources and expertise</b>	<p>The resources and expertise available in the organisation and the not-for-profit determine the nature of the engagement. These could include:</p> <ul style="list-style-type: none"> <li>• the extent to which a charity can offer workshops to the organisation's employees</li> <li>• if the charity can support on relevant marketing materials</li> <li>• skills within the organisation the charity could harness.</li> </ul>
<b>Agree desired outcomes and impact</b>	<p>Setting outcomes and measuring inputs, outputs, outcomes and impacts for any engagement is vital. Try to align these with the pre-determined intention of the engagement.</p>

## Flagship charity partnership

Many organisations may support a range of charities working across sectors. You can realise synergies, however, by concentrating on a certain theme or cohort. This can also allow your organisation to take a more strategic and targeted approach to supporting the work of charities or not-for-profit organisations. A flagship charity partnership is one way to achieve this.

Many organisations may support a range of charities working across sectors. You can realise synergies, however, by concentrating on a certain theme or cohort. This can also allow your organisation to take a more strategic and targeted approach to supporting the work of charities or not-for-profit organisations. A flagship charity partnership is one way to achieve this.

We in BITCI help to broker partnerships between our members and not-for-profits.

The nature of the flagship will depend on a number of factors including:

- the capacity of both the company and not for profit to engage and resources available
- the primary objective/s of the partnership (this could include customer engagement, employee engagement among others)
- the primary issue or challenge on which the non-profit works to deliver change.

These factors will drive the initiatives that take place, which may include:

- training and policy advice delivered by non-profit for organisation on expert area
- awareness-raising campaigns for non-profit partners through products or services.

## Skills-based volunteering

Non-governmental organisation, not-for-profits and community-based organisations can benefit from support beyond financial support. Often, businesses possess expertise and skillsets in areas where NGOs can benefit. This creates value for the organisation, but also for the ultimate service user.

### Case study: Deloitte Impact Week

Deloitte's Impact Day began in 2006 and subsequently turned into Impact Week<sup>67</sup>, as there was such demand to get involved from the business and charities. Since the beginning, hundreds of charities have benefitted from working with thousands of Deloitte people across volunteering projects. Impact Week is an integral part of Deloitte Ireland's commitment to impact 100 million lives globally by 2030.

Since 2016, Deloitte have been running parallel training and project initiatives as part of Impact Week in Ireland. Both are driven by the needs of not-for-profit and community organisations alongside Deloitte's *WorldClass* aim to:

- develop job skills
- improve educational outcomes
- expand opportunities for 300,000 lives in Ireland by 2030.

Deloitte works with BITCI to identify training needs, then pulls together tailormade training sessions across different topics, which have previously included:

- GDPR
- website development
- social media
- CRM systems.

Deloitte usually offers these across Impact Week, while BITCI communicates to the entire charity network about them. In 2022, over 700 charities signed up to attend a Deloitte webinar (or receive recordings of it).<sup>68</sup>

### Bespoke consulting projects

These enable non-profits to benefit from Deloitte's skillset and expertise – resources to which non-profits and community organisations typically don't have access.

Deloitte Ireland creates cross-functional teams of volunteers who act as consultants working in person and virtually<sup>69</sup> with eight to 10 charities annually. These team projects have a lasting impact for both the charities and the people who use their services.

<sup>67</sup> [Impact Week](#), Deloitte, 2023

<sup>68</sup> [Deloitte Social Impact strategy](#), BITCI, 2022

<sup>69</sup> [Deloitte Impact Week goes virtual for 2020](#), BITCI, 2020

**Key success factors and lessons learned**

Feedback from the charities involved shows an increasing demand for these pro bono Impact Week projects. Charities don't usually have the resources to access the level of experience these projects offer, and one of these projects can totally transform the direction of an organisation.

The success of the projects is dependent on a couple of key factors:

- Complete buy-in from the charity's executive team before the project day and agreement on project aims
- Engagement with the Deloitte project manager and team, which allows for advance transfer of key information and project planning so the sole focus of the team on the day is to work with the organisation on site.

Previous projects have shown less is more. Where the charities are enthusiastic about the prospect of working with the experienced teams and have a lot of requests on the table, highlighting one development area for the team to work on typically works best, given the short project duration.

BITCI conducts post-project surveys with each of the charities involved and gives Deloitte comprehensive feedback to help improve future Impact Day projects.

## Cross-industry collaboration

While an organisation can achieve great impact in the community and broader society through its own partnerships, initiatives and projects, cross-industry collaboration can compound the positive impact.

### Case study: P-TECH (Pathways in Technology)

**One of the best practice examples of community engagement in the Irish education sector is the P-TECH initiative. Standing for Pathways in Technology, it is a direct response to the dual challenge of skills shortages in STEM-related jobs and educational disadvantage.**

Companies involved in P-TECH include BITCI members IBM, Cisco Systems, Irish Water, Irish Life, Virgin Media, SAS, Salesforce and Irish Rail. Other programme partners include the Dept. of Education, NEIC, National College of Ireland and CDETB.

As applied through its current pilot in Dublin's North-East Inner City, P-TECH aims to give local students in DEIS schools a career pathway in the digital economy. Five schools that have been longstanding participants in Business in the Community Ireland's education programmes are taking part in P-TECH:

- Larkin College, Marino College, and St. Joseph's (the original schools that started in 2019)
- O'Connell's Secondary and Rosmini (which joined in 2022).

#### What students gain from P-TECH

Companies provide one-to-one mentoring, workplace learning, worksite visits, speakers, project days, and work placements in an initiative that supports students from first year in secondary school right through to Leaving Cert. Students complete secondary school with a L6 Award – the Certificate in P-TECH which is the equivalent of 10 HE or 20 FE credits. An education progression group is currently developing the next stage of qualification, which will be post L6 Award.

P-TECH encompasses a range of STEM and digital fields, including IT, advanced manufacturing, healthcare, digital media and finance. The participating companies help introduce students to career pathways in these fields. Over 650 students are taking part in P-TECH in 2022-2023, with this figure set to increase to almost 800 students from September 2023. The first student cohort will graduate in 2024.

P-TECH is a community engagement initiative that is directly tackling long-standing structural disadvantage and delivering meaningful social change.

## Human rights

Companies and organisations don't want the people who prepare or serve the food in their on-site canteen to be trapped in debt bondage, forced labour or modern slavery. The same is true for those who:

- provide security and maintenance
- clean the facilities
- construct new buildings
- make uniforms or other apparel used by the business.

Companies must examine their values and commitments, and put in place practices and people-centred risk-based investigations to ensure their commitments are being upheld in their operations and their supply chains.

### Understanding your responsibility

Organisations must uphold the inherent rights of all their employees, regardless of race, sex, nationality, ethnicity, language, religion, or any other status in the workplace<sup>70</sup>. The CSRD will require companies to conduct due diligence of their operations and supply chains<sup>71</sup>.

The proposed EU Corporate Sustainability Due Diligence Directive (CSDDD)<sup>72</sup> will require firms to identify, prevent and mitigate against any human rights abuses (or environmental damage) arising from their activities or those of business partners, including contractors and subcontractors. This includes:

- human rights contained in international conventions, including the UN Guiding Principles on Business and Human Rights<sup>73</sup>
- the fundamental conventions of the International Labour Organisation (ILO), such as:
  - forced labour
  - child labour
  - workplace health and safety
  - discrimination
  - freedom of association
  - collective bargaining<sup>74</sup>.

The proposal includes the ability of victims to seek compensation where due diligence would have prevented the abuse.

### Preventing modern slavery

Modern slavery describes slavery, servitude, labour exploitation, forced labour and human trafficking. Human trafficking is the recruitment or transfer of a person through fraud, abduction or force – it is the fastest-growing form of international crime and the third largest criminal industry after drugs and arms trafficking.

<sup>70</sup> [Corporate Responsibility to Respect Human Rights](#), UN OHRC, 2012

<sup>71</sup> [Corporate Sustainability Due Diligence](#), European Commission, 2022

<sup>72</sup> [Proposal for a Directive on corporate sustainability due diligence and annex](#), EU, 2022

<sup>73</sup> [Guiding Principles on Business and Human Rights](#), UN, 2011

<sup>74</sup> [Conventions and Recommendations](#), ILO, 2022



The International Labour Organisation (ILO)<sup>75</sup> estimates that 50 million people, or one in every 150 people, are trapped in forced labour or forced marriage – an increase of nearly 10 million in five years<sup>76</sup>. Over 8,000 people are estimated to be held as modern-day slaves in Ireland and 136,000 in the UK<sup>77</sup>. The true figures are likely to be far higher as so many cases never come to light.

It is challenging for any organisation to say it is absolutely certain that its operations and supply chain are free from the risk of modern slavery or human rights infringements such as:

- excessive working hours
- under-paying or not paying wages
- not paying overtime
- poor health and safety.

### Is your sector high-risk?

In Ireland, high-risk sectors for modern slavery include agriculture, food processing and construction, as these sectors rely heavily on temporary labour at peak times of the year.

Other high-risk sectors in Ireland are:

- apparel (for the sourcing of uniforms worn by staff)
- facilities management (in areas such as catering, cleaning, security and maintenance)
- the sourcing and packing of fresh produce, fruit and vegetables, meat and fish.

## Protecting people: taking action

To follow best practice on human rights and modern slavery mitigation, your organisation should have:

- a human rights and modern slavery mitigation policy (separate to a supplier code of conduct)
- a clear process for conducting human rights due diligence
- a governance structure with clear lines of ownership and responsibility
  - an assigned board member
  - a day-to-day lead
  - budget assigned
  - cross-functional involvement
  - champions in all areas.
- a human rights strategy with objectives that are measured, tracked and reported
- a training programme for leadership, staff, suppliers and contractors.

<sup>75</sup> [50 Million People Worldwide in Modern Slavery](#), ILO, 2022

<sup>76</sup> [Global Estimates of Modern Slavery: Forced Labour and Forced Marriage](#), ILO, 2022

<sup>77</sup> [Global Slavery Index 2018](#)

### How do you conduct human rights due diligence?

Conducting human rights due diligence is about identifying and managing key risks. It means taking the right steps to ensure your organisation is not directly involved in human rights infringements or indirectly involved, through the actions of suppliers, sub-contractors, recruitment agencies, business partners, or through its subsidiaries and investments.

Key steps to take:

1. Map your business operations and supply chain.
2. Assess the level of risk in each relationship and prioritise according to the risk to people and brand reputation.
3. Talk about modern slavery to companies your organisation works with and find out what they're doing to ensure modern slavery has not infiltrated their supply chain.
4. Travel to sites of operation to ask people working there about their hours, pay and conditions, and health and safety.
5. Ensure any identified infringements do not re-occur and ensure anyone who has been affected has access to remedy.

### How to Mitigate the Risk of Modern Slavery

Developed in 2021 by BITCI, this report and guidance<sup>78</sup> tool:

- describes human rights infringements & modern slavery in a global and Irish context
- outlines practical actions to mitigate the risk and occurrence of modern slavery
- equips companies with the knowledge of how to conduct human rights due diligence, spot the signs of modern slavery and who to contact should malpractice come to light.

<sup>78</sup> [How to Mitigate the Risk of Modern Slavery](#), BITCI, 2021

## Questions to consider: Leadership in Social

Use these questions to review your organisation's approach the Social pillar and to identify gaps in working towards sustainable outcomes in this area

1. Do you understand the systemic issues that lead to inequality and the role business can play in addressing these issues to build a more equitable and inclusive culture?
2. Is equity, diversity and inclusion (EDI) embedded in business strategy? Are you ambitious in setting KPIs and targets?
3. Do you publicly disclose EDI strategy?
4. How detailed and transparent is your reporting on performance?
5. Have you linked EDI performance to performance and benefits?
6. To what extent do the voices of employees inform decision making?
7. To what extent do you take steps to ensure diversity of opinion and diversity of thought at all levels and across the organisation?
8. To what extent are you committed, and taking tangible action to drive the inclusion agenda through the value chain?
9. Are you actively engaged in cross-industry partnerships and advocacy to advance societal awareness and engagement?
10. To what extent are managers and employees trained in managing personal wellbeing and provided with mental health training?
11. To what extent are line managers trained and supported to engage with multigenerational expectations, diverse viewpoints and resolve conflict in the workplace?

- 
1. To what extent do you incorporate the risks and opportunities associated with sustainability into strategic workforce planning?
  2. Are senior managers developing their skillsets in sustainability through formal training?
  3. Is training in sustainability mandatory across and at every level in the organisation?
  4. Are skills and competencies related to sustainability important for career progression in your organisation?
  5. Do you pay all your employees a living wage and above?
  6. Do you ensure your contractors are paid a living wage?

1. What impact model best describes your approach to community engagement?
  - **Scattered:** Many small grants and projects covering various topics.
  - **Clustered:** Clear buckets of activity with fewer grants and projects overall.
  - **Concentrated:** Deep and proactive engagement on a specific issue with multi-year programmes and clear impact.
  - **Ecosystem change:** Structured multi-actor partners focused on a common purpose.
  - Combination of all the above
  - None of the above
2. Do you set targets for outcomes or impact in your community?
3. To what extent are you addressing identified social issues through strategic collaborative programmes?
4. Can you show cross-industry partnerships and advocacy to advance societal awareness and engagement?
5. To what extent is your business strategy shaped with wider societal issues in mind and with significant and meaningful input from the local community and other representative groups?
6. To what extent do your sponsorship activities align to social objectives and effect social change?
7. When working with your supply chain, to what extent do you consider their practices regarding business ethics, human rights and environmental management?
8. Does the organisation have a sustainable procurement policy?
9. Does the policy include key areas such as business ethics, human rights and environmental management?
10. Is the supply chain vetted against the sustainable procurement policy?



# **Governance**

## Governance

It is vital to put good infrastructure in place to enable an organisation to make sound, strategic and tactical decisions, including when it comes to risk and change management. Furthermore, transparent communication increases stakeholder confidence in the ability of the company to conduct its business responsibly, towards the achievement of intended outcomes.

The management of risk is centre stage in this instance because good decision-making happens within the context of constant change. Good decision-making is also about being able to build trust and communicate as well as possible that the organisation can manage risk and make the right decisions for all stakeholders.

### Purpose anchors governance work

For sustainability to be integrated through an organisation, the purpose – or ‘north star’ – needs to be concerned not only with *whether* the organisation makes profit, but *how* it makes a profit. If the organisational purpose concerns itself with societal and environmental wellbeing as well as financial health, the other governance pillars should drive organisational performance that reflects this.

As organisations integrate sustainability further into their core business, sustainability is also increasingly interwoven into an organisation’s core governance. Organisations at the earlier stages of the journey typically still have separate or adjacent governance structures for sustainability.

Factors driving the evolution of governance to more fully embrace sustainability include:

- legal emissions targets, and new waste and circularity regulations
- EU reporting requirements, including the new Corporate Responsibility Reporting Directive, which demands sustainability performance is included in a company’s annual report rather than in a standalone report
- growing public, employee and consumer awareness of environment, biodiversity and climate issues
- stakeholder capitalism which goes beyond shareholders and seeks to reinvolve a wide range of societal actors and perspectives in defining business purpose and success criteria.

BITCI focuses on four main areas of governance to build both the practical structures and the values framework for an organisation to deliver sustainability objectives, sustainably:

- strategic purpose
- oversight and accountability
- stakeholder engagement
- decision-making.

## Strategic purpose

Your purpose dictates why you're in business. Business purpose shapes the organisation's goals and strategic direction, and authenticity requires that everyone in the organisation can help shape purpose and be invested in this purpose. A higher purpose drives the integration of sustainability into core business.

Leadership means having a purpose that is as much defined by social and environmental value as it is by profit.

There is growing evidence that an organisation's purpose matters to consumers. Most Millennials and Gen Z (55%) told Deloitte<sup>79</sup> in a survey that having a clear purpose beyond profit is important to them when considering which brands to buy. Moreover, 59% of Millennial and Generation Z women said having a clear social purpose was very important when deciding to work for a company (compared to 54% of Millennial and Generation Z men).

### Sustainability is the outcome of strategic choices

For a responsible business, sustainability is not set apart from business strategy. It's the outcome of business strategy. Sustainability strategy development needs to align with the corporate strategy planning cycle. It should be driven by the senior leadership team, anchored with stakeholders, and engaging for employees.

A particularly useful tool for anchoring strategy with stakeholders is a materiality assessment. Materiality helps us identify and prioritise the issues that matter most to our business and our stakeholders.

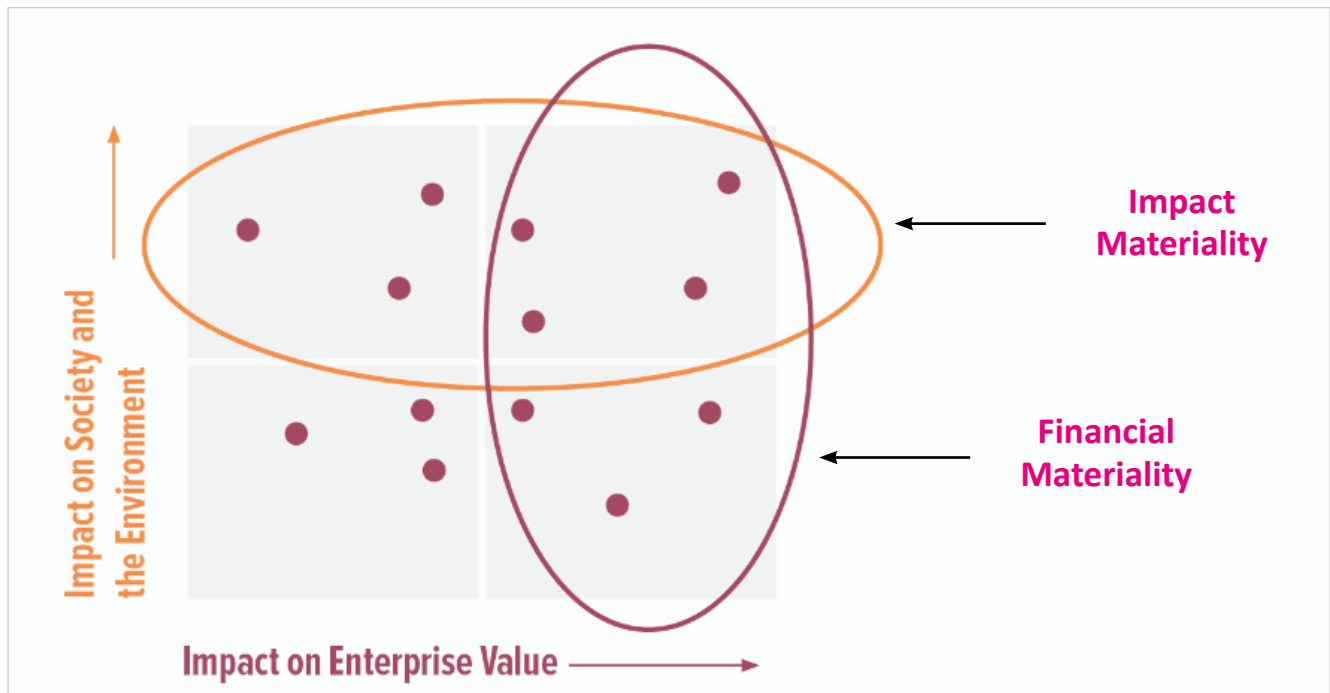
### Time to embrace double materiality

Given the push from the EU's CSRD, many organisations are now embracing what is called 'double materiality'. This involves evaluating corporate information through the impact on both the business's financial value, and on society and the environment.

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<sup>79</sup> [The Deloitte Global 2022 Gen Z and Millennial Survey](#), Deloitte, 2022

Figure 6



Source: GreenBiz.com<sup>80</sup>

Integrating sustainability presents many opportunities. These could include new business models, new ways to create value and generate returns, and new ways to access capital in a low carbon economy.

### Integrating the business case and business model

A new strategy must be accompanied by a business case, incorporating new EESG value additions. For example, companies are now considering metrics relating to the circular economy, stakeholder capitalism and natural capital accounting alongside traditional discounted cashflow, return on assets, return on capital employed and other projections.

Embedding sustainability into an organisation starts with the business model and the awareness that the organisation can create, erode or destroy value through its choices.

Leading organisations integrate sustainability fully into their strategy and across their business. They also work within and across industries through partnerships and advocacy to advance societal awareness and engagement.

That means sustainability affects every decision the business makes, including how it hires, how it makes money, how it engages clients, how it develops services, and the type of culture it wants to build.

<sup>80</sup> [Here's why companies should assess double materiality](#), GreenBiz.com, 2021



## How to consider strategic purpose: taking action

As you consider your business purpose, ask how will your business create value for all stakeholders? Business purpose will be the North Star for your strategy development and should be reflected in business outcomes.

Table 10

<b>Set the vision</b>	<p>What is the business purpose and how does this influence vision?</p> <p>What does sustainability mean to the business? Where does it sit with the wider vision?</p>
<b>Conduct stakeholder analysis and materiality assessment</b>	<p>What environmental and social issues are material to the business strategy?</p> <p>Who are your key stakeholders and what is important to them? Consider internal and external stakeholders.</p>
<b>Develop strategic options</b>	<p>How will you deliver on your organisation's sustainability ambition? What choices will you make to set strategic direction?</p>
<b>Select options – identify goals</b>	<p>Be clear on the big goals that will deliver the strategy.</p>
<b>Set targets</b>	<p>Make sure targets are SMART (specific, measurable, actionable, realistic and timebound).</p>
<b>Develop action plan</b>	<p>Plan to reflect targets, with activities, resources and investment in place. Set metrics to ensure initiatives stay on track.</p>
<b>Communicate</b>	<p>Communicate throughout the organisation and externally.</p>
<b>Implement and evaluate</b>	<p>Execute and evaluate performance against targets on a regular basis.</p>
<b>Report</b>	<p>Integrate sustainability into corporate report.</p>

### Enabling better reporting

Reporting is vital to successful pursuit of strategic purpose. Not only does it create greater transparency and accountability, it also allows for better decision-making.

Sustainability reporting has become increasingly prevalent due to:

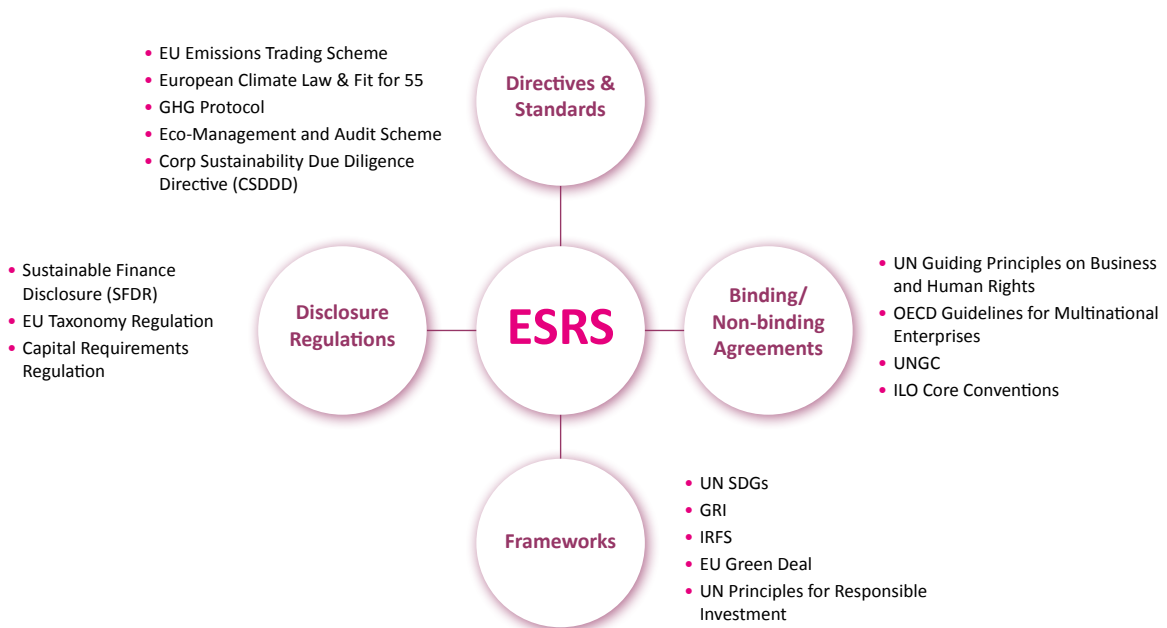
- pressure from shareholders, customers and society
- greater adoption of sustainability-related reporting frameworks
- organisations aligning themselves to global targets.

An integrated approach to sustainability reporting combines financial and non-financial information to provide a comprehensive story about value creation. An integrated report supports integrated thinking, decision-making and actions that focus on creating value over the short, medium and long term.

The IFRS offers more information on the guiding principles of integrated reporting, along with best practice case studies.<sup>81</sup>

It's worth bearing in mind that incoming legislation such as CSRD will make integrated reporting mainstream. When considering reporting, the landscape can be confusing but the European Union Sustainability Reporting Standards (ESRS)<sup>82</sup> outline the metrics that companies need to report on to comply with the CSRD. As the figure below illustrates, the ESRS are linked to EU and global policies, frameworks, directive, and agreements.

Figure 7: ESRS linkage to EU and global policies



<sup>81</sup> [International Integrated Reporting Framework](#), IFRS, 2021

<sup>82</sup> [ESRS](#), EFRAG, 2022

## Case study: Veolia's strategic purpose

Veolia has a strong history of delivering environmental solutions for municipal and industrial customers stretching back almost 170 years. Given the urgent nature of the climate crisis, however, the company felt it needed to impress upon the world the need to act urgently, emphasising that Veolia was ready to play its part in helping society to rise to the challenge.

### Collaborating to build a strategy

A key objective of the process was to raise awareness internally and externally of the need to act to mitigate climate change. Veolia undertook a worldwide internal consultation process, giving all employees the opportunity to contribute to creating the strategy and, more importantly, to be actively involved in the implementation of the strategy.

The company set up a critical friends committee at group level to give senior management external feedback on the strategy as it developed. The committee gave Veolia access to the views of people from government, academia, business and NGOs. This gave it a wide view of how its proposed strategy met the needs of its stakeholders. Out of this process, Veolia's strategy to create the benchmark company for ecological transformation was created and launched.

### Taking the lead from BITCI

Once the Veolia strategy was launched at group level, it was cascaded down to individual countries. Each country has to create local plans to implement the strategy, set objectives and report on results for key stakeholder groups.

The Business Working Responsibly Mark played an important role in helping the Veolia Ireland management team to externally verify that it was on the right track and to embed best practice across the business.

### Measuring impact

The *Impact 2023* strategy embedded the idea of recognising Veolia's impact on multiple stakeholders. As part of *Impact 2023*, the company gives equal focus to five stakeholder groups: planet, society, employees, shareholders and customers.

It calls this [Our multifaceted performance | Veolia<sup>83</sup>](#) and it measures 18 performance indicators to assess progress towards its 2023 targets across each of the five stakeholder groups. These are regularly audited and measured by independent bodies. They are used to calculate the variable compensation of Veolia's senior executives.

In addition, by driving home the urgency of action to mitigate climate change, the strategy encouraged Veolia teams to look again at the services they offer, and to develop new and innovative ways of helping all of its stakeholders.

<sup>83</sup> [Our multifaceted performance](#), Veolia

**Key success factors and lessons learned**

*Impact 2023* has been a major commercial success for Veolia, based on a real focus on delivering solutions for all of its stakeholders. Multifaceted performance, far from being an abstract concept spoken about at board meetings, has become part of how the company works. It uses this approach to:

- assess projects and opportunities
- set objectives for its business and employees
- report monthly, quarterly and annually.

**Next steps**

Veolia recognises much work still needs to be done to become truly sustainable as a society. Its already developing its next strategic plan using many of the same tools used to develop *Impact 2023*. It is continuing to use multifaceted performance, merging that with a strong focus on evolving existing solutions and developing new solutions. By listening carefully to stakeholders, it is considering what matters to them as it builds its next strategic plan.

## Oversight and accountability

An organisation's governing body should lead it ethically and effectively, overseeing CSR and sustainability performance, and galvanising support from key stakeholders to ensure the organisation achieves its commitments.

While the governing body usually operates at the most senior level of an organisation, it should exist within a larger governance structure. This helps to ensure ongoing accountability and oversight, as does the governing body:

- being aligned in its decision-making
- behaving in line with organisational values and purpose
- ensuring the organisation is making progress in achieving its CSR and sustainability commitments
- fulfilling its duties in a way that increases trust and transparency.<sup>84</sup>

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<sup>84</sup> [ISO37000](#), ISO

## Setting up a governing body: taking action

To become fully mature in terms of governance, your organisation should have an overarching commitment to making sure its governing body oversees purpose and strategy, and is accountable for them. It also needs a robust management system for the governing body structure.

Table 11

<p><b>Apply fundamentals to help deliver organisation's strategy</b></p>	<p>A governing body must apply the appropriate values, knowledge, skills, and experience to support the organisation's strategy. Moreover, it should carry out its oversight duties in line with the organisation's ethical, social, and environmental strategic direction.</p> <p>Achieving this consistency means having terms of reference, performance targets, and a formal plan of work for the group.</p> <p>Make sure you regularly review this plan for progress against the targets and for opportunities for improvement.</p>
<p><b>Review capabilities and progress</b></p>	<p>To achieve its objectives, the governing body must ensure it can accomplish its goals. It should review organisational capability including structures, resources, and knowledge. That will enable it to better understand, resource, direct and report the organisation's progress towards its strategic objectives.</p> <p>The governing body must oversee how internal assurance processes are set up and managed to monitor the organisation's progress.</p> <p>Put in place an effective assurance process to identify and address any challenges that occur.</p>
<p><b>Establish internal controls</b></p>	<p>The governing body must maintain collectively agreed ethical codes of conduct for itself and the organisation to:</p> <ul style="list-style-type: none"> <li>• ensure legal compliance</li> <li>• make sure the organisation's values and strategic actions are aligned.</li> </ul> <p>These codes can also cover how the organisation aligns its work with relevant disclosure standards, directives, and other compliance-related requirements.</p> <p>Draw up and implement robust codes of conduct to support integrity, accountability, transparency and independence. Make sure the governing body is clear on its purpose and can act independently in its oversight role.</p>

## Stakeholder engagement

Stakeholders include anyone with an interest in an organisation and its activities, including:

- shareholders
- regulators
- customers
- employees
- suppliers
- the local community
- labour organisations
- environmental and social groups.

Stakeholder engagement is how an organisation understands and engages with the interests, experiences and reasonable expectations of stakeholders.

Early examples of stakeholder engagement were reactive and defensive. Companies were concerned about opposition to projects (such as oil and gas companies) or wanted to resist regulation or counter profit-damaging narratives (for example, tobacco companies).

It has since evolved to become core to strategy development, change management and performance management. More mature organisations typically have a comprehensive dialogue-based stakeholder engagement process that results in a continuous feedback loop between stakeholder insights and operational and strategic decisions.

Good stakeholder engagement can drive sustainability in multiple ways. It could include, for example:

- informing a robust materiality assessment, which identifies the priority topics for a company's sustainability strategy.
- ensuring a sustainability strategy is continuously adapted and improved to take account of:
  - real-world impacts
  - evolving knowledge and expertise
  - unintended consequences
  - other factors identified through dialogue.
- driving understanding of sustainability imperatives among stakeholders whose buy-in is needed for successful collective action, such as:
  - suppliers
  - customers
  - industry associations
  - the media.
- identifying existing innovations and potential collaborations, to create more rapid advancement and reduce time spent on creating company-specific solutions.

## How to engage stakeholders: taking action

In practice, stakeholder engagement involves a wide range of people throughout an organisation. Different functions manage day-to-day relationships. For example, procurement is the main interface with suppliers, while the CEO has the most contact with fellow CEOs and business leaders.

It's crucial to have an aligned approach to stakeholder engagement, however, with a shared understanding of who stakeholders are and how they can help deliver key objectives. Regardless of who holds the working relationship, the organisation can be confident of:

- delivering common messages
- capturing structured feedback
- pursuing overarching goals.

Table 12

<b>Map stakeholders</b>	<p>Conduct annual stakeholder mapping exercises. Yearly refreshes (at least!) are needed as groups or individuals may take on more or less importance over time, and new actors may emerge.</p> <p>Map strategic objectives back to each group and develop activities accordingly.</p>
<b>Identify approach and channels</b>	<p>Select the right channels to communicate with different audiences.</p>
<b>Actively manage the engagement process</b>	<p>Decide on the issues at hand, and the importance to and of the specific stakeholder group. This will dictate the format and frequency of engagement.</p> <p>A key consideration is what is appropriate for the stakeholder.</p>
<b>Collect and acknowledge inputs</b>	<p>Ensure your organisation has a system in place to collect and integrate stakeholder inputs.</p> <p>Aim to keep stakeholders informed of the impact of their inputs.</p>
<b>Acknowledge all feedback</b>	<p>Recognise that stakeholder views may be uncomfortable to hear and may not align with your organisation's self-perception and plans.</p> <p>Have a plan in place to respond as constructively as possible if and when this happens.</p>
<b>Be open to challenge</b>	<p>Mature organisations are open to proactively seeking challenge and critical views, both from internal and external voices.</p> <p>In addition to robust employee consultation, it's smart to invite independent advisory councils, 'critical friends' committees or similar mechanisms to bring robust challenge and tap into diverse viewpoints and expertise.</p>



## Stakeholder engagement: real-world best practice

**BITCI member companies span all sectors, and many have strong practices around stakeholder engagement, summaries of which are available in their public reporting.**

[Gas Networks Ireland](#) has a complex stakeholder landscape including energy producers, shippers, suppliers, regulators, policy makers policy makers and energy customers.

It needs to be strongly customer-focused while also:

- managing for short-term volatility in global energy markets
- navigating an evolving policy environment
- ensuring it can take a long-term leadership role in the energy transition.

Gas Networks Ireland's stakeholder management is the process by which it organises, monitors and improves relationships with its stakeholders. It involves systematically identifying stakeholders, analysing their needs and expectations, and planning and implementing various tasks to engage with them.

Stakeholder engagement is aligned to their vision and purpose, with targeted initiatives to support the delivery of stakeholder needs and strategic ambitions to drive short-term performance, while also planning and building for the future.

Gas Networks Ireland's stakeholder engagement plan is tracked to ensure progress and adapt where appropriate in a changing environment.

## Decision-making

It's vital to put good infrastructure in place to enable an organisation to make sound strategic and tactical decisions, including when it comes to change management. Furthermore, transparent communication increases stakeholder confidence in its ability to conduct its business responsibly, towards the achievement of intended outcomes.

The art of risk management is centre stage because good decision-making happens within the context of constant change. It's also about being able to build trust and communicate as well as making it possible for the organisation to manage risk and make the right decisions for all stakeholders.

### Key areas of decision-making

1. Factors informing decision-making:
  - a. credible and reliable information
  - b. risk identification and management
  - c. compliance obligations
  - d. stakeholder expectations
  - e. societal expectations
  - f. natural environment limitations and impacts.
2. Showing or following best practice:
  - a. ensuring the company receives the key information it needs
  - b. having diverse inputs into an open and transparent decision-making process
  - c. providing opportunities for independent views to be expressed
  - d. considering independence and addressing conflicts of interest
  - e. developing consensus.
3. How the organisation makes decisions in the context of constant change while considering implications and adapting strategy as required.
4. How the organisation's change management approach follows standard frameworks to try to ensure proactive, effective, transparent change and improvement.

## Enabling better decision-making: Taking action

The key considerations to reflect on when establishing an informed decision-making process are shown below.

Table 13

<b>Assess the current decision-making structures</b>	Research and review the structures and process of how key decisions in the company are made.
<b>Identify key gaps</b>	Identify what's working well in the decision-making process and what needs to be improved. This will need to be done through a review of previous decisions, how these were made and subsequent outcomes and impact. This review will draw particularly on the inputs from key internal and external stakeholders.
<b>Put in place a plan to improve the decision-making process</b>	Commit to continually improve and maintain oversight of decision-making, risk management and change management processes. Setting out clear objectives, targets and metrics will assist to this end.
<b>Review progress</b>	Assess how well the actions taken have worked and how the plan was adjusted in response.

## Questions to consider: Leadership in Governance

Use these questions to review your organisation's approach to Governance and to identify gaps in working towards sustainable outcomes in this area.

1. When reviewing external risks and trends to inform decision-making, do you apply a sustainability lens to:
  - Considering business risks and opportunities
  - Designing products and services
  - Conducting strategic workforce planning process
  - Making investment and capital allocation decisions
2. Which of the following has your organisation?
  - A full-time/dedicated senior sustainability lead reporting at C-suite level
  - A full-time sustainability professional who reports to a member of the C-suite
  - Other function heads with accountability for sustainability/ESG who report to the C-suite
  - Volunteer-led employee committees deal with ESG/sustainability issues

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1. Does the organisation undertake a regular materiality assessment informed by stakeholder inputs, at least every three years?
  2. Does your materiality assessment weight the EESG pillar/s of sustainability over which you have the most impact and control given your context and industry?

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1. Has your organisation identified and mapped all the stakeholders affected by and with an interest in its activities?
  2. Does your organisation have evidence (for example, through an employee survey) confirming most employees feel their voice is heard and respected in your organisation?
  3. Does your organisation have an independent communications channel for employees to share concerns about your environmental and sustainable practices?
  4. Is the business involved in industry partnerships developing collective plans on sourcing, energy, waste or supply chain management?
  5. Does your organisation have ways to seek external expert advice on its strategy development and execution (such as an external advisory panel, or a community or NGO forum)?
  6. Has the company incorporated principles of a just transition into its strategy?
  7. What is your approach to advocacy in the context of the climate crisis, biodiversity crisis, social crisis or associated sustainability issues.

1. Are all the pillars of sustainability (EESG) agenda items at board level?
  2. Are your sustainability objectives, targets and progress reported publicly? And annually?
  3. Do you provide data for your non-financial reporting? If so, what data do you provide? Is this data/ are reports externally assured by a third party?
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Has your organisation signed up to and aligned its business goals with relevant standards and commitments such as:

- Management system
  - [BITCI BWR Mark](#)
  - [B-Corp](#)
- Reporting framework
  - [CDP](#)
  - [SASB](#)
  - [GRI](#)
  - [IRF \(international integrated reporting framework\)](#)
  - [TCFD](#)
- Global goals and commitments
  - [UN Sustainable Development Goals](#)
  - [Climate Action Plan](#)
  - [UN Global Compact](#)
  - [UN Framework Convention on Climate Change](#)
  - [Paris Climate Agreement](#)
- Legislation and directives
  - [Non-Financial Reporting Directive](#)
- Other
  - [UN Guiding Principles on Business and Human Rights](#)
  - [ILO Core Conventions](#)
  - [UN International Bill of Human Rights](#)
  - [OECD Guidelines for Multinational Enterprises](#)
  - [UNEP FI PRI](#)
  - [UNEP FI PRB](#)
  - [ETI Base Code](#)

## Final thoughts

As stated in the introduction to this document, no handbook or report can capture all aspects of the fast-moving transformation of the sustainability landscape. This pace will only accelerate, and needs to accelerate, if we are to transition to a low-carbon inclusive economy.

It is evident from the global research and BITCI's own [State of the Nation Research](#)<sup>85</sup> that while there has been significant work done to date on setting ambition and targets for this transition, the current trajectory and pace of change is insufficient.

While there is still hope and opportunity, we are rapidly running out of time. Failure to act will see social and environmental degradation and business will struggle to operate in that environment. We face multiple crises right now but there can be opportunity in how we respond.

BITCI collaborates with its members to deliver to this transition. This may not be easy work, but it is essential work, and can only be done using the power of the collective. This work is the essence of our mission.

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<sup>85</sup> [BITCI](#), Accelerate the Transformation, 2023

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