Briefing

Sustainability first

Supporting the Transformational Shift Toward Sustainability
Sustainability Principles Project: Needs Case

This Briefing Paper explains why a principles-based approach is important to support the transformational shift now taking place toward sustainability. It sets out the needs case for our Sustainability Principles Project and how this will tackle this issue in essential services. It then shares the headlines from our recent survey on how key actors in the energy, water and communications sectors currently approach sustainability.

1. Background

Many actors in public utilities are increasingly recognising the value of sustainability and sustainable business practices and are changing their approaches accordingly. This new Project will use a principles-based approach to support the cultural shift now taking place and seize the opportunity to embed sustainability in practice in the energy, water and communications sectors. The project will provide decision-makers with practical guidance and tools that will enable them to navigate difficult trade-offs, identify synergies and more confidently manage the transformational shifts required for a sustainable future.

The project is focused on the UK energy, water and communications as these sectors are vital for social, environmental and economic wellbeing and resilience. They provide essential services, are part of critical national infrastructure and are key to the delivery of net zero/a fair transition and wider public value.

This Briefing builds on the discussions at the Project's Steering Group Meeting[1] in July 2021. It begins with an overview of the desired impacts currently envisaged for this work. It then summarizes the needs case for the project and the results of our primary research into how sustainability and principles currently guide decision making in companies, policy makers and regulators. It ends with a summary of our next steps for the project.

This paper should be read in conjunction with our **Sustainability Framework and Strawman** Paper which sets out a preliminary set of sustainability principles for discussion that the project will then develop and test.

2. Desired Impact

The aim of the project is to develop a set of sustainability principles that can actively support and guide future strategic behaviours and underlying assumptions to deliver the outcomes needed for a sustainable future; and crucially to also provide concrete methods and tools to help achieve these outcomes. The principles are intended to form a key part of a consistent and coherent measurement framework that policy makers and regulators – for example in HMT, BEIS, Defra, DCMS, the National Infrastructure Commission, Ofgem, Ofwat and Ofcom - as well as decision-makers in companies and investors, can readily adopt and apply.

The objective is for the principles to provide a practical 'compass' to support decision-making under uncertainty as well as concrete practical guidance to help achieve the necessary shifts at the scale and pace needed. The principles will assist the change in culture now starting to take place amongst decision makers in essential services so that all sides can more confidently focus on the delivery of public purpose and public value.

3. Why are we Looking at Sustainability Principles?

This project builds on Sustainability First's recent major projects that focused on purpose and licence to operate and the importance of public interest in utilities: The Fair for the Future Project and the New Energy and Water Public Interest Network project. These projects identified the following gaps – **the '4 i's'** - in terms of delivering sustainability, addressing climate impacts and long-term public interest outcomes in utilities:

1) **Influence**: How companies, regulators, policy makers and investors are influenced by the behaviours of other stakeholders. Our research has pointed to the need to acknowledge that it is crucial to understand how "external" factors (e.g. values and trends regarding environmental, social

[1] Project Steering Group members and project sponsors are listed here https://www.sustainabilityfirst.org.uk/sustainability-principles

and economic contexts) influence decision making and how this is inevitably informed by the cultural weightings those making decisions use;

2) **Interaction:** How different actors - companies, regulators, policy makers, investors and civil society groups – and issues interact (both within and between sectors) noting that one can influence the other. This is particularly important for sustainability where decision making often requires partnerships, collaboration and systems thinking that can span organisational silos. Knowing that greater interaction between all actors in the sectors is needed is not sufficient to facilitating it; it is essential to clarify how actors should interact, which again is also shaped by organisational cultures and processes;
3) **Interpretation:** How the law and regulation are interpreted by all sides. Interpretation of both existing laws and regulations as well as existing or new principles, cannot be viewed independently of the cultural and organisational situation of those interpreting them. How different actors interpret the legal and regulatory frameworks in which they operate can shape how they approach trade-offs and co-benefits; and
4) **Implementation:** How policy and regulation are implemented in practice. Implementation is also shaped by culture but can also be impacted by practicalities and events.

The Fair for the Future project concluded that **culture and behaviour** among all actors are key to addressing these issues. As outlined in the Sustainability First October 2020 Sustainability Principles Viewpoint, it will be difficult to deliver sustainable outcomes, and respond to events appropriately, without a fundamental shift in principles, culture and processes. This is key to lasting change.

There is a significant **opportunity** to be seized in this area. On the environmental front, the Net Zero commitment, the 25 Year Environment Plan, the Environment Act, the Defra draft Strategic Policy Statement for Ofwat and the forthcoming BEIS Strategy and Policy Statement for Ofgem all point to a recognition of the need for a new approach. On the social side, the pandemic and its ongoing aftershocks have highlighted the size of the challenges faced, whilst demonstrating the positive things that can be achieved when government, companies and civil society work together. And exciting changes in technology and increased investor focus on ESG (environmental/social/governance) factors and the sustainability premium are helping to drive positive company actions.

While things are indeed moving quickly, however, the focus on econometric models, and the corresponding principles that have dominated economic decision making in the last thirty years, have historically failed to address many of the current challenges the energy, water and communication sectors face. These include the need to more fundamentally re-focus actions from the short-term to the long-term, the need to address joint/common cross sector and departmental/organisational needs and the inclusion of issues which cannot be easily monetised. This situation is in part due to the duties different actors have had in the past which may not necessarily have asked for proper consideration of sustainability. For example, the fact that many regulatory duties are primarily framed around consumer rather than citizen interests.

These factors have too often led to the tragedy of the commons (depletion of a shared resource by maximisation of individual needs at the expense of the common resource) and not paying due regard to risks that impose costs on future generations, but which the current generation has no incentive to address (what Mark Carney has termed 'the tragedy of the horizon'). Combined, these things can foster a culture and thus behaviours that are not always conducive to decision makers 'owning' problems and solving difficult trade-offs and complicated and interconnected challenges at the scale and pace needed; such as climate change, adaptation, biodiversity loss and deep social inequality.

This project will build on Sustainability First's prior work, and that done by others[2], to grasp the moment and help ensure that sustainability issues are:

- **More consistently understood, measured, and reported** – whilst the increased investor focus on ESG reporting is starting to improve focus, even within organisations, there can often be a knowledge gap and sustainability professionals can struggle to get their points accepted. This is particularly so when it is not clear who is responsible or who should pay for what. Members of the Project Steering Group highlighted the importance of all staff within organisations understanding how the principles of sustainability affect their own roles and for them to be empowered and supported to put sustainability into practice. This project will help build

[2] For example, the IPPR's Environmental Justice Commission

understanding, improve measurement and clarify roles and responsibilities. Framing sustainability issues in the same way as health and safety issues (including keeping language and approach simple to get cultural change eg 'health and safety is everybody's business' and 'don't walk by') can help;

- **Addressed in a more coherent way / in the round** - environmental issues are still often treated separately to social and economic resilience issues so difficult trade-offs are not transparently addressed, co-benefits not sought and the interests of different actors (eg between investors, companies, regulators and policy makers) are not aligned. The project will help lift issues out of silos enabling different actors to see them in the round to better identify common ground. Good governance, stakeholder engagement, a focus on outcomes and clear policy signals can all assist here;
- **Seen as urgent and dealt with in a timely fashion** – there is a risk that some of these trade-offs will not be addressed fast enough for the climate and biodiversity crises. For many individuals, particularly those in vulnerable situations who are struggling to make ends meet as household budgets are squeezed, sustainability issues may indeed be peripheral. The project will support different actors to make difficult decisions around trade-offs in a more timely way, including when civil society has a range of needs and views that can make identifying the way forward more complex; and
- **Systematically embedded into core economic decision making** – in the past, sustainability has often been focused on ad hoc projects. Whilst the growing attention being paid to sustainability in the corporate world is welcome (many consultancies are now 'selling' sustainability services) there is also a risk that this leads to spin / green-wash which can delay substantive action and erode public support. This project will enable a fundamental realignment of objectives and strategies to ensure sustainability is integrated into core decision making and to help deliver deep structural change.

Sustainability First's previous research has shown the necessity to move to **purpose-led** policy, regulation and business across the economy. Public utilities aren't the only sectors that need to change in this regard. In some ways, the energy, water and communication sectors are doing better than some non-regulated sectors. However, given their importance for wellbeing, the deep uncertainties they can faced and the importance of change at scale and pace, more can still be done.

A compliance approach is no longer sufficient when things are moving so quickly and when, as Mark Carney has also highlighted on issues such as the climate, 'precedent is not a good guide to prologue.' Compliance mindsets can also be problematic when significant resource constraints mean that many actors, including local authorities, will struggle with 'over regulation' or regulation that does not deliver the desired outcomes.

In this environment, a **principles approach** can help shape values and support the shift to purposeful business, policy and regulation. It can help align the interests of all actors and stakeholders in public utilities, navigate inevitable trade-offs and uncover common interests and co-benefits. Sustainability principles can enable the necessary changes in culture as identified in Sustainability First's earlier projects: establishing a culture of trust that allows for collaboration, provides safe spaces to discuss 'wicked issues' and gives permission to not get it right first time. This is based on the knowledge that principles inform culture and vice versa. A principles approach can help provide the 'soft tools' necessary to achieve the required transitions – in addition to the existing 'hard tools', such as market approaches, regulation and government intervention.

The May 2021 report from the Taskforce on Innovation, Growth and Regulatory Reform[3] recognises the benefits of taking a principles-based approach to regulation. This project will build on this thinking, but with a specific focus on the principles needed to deliver long-term public interest outcomes that consider sustainability 'in the round' and from the perspective of the UN Sustainable Development Goals, as these relate to the UK.

4. How do Decision Makers Currently Approach Sustainability?

In Summer 2021, Sustainability First conducted an anonymous survey among various actors in public utilities to find out: where they currently are on their sustainability journeys; which tools, frameworks and principles they are presently using to deliver more sustainable outcomes; any issues they may have with the current arrangements; and to compare and contrast how principles/

[3]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994125/FINAL_TIGRR_REPORT__1_.pdf

frameworks/models are used by different actors. The survey results will shape the project and provide a baseline by which to evaluate its impact.

We received 110 responses from across policy makers, regulators, utility companies, and third sector actors. We are grateful for the partners and other actors, such as the TUC, for helping to ensure a wide response. We were particularly keen to hear from staff across organisations to better understand the range of perspectives out there.

Annex A provides an analysis of our findings. It is important to note that we received far fewer responses from policy and regulatory actors, compared to company actors. We also got more responses from the energy and water sectors compared to the communications sector. Based on the sample size, the data for policy makers, regulators and the communications sector cannot be considered statistically significant and are shared for information only.

Key themes from our survey and analysis include:

- **Sustainability is still often narrowly interpreted**: Environmental aspects were the most commonly discussed aspect of sustainability in responses to our survey, with social and economic aspects receiving comparatively less attention. For many, sustainability is understood to be about business longevity, competitiveness, and success.
- **Sustainability is an on-ging process**: The majority of respondents thought that their organisations are advanced in their approaches to sustainability.

  Almost two thirds of respondents thought their organisation's approach to sustainability needed to change

  When asked whether they thought anything about their organisation's approach to sustainability needed to change, 62% of respondents said 'yes.' However, many also said that with sustainability, there is a constant need for improvement, change and innovation, especially in times of rapid change.
- **Confidence in dealing with sustainability varies across *sectors***: The lowest levels of confidence in making decisions about sustainability are in the communications sector, with 67% of respondents saying they felt 'not at all confident' (note very small sample size for the communications sector). Actors in the water sector felt the most confident.
- **How to build confidence in dealing with sustainability issues:** Respondents reported that confidence could be supported through a range of steps including: clearer frameworks and guidance (particularly from policy and regulatory actors), tools and resources for decision-making and measuring impacts, greater knowledge and information on sustainability, embedding sustainability in organisational cultures, enabling junior staff to make decisions on sustainability, sharing best practice resources and case studies of success, and clearer language and communication on sustainability.
- **Barriers to sustainability related decision making vary across *actors* :** The following were cited as significant barriers to successful decision-making on sustainability, although the weighting differed between actors: tools, resources, and knowledge; policy and legislation; and regulation. Government actors see tools, resources, and knowledge as the greatest barrier, whereas regulators see policy and legislation as the greatest barrier. A number of other common barriers were raised by respondents, such as funding constraints, regulatory processes driving towards the short term, a lack of common definition on sustainability etc.
- **A third of companies don't know if their organisation uses any sustainability frameworks/tools/principles:** The UN Sustainable Development Goals (SDGs), BSI (British Standard Institute) standards, and regulatory price control principles were cited as the most used external frameworks (consistently by around 45% of respondents). Investor/ESG related frameworks, whilst frequently mentioned, were not cited as often. There is a significant gap in use of sustainability frameworks.

  35% of utility company actors said they didn't know whether their organisation used any sustainability frameworks

  Bilateral feedback from organisations working on the UN SDGs included that whilst policy and regulatory actors have shown good engagement on specific UN Goals, many do not appear to be using the UN SDGs themselves in their own ongoing work. There would therefore appear to be a gap on UK policy and regulatory domestic implementation of the Goals.
- **Levels of understanding of sustainability frameworks/tools/principles is mixed:** 40% of respondents said that they understand these only adequately or not very well. Understanding also

varies between different frameworks, e.g. environmental frameworks being better understood. Use of frameworks also appears to depend on positions within organisations and the extent to which people feel they can make decisions about sustainability.

- **Frameworks/tools/principles are having the least impact on incentives and remuneration:** It appears that strategy is the area where frameworks are having the most beneficial impact, followed closely by 'customer and other stakeholder engagement'. Sustainability frameworks are having the least impact in the area of incentives and remuneration.

> Around half of respondents said that sustainability frameworks are having only a slight impact or no impact on incentives and remuneration

However, frameworks are having a generally moderate impact at all the different organisational areas suggested by Sustainability First. The Annex contains specific examples of where frameworks have been used.

- **Differing views on the role of culture and sustainability**: There were broad interpretations of what culture actually is and the links between organisational culture and sustainability, with responses ranging from this being manifest in organisational strategies and objectives, procurement and supply chains, staff ethos, staff behaviours, leadership, to working from home culture etc.
- **Measuring the impact of sustainability:** A significant number of respondents did not know how progress towards sustainability aims was being measured in their organisation.
- **A third of respondents said staff in their organisation do not receive any sustainability training:** From our responses, there appears to be a low level of sustainability training particularly in the communications sector (zero training reported in the survey – but note low number of respondents) and water sector. Higher levels of training are found in the energy sector, but not for all staff or in a majority of organisations.

We propose to carry out and publish a follow up survey to assess progress and impact at the end of 2022, and, if funding allows, again at the end of 2023, to assess progress.

5. Project Next Steps

a) Build our understanding about how sustainability principles are seen through an ethical/philosophical, legal, and cultural change lens, and how these different perspectives interact. On 3rd December, we will be holding a joint workshop with the British Academy to explore how these different approaches might deal with some of the trade-offs that the energy, water and communications sectors are facing;

b) Hold a high level roundtable with representatives from key stakeholders, including cross-party politicians, civil society groups and government actors, to consider this strawman and how best to build support to mainstream sustainability principles approaches;

c) Test the strawman with key civil society groups to ensure the principles developed reflect their priorities, resonate with their concerns and are framed in a way that they can relate to in language that is readily accessible.

d) Develop a selected number of 'use cases' / case studies to illustrate the current situation in a given area and, crucially, to identify the future changes needed. These use cases will also enable the development of concepts to measure the success of different principles. They will be used to "test" and refine the principles we examine with a wide range of stakeholders in essential services, including government, regulators, companies, academics and civil society groups. Hence, over the course of the project, we will further define these terms and what we want to achieve.

Annex A

Sustainability Principles Survey Findings

Introduction

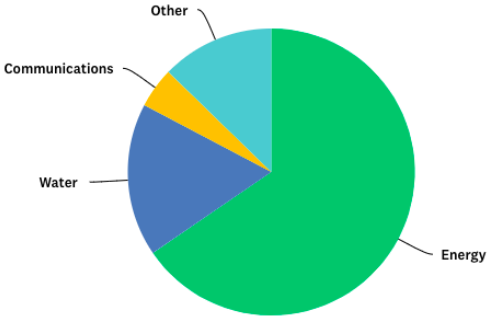
Sustainability First developed a survey to inform and shape the project and provide a baseline by which to evaluate its impact. The survey enables us to:

- Better understand how principles/frameworks/models for sustainability are currently used by decision-makers in the energy, water, and communications sectors
- Identify any issues with the current arrangements
- Compare and contrast how principles/frameworks/models are used by these different groups.

The survey was carried out between June and August 2021 and sent to policy makers, regulators, utility companies, and third sector actors, as well as the project's Steering Group, who were in turn asked to share it with their colleagues, partners, and stakeholders. We were particularly keen to hear from a variety of staff within organisations and not to only hear from regulation directors, for example. We are grateful for the partners and other actors, such as the TUC, for helping to ensure a wide response. Responses were anonymous.

Survey Respondents

Sustainability First received 110 responses to the survey. The majority of respondents work in the energy sector, but also in water and communications. The 'other' category here includes: infrastructure, environmental regulation, property, construction, trade associations, and those working with networks and across sectors.



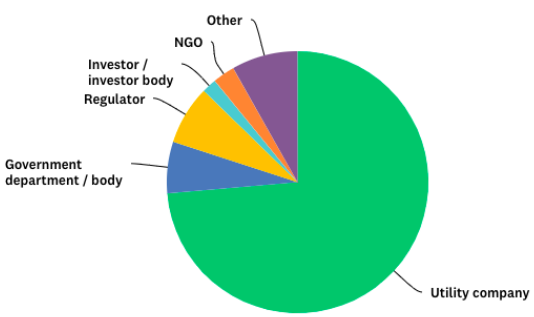
Over 70% of respondents work in utility companies, with the remaining respondents working across government departments/bodies, regulators, investors bodies, NGOs, and others (including consultancy, suppliers, professional services, and other public sector actors). *Given this sample, some of the data relating to regulators or government actors, or the communications sector, cannot always be considered statistically significant.*

Understanding Sustainability

Definitions of Sustainability

All respondents were asked what sustainability means for them in terms of their organisation, and a number of themes emerged. The most common theme was that of being environmentally responsible – minimising any negative impact on the environment and maximising positive impact. The second most common theme was business longevity. Respondents spoke of being competitive and financially viable, long-term business success, and businesses continuing their core functions over the long-term. Delivering on net zero targets emerged as a common theme, particularly in terms of enabling the transition from a wider societal perspective, as well as companies and stakeholders reducing their own carbon footprints and emissions.

Some respondents spoke of sustainability in the round – bringing together environmental, social, and economic/financial aspects – to deliver for customers, staff, communities, and the environment in both the short and long term. Other respondents focussed on the concept of longevity more generally and ensuring needs are met in the long-term, especially for future generations and consumers.



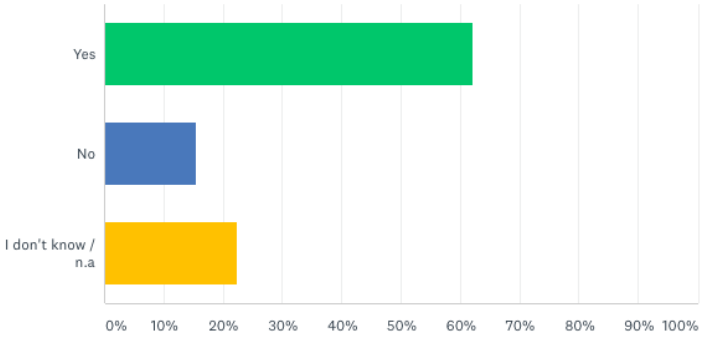
Other themes that received less attention but were raised by multiple respondents included: reducing consumption and waste, improving efficiency, public value and purpose, sustainable business practices (e.g. supply chains), reducing customer costs, building community resilience, and promoting diverse and inclusive workforces.

Approaches to Sustainability

65% of respondents said they thought their organisation was 'advanced' or 'very advanced' in their approach to sustainability, whereas 6% (5 respondents) said their organisation was completely new to this area. Of those 5 respondents, 4 were utility companies and 1 was a regulator.

When asked why they thought their organisation was advanced in their approach, multiple respondents spoke of sustainability being reflected in their power and duties, in their core mission and visions (with clear targets which are being met), and in corporate strategies, with one respondent also saying sustainability is reflected in their processes, metrics, engagement, and staff objectives. Others spoke of being accustomed to making the necessary trade-offs in decision-making, doing well in addressing their own operational impacts, and planning over the long-term. A number also mentioned being accredited with relevant standards. One theme that emerged was the constant need for improvement to keep up with best practice, lead new ways of working, and develop new initiatives.

When asked whether respondents thought anything about their organisation's approach to sustainability needed to change, 62% of respondents said 'yes' and 16% of respondents said 'no'.



However, on examination of respondents' comments, numerous comments said that sustainability, by definition, relies on change and innovation. Continuous improvement and iterative processes are needed because there is always more to be done, especially in a time of rapid change and fast-paced policy environments.

Other reasons given for why their organisation's approaches to sustainability need to change include: greater engagement and collaboration at all levels of the organisation, a need for a faster pace of change, and seeing sustainability embedded in all busines decisions.

Of those who said 'no', their organisation's approaches did not need to change, only a few shared their reasoning. One respondent said that while there is always more to do, they have an approach that makes them aware of what needs to be done and able to implement that in a way that delivers maximum benefit for stakeholders.

Making Decisions that Impact Sustainability

Confidence in Implementing Sustainability

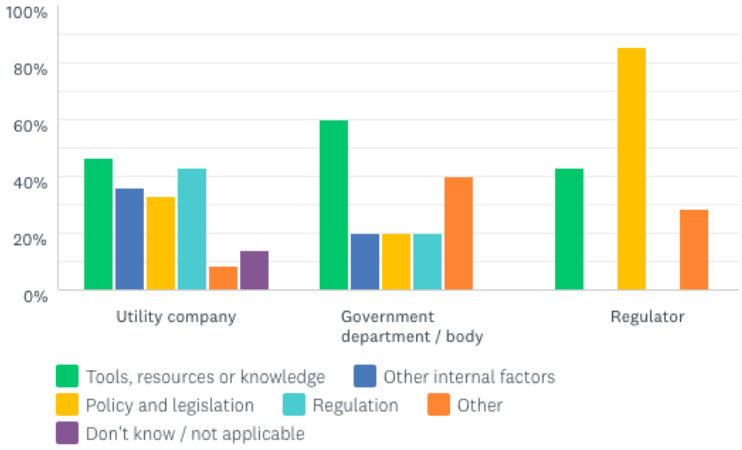
37% of respondents said that they felt 'very' or 'extremely confident' in implementing a sustainable approach or making decisions that impact sustainability for their organisation. Yet, 12% said they felt 'not at all confident' and the majority of these respondents work in the communications sector. In fact, 67% of respondents from the communications sector said they felt 'not at all confident'. There were mixed levels of confidence across the energy sector, and relatively high levels of confidence in the water sector.

When asked what could help respondents feel more confident in making decisions that impact sustainability for their organisation, only one communications respondent replied, answering that clearer roles, legislation, and frameworks to build knowledge and apply it would help them feel more confident. This was reflected across sectors, with the most common factor being clearer frameworks and guidance – especially from government and regulators – on priorities and expectations. This was closely followed by better tools and resources to help make decisions on sustainability and measure impacts; stronger leadership, direction, and commitment on sustainability from management teams; and greater knowledge and information on sustainability. Other factors that could help raise confidence shared by a few respondents included: internal factors, such as embedding sustainability in organisational cultures and enabling junior colleagues to make decisions on sustainability; sharing best practice resources and case studies of success; and clearer language and communications on sustainability, including common definitions on what sustainability means.

Barriers to Decision-making

Respondents were asked about barriers to making successful decisions that impact sustainability for their organisations. From the options given, the greatest overall barriers were 'tools, resources, and knowledge' (48%), followed closely by 'policy and legislation' (37%) and 'regulation' (35%).

However, barriers to making decisions that impact sustainability differed across types of organisations. For government departments/bodies, the greatest barrier was 'tools, resources, or knowledge' (60%) but for regulators the greatest barrier was 'policy and legislation' (85%). For the utility companies, the barriers were quite equally distributed.

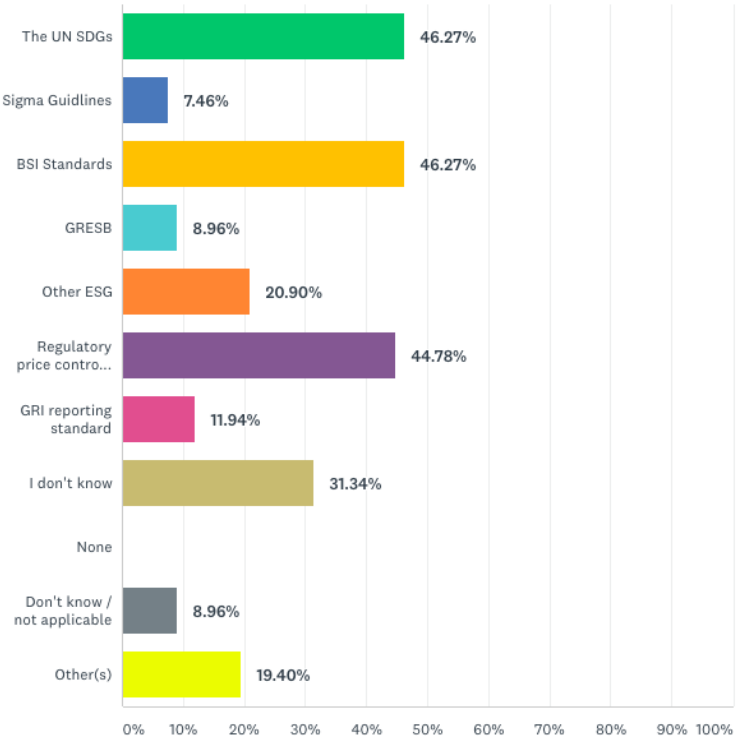


Examples of these barriers were shared in the comments. For utility company actors, the most common barrier shared was the financial costs of sustainability and business needs to keep costs down. Government departments/bodies and regulators also cited funding constraints as a barrier. Another common barrier shared by utility company actors was regulation due to both a lack of certainty/clarity and support for sustainability, as well as current regulatory processes driving towards efficiency in the short-term. Reasoning for policy and legislation being a barrier included it both preventing action on sustainability as well as not actively supporting/incentivising it and, like regulation, current policy/legislation can also favour short-term decision-making. A lack of knowledge and understanding of sustainability issues was shared in the comments as a significant barrier for some (such as a lack of common definition on sustainability) and others cited not having the right tools particularly for measuring the impacts or value of sustainability activities.

Principles, Frameworks and Models

External Frameworks

The three principles/frameworks/models (henceforth 'frameworks') used by the most actors were the UN SDGs (Sustainable Development Goals) (46%), relevant BSI (British Standards Institute) Standards (46%), and regulatory price control principles (45%).



Utility companies and regulators are using a range of external frameworks, across those listed by Sustainability First, as well as a number of additional frameworks: Hang Seng Sustainability Indices, Dow Jones Sustainability Indices (DJSI), cost benefit analysis (CBA) tools, social return on investment (SROI) tools, SBTI, TCFD, Business in the Community Responsible Business Tracker, Carbon Trust Standards, ISS ESG rating, and B-Corps criteria.

A significant proportion of utility company respondents (35%) said they didn't know whether their organisation was currently using any frameworks to shape their work (14 respondents working in energy, 2 in water, and 1 in communications).

Internal Frameworks

57% of respondents said their organisations also use internal frameworks for sustainability to shape and guide their work. Several respondents said that sustainability is embedded in their organisation's vision, goals, and purpose or that they have a dedicated sustainability

strategy. Others mentioned green or environmental action plans, and responsible business and social contract frameworks. An interesting response from one respondent was the use of informal internal tests such as the 'mum test' (i.e. would you do this to your mum). 10% of respondents said they didn't use any internal frameworks but 33% said they didn't know whether their organisation used any internal frameworks, or the question wasn't applicable.

Understanding and Use of Frameworks

Overall, 46% of respondents said that they understand the frameworks used by their organisation either 'well' or 'very well'. However, 40% of respondents understand them only 'adequately' or 'not very well' and 6% of respondents said they don't understand them at all (2 respondents in the energy sector, 1 in communications). A couple of the comments from utility companies explained that understanding can vary between different frameworks, such as environmental frameworks being better understood, compared to financial principles or frameworks for longer-term sustainability.

52% of respondents said they use frameworks to influence day-to-day decision-making either 'often' or 'all the time'. 23% use them only either 'occasionally' or 'rarely', and 6% never use them (4 respondents from utility companies, 3 in energy and 1 in communications). Of those who use frameworks 'often' or 'all the time', a range of uses was shared in the comments from use in corporate objectives and targets (including on net zero), in business processes and planning, or in design appraisal and analysis. Of those who use frameworks only 'occasionally' or 'rarely', several respondents said that the reason they don't use them is due to their position in their organisation - they are not involved in this decision-making around sustainability.

Examples of Using Frameworks in Practice

Respondents were asked to share examples of how they have used frameworks for sustainability in practice in their organisations.

Examples of the UN SDGs being used in practice include mapping Social Contract Principles to the SDGs, in completing a workforce resilience strategy, and aligning key business activities to the SDGs as part of reporting to show how activities are directly contributing to addressing global economic, social, and environmental issues. However, one respondent said that although the SDGs are a useful staring point, they are very broad. It could be more useful to agree at a more granular level (e.g. by sector) what they actually mean for a specific industry of group of utilities.

Examples of Standards being used in practice include using Carbon Trust Supply Chain standard to understand contributions to scope 3 emissions and using BSI standard on inclusivity to embed long-term net zero vulnerability considerations in the business.

Respondents also shared, more generally, how they have used frameworks in different types of decision-making or at different decision points:

- Frameworks are used to appraise projects/initiatives and decide which to take forward e.g. incorporating environmental valuations in project option selection or using social sustainability to select the best initiatives to deliver impact.
- Frameworks are used in the development and design of projects, policy, and legislation e.g. used to develop legally binding carbon reduction targets for Wales or in the development of a project to understand what barriers customers were facing to participate in the net zero transition.
- Frameworks are used to develop whole organisational values, strategies, and targets to guide delivery.
- Frameworks are used to shift particular operational activities, such as justifying higher purchase costs for more sustainable procurement options or decarbonising fleets.
- Frameworks are used in the communication with stakeholders, such as conveying values to suppliers.
- Frameworks are also used to guide core business areas, such as audit, health and safety, and risk management.

Respondents also shared examples of where frameworks have influenced thinking around particular ideas, topics, or areas of sustainability. Respondents have used frameworks to argue against short-term gain, to take a bolder position on river health, to guide stakeholder engagement and co-create solutions with stakeholders, and to implement cross-sectoral working based on the SDG principle of partnerships. A few examples of influence in environmental areas are: challenging local operations pumping of dirty water, ensuring sites are maintained and do not impact the environment, and looking at new sites' implications for biodiversity.

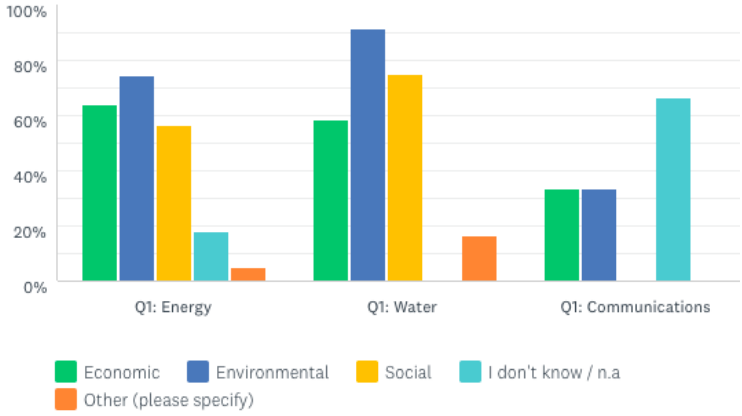
Finally, frameworks have also been used to influence staff behaviours, such as recycling and reducing printing.

Impact of Frameworks for Sustainability

Areas of Sustainability

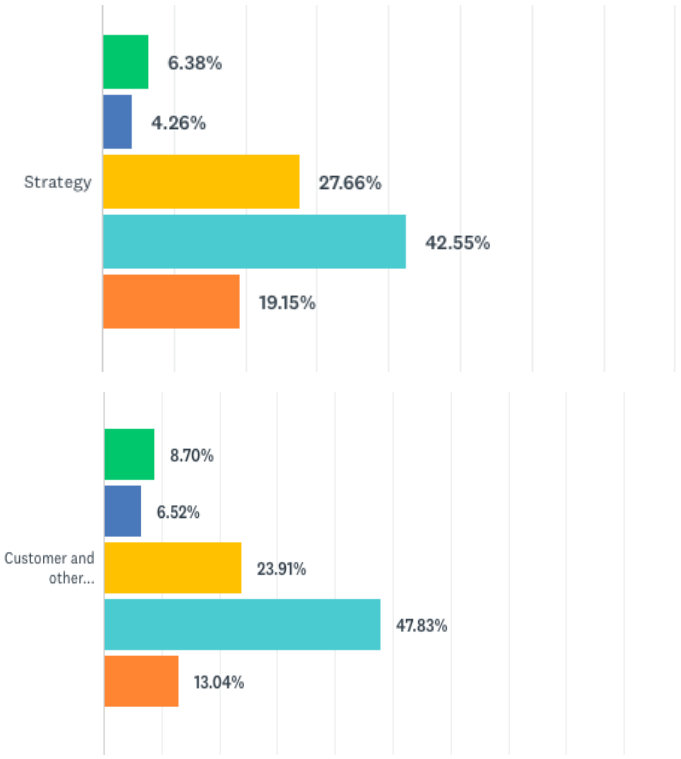
When asked for which areas of sustainability their organisation uses frameworks to guide decision-making, 75% of respondents selected environmental areas of sustainability, whereas only 60% selected economic areas and 57% social. For government and investor actors, economic, environmental, and social areas had equal weighting, but for utility companies and regulators, environmental areas had a greater weighting, ahead of economic or social areas. Other responses included: aligning to the UN SDGs, reputation, education, wellbeing, staff, and resource planning. One respondent said that economic sustainability isn't as embedded as social and environmental areas.

Although only a few communications actors responded to this question, the results suggest that communications actors are not using frameworks to guide decision-making in social areas of sustainability, and a significant proportion of communications respondents didn't know where frameworks are being used.

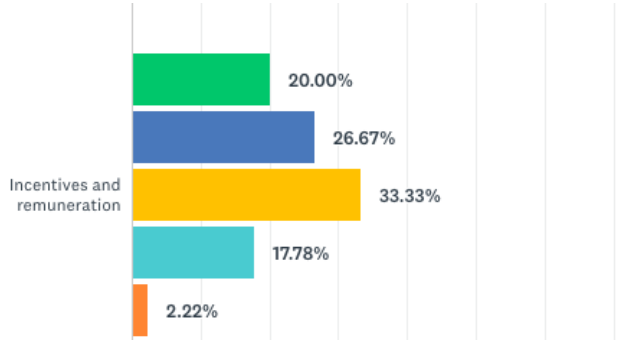


Impacts across Organisations

Frameworks are having a mostly moderately beneficial impact across different areas of organisations. Across sectors and actors, the areas where the use of frameworks is having beneficial impact to the greatest extent is 'strategy' with 62% of respondents saying frameworks are having impact to either a 'great' or 'very great extent'. 'Customer and other stakeholder engagement' is another area where frameworks are having impact (61% saying they are having impact to a 'great' or 'very great extent').



The area where frameworks are having the least impact is 'incentives & remunerations', with 47% of respondents saying they are having only slight impact or no impact at all.



Only a few regulator and government actors responded to this question. However, for government actors, the area where frameworks are having the greatest beneficial impact is 'strategy', with 100% of respondents saying frameworks are having impact to a 'great extent'. For regulators, the areas where frameworks are having the greatest beneficial impact are 'customer & stakeholder engagement' and 'operational decisions (behaviour change)'.

Organisational culture

Respondents were asked to focus specifically on organisational culture, and how their organisation's use of frameworks is currently influencing their organisation's culture. Understandings and interpretations of what

organisational culture means varied greatly among respondents, and we received a wide range of responses to this question.

The two most common themes that emerged were (1) influencing organisational objectives, strategies, and plans, which filter down through organisations and staff, and (2) influencing procurement and supply chain practices and frameworks. Other themes that emerged across multiple responses included: influencing the ethos of staff, including motivations and behaviour generally; embedding sustainability as a cross-cutting organisational issue such as through cross-cutting working groups; influencing staff behaviours, such as turning off the lights, reducing waste, and questioning business travel; and creating a culture where directors lead by example and empower their teams (through education, engagement, and training).

Some of the other interpretations of organisational culture and influences mentioned by just one respondent included:

- Driving innovation and innovative ways of thinking to address new problems
- Renumeration schemes
- Reducing organisational carbon emissions
- Recruitment and retention of staff
- Working from home culture
- Pensions
- Co-creation with stakeholders
- Changing corporate car scheme to EVs

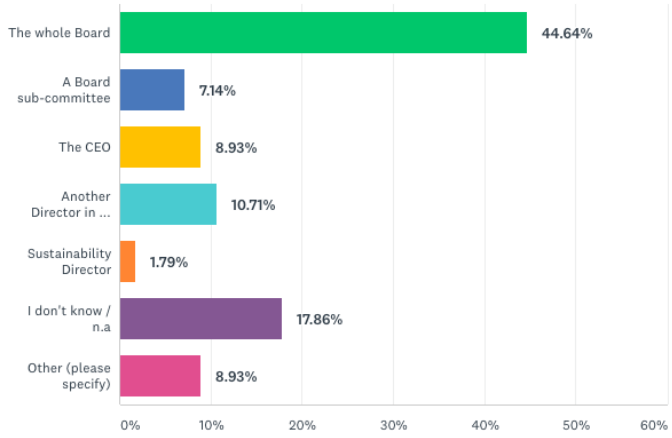
Measuring and Evaluating Sustainability

Respondents were asked how progress towards meeting sustainability aims is measured and evaluated in their organisations. A range of environmental, social, and financial metrics were shared. The most common was measuring progress towards carbon-related metrics, such as emission reductions and carbon credits. Environmental metrics were also common, including waste and plastics reductions, biodiversity levels, and measuring air and waste quality. Social metrics were mentioned by a few responding, such as customer support, satisfaction measures (customer, staff, local stakeholders), and training on social issues. Financial metrics, such as customer savings, were only mentioned by one respondent. Two respondents said that their progress towards sustainability aims is measured against commitments to the UN SDGs.

The processes and types of mechanisms that are being used by organisations to measure and evaluate sustainability include: goal and target setting, audit and reporting (incl. regulatory reporting), specific sustainability objectives and metrics, performance indicators, and other mechanisms. Some respondents said specific individuals or teams within organisations are responsible for measuring sustainability aims, such as central CSR teams or environmental teams only. Some organisations seek third party assessment or accreditation to industry standards. A significant number of respondents did not know how progress towards sustainability aims were being measured in their organisation.

Roles and Responsibilities

For many respondents (45%), it is organisations' whole boards who are responsible for frameworks that impact sustainability. Board sub-committees, CEOs, and other directors in senior leadership teams are responsible in some organisations, but not in the majority.



51% of respondents said that they felt supported within their organisation to make decisions about sustainability to a 'great' or 'very great extent', but 12% of respondents said they did not feel at all supported to make these decisions (4 respondents in utility companies, 1 regulator, and 1 NGO).

Sustainability Training

Overall, 46% of respondents said that staff in their organisation receive training on sustainability – 19% said all staff receive training, 26% said only some staff receive training. 37% said that staff do not receive any sustainability training. This proportion was slightly higher among utility company respondents, 43% of whom said staff do not receive any training.

Levels of sustainability training was higher among energy sector respondents (49% receiving trainings, 32% not) than water sector respondents (27% receiving some training, 64% not) and communications sector respondents (100% not receiving training). Note that only a few communications actors responded to this question.