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TrainERGY project

Good practice - Template

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1 Introduction

1.1 Good practice definition

Good practice is a method or technique that has been generally accepted as superior to any alternatives. It has been proven to work well and produce good results[1].

1.2 Good practice criteria

The following set of criteria will help you to determine whether a practice Is a 'good practice':

1. ***Effective and successful***
   A good practice has proven its strategic relevance as the most effective way to achieve a specific objective; it has been successfully adopted and has had a positive impact on individuals and/or communities.

2. ***Environmentally, economically and socially sustainable***
   A good practice meets current needs, in particular the essential ones of the world's poorest, without compromising the ability to address future needs.

3. ***Technically feasible***
   Technical feasibility is the basis of a good practice. It must be easy to learn and implement.

4. ***Inherently participatory***
   Participatory approaches are essential, as they support a joint sense of ownership of decisions and actions.

5. ***Replicable and adaptable***
   A good practice should have the potential for replication and should therefore be adaptable to similar objectives in varying situations.

6. ***Reducing disaster/crisis risks, if applicable***
   A good practice contributes to disaster/crisis risk reduction for resilience.

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[1] Nash, J. and Ehrenfeld, J., (1997), "Codes of environmental management practice: assessing their potential as a tool for change." Annual Review of Energy and the Environment 22, pp. 487-535; Bretschneider, S., Marc-Aurele, F.J., Jr., and Wu, J. (2005), "Best Practices" Research: A methodological guide for the perplexed, Journal of Public Administration Research and Theory , (15) 2, pp. 307-323.

2 Good practice description

GP has to be related with one of the topics covered during the training). If it is possible, you can try to describe the practice that you would recommend to the supply chain analysed using ScENAT tool.

You can use different resources e.g. company websites, business reports, scientific papers, ScENAT analysis results and your business experience.

Try to answer to all below questions and to not exceed 3000 words.

2.1 Objective

The main objective of this document is to describe good practice about *Reporting Activities* for small companies in manufacturing field. In particular, the purpose is to improve environmental reporting activities in order to be more transparent about sustainability issues, risks and opportunities that will be presented.

2.2 Introduction

The following good practice can be followed by whatever company sensitive to sustainability and environment respect. We are in the information era, in which the possession of knowledge can make a big difference in terms of money and quality. If companies provide their financial, social, management and environmental information, they will have a complete vision of the performance of the organization. It will be possible to monitor key-factors and to compare them to the other competitors.

In particular, the purpose is to encourage the development of non-financial reports. In order to do it, it has to be economically convenient for the companies.

Is it feasible? Of course yes, because costs of reporting are exceeded by the high **benefits** that they bring:

- Saving resources and decreasing operating costs, manage risks
- Improving business reputation and differentiate from competitors
- Positive publicity
- Enhancing relationships with stakeholders

The Directive on disclosure of non-financial and diversity information (2014/95/EU) requires around 6,000 large companies listed on EU markets, or operating in the banking and insurance sectors, to disclose relevant environmental and social information in the management report, with the first reports to be published in 2018 (on financial year 2017).

The Global Reporting Initiative (GRI) promotes the use of sustainability reporting as a way for companies and organizations to become more sustainable and contribute to a sustainable global economy.

Our **goal** is to promote for small businesses, since it is not mandatory, a reporting model similar to the one proposed by GRI for large companies. In particular, we try to involve all the actors of the supply chain and design a unique model to follow. In this way, transparency and collaboration can bring innovation. SMEs can begin to take their first steps to make a report using the GRI G4 Guidelines.

2.3   Actors and Stakeholders

As we saw in the preview paragraph, the sustainability reporting process is an important tool to achieve transparency and to disclose sustainability performance to our company's stakeholders.
As an SME, stakeholders are likely to be clients, suppliers, local community pressure groups, providers of financial capital, employees and owners.
Companies can receive feedback on business operations, which will enable them to review processes and identify business opportunities. Communication is the way, and this can be done by collecting and monitoring data.

2.4   Methodological approach

The step-by-step description of the procedure, according to G4 guidelines of GRI, is the following:

- The company has to select the sustainability reporting team representing each of the departments. Organize meetings to involve top management in the reporting process.
- Identify an initial list of sustainability topics that can be relevant for the company.
- Give stakeholders a list of the critical aspects for them to consider (questionnaires).
- Identify the company's key stakeholders are and how to engage with them.
- Define the issues directly related to the company's core business, according to the information needs of the stakeholders and impacts on the economy, environment and society.
- Monitor, collect and analyze the information.
- Check and communicate.

2.5   Validation

In order to get a confirmation by beneficiaries that the practice properly addressed view, the practice can be validated with the stakeholders and final users through surveys and interviews regarding their current situation and comparing it with the previous and forecasted future ones. All these surveys will be collected, stored and shared into databases to produce statistics that can be read to bring future improvements.

2.6 Results/outputs

Every company that invests on environmental reporting activity will notice improvements in many aspects as:

- Communication with stakeholders

- An evidence for business improvement

- A management tool

- A proof of respect and transparency towards all stakeholders

- A summary of corporate behavior

- A concious way of building competitive advantage

The output of the practice is a document giving details of the activities and environmental performance of a company (as well as financial, social, managament ones), in tune with the needs of suppliers, shareholders and customers.

2.7 Impact

On long-term the project is expected to give a contribute in increasing global sustainability if applied by the majority of existing small companies. Also, these companies will get bigger popularity and visibility, eventually earning prizes and awards for being sustainable.

Successful outcomes can be measured in terms of:

- Percentage of materials used that are recycled
- Emissions level
- Energy consumption inside and outside the organization
- Environmental impact of products and services
- Environmental impacts of transportation

2.8 Success factors

The key factor of this practice is the breakup of business boundaries in favour of a constant collaboration with other supply chain actors in terms of continuous performance monitoring. We could talk of Sustainability Open Innovation. In fact, as Henry Chesbrough said, "Open innovation is the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively."

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We just added the adjective "sustainable".

Reporting costs, though. To make this good practice successful, there are some optimal conditions needed. For example, government incentives and awareness campaigns.

2.9   Constraints

The main constraint of *environmental reporting* is the difficulty of finding accurate information along the complex supply chain network, that could be very intricate and manifold.

To make the best use of this practice, it's necessary to find a reliable and standardized method for collecting data.

The following conditions can help to maximise the benefits of the tool:

- clear linkage reports with business strategy and risk

- possibility to compare reports across companies

- need for more guidance for companies on how to implement these proposed legislative requirements in practice and how to integrate non-financial data with financial data

- more focus on stakeholders and what they would like to hear

- making reporting obligatory for all kinds of companies

2.10 Lessons learned

Environmental matters, social and employee aspects, respect for human rights are fundamental elements of an entrepreneurial reality and for this reason they must also be monitored as the economic ones.

"The value of the reporting process was not only in the publication of the report itself, but rather within the many lessons we learned while pulling the information together."
 - William Hughes

2.11 Sustainability

This practice results to be feasible and sustainable because the necessary investments in monitoring are rewarded with the innumerable benefits listed above.

2.12 Demonstration

Looking at a specific case study, AUXA s.r.l., an Italian walnuts manufacturer, a demonstration of an application of an environmental report can be:

- The company has to select the sustainability reporting team representing each of the departments (Inbound Transportation, Storage department, Manufacturing, Outbound transportation).
- Identify an initial list of sustainability topics that can be relevant for the company. For example:
- Percentage of walnuts discarded in the selection process
- Percentage of shells that are recycled
- Emissions level during the whitening, washing, packaging processes
- Energy consumption inside and outside the organization
- Environmental impact of sodium hypochlorite during the whitening process
- Environmental impacts of inbound/outbound transportation
- Give stakeholders a list of the critical aspects for them to consider and align with the same goals. For example: The walnuts suppliers may give importance to the number of trips according to the order quantity. These can be monitored during the time to evaluate their impact.
- Identify the company's key stakeholders are and how to engage with them. (American supplier, distributors, final users across Italy).
- Monitor, collect and analyze the information in a defined period of time (for examples six months)
- Check and communicate with stakeholders through surveys and interviews

2.13 Related website(s) / resources

Reporting activities – slides of Anna Wronka

GRI - Ready To Report – booklet online