CR Index 2016
United Utilities Group PLC
Welcome,

Business in the Community are delighted to celebrate the 14th annual CR Index survey. Since inception in 2002, the CR Index has supported hundreds of companies in their responsible business journey.

The CR Index challenges companies to devise and deliver business strategies that have responsibility at their heart. It does it by conducting a gap analysis, benchmarking against industry peers, and recognising and communicating achievement of public participants.

Once again, congratulations on completing the 2016 CR Index. We hope you found the process of completing the survey and the review process useful and insightful.

Performance is categorised in a 5 star rating system. The boundaries are as follows:

This report will provide you with a breakdown of your organisation’s performance by sections and questions and compares it to sector peers and overall 2016 CR Index Public participants.

The 2016 CR Index results and the Insights report will be published on the BITC website on 19th April. We also invite you on the same day to The Debate: moving the dial on trust as part of Responsible Business Week at the LSE. Please visit this BITC events webpages for more info.

For companies wishing to gain more insights on their results and on how to value their performance, we offer a number of feedback options. Please see page 13 of this report.

Should you have any questions or comments please feel free to contact us.

With best wishes,

Maël Lagadec
Benchmarking Manager
Our Approach

The CR Index Framework

The CR Index takes the form of an online survey designed to provide companies with a simple framework to integrate responsible business practices.

Companies follow a self-assessment process intended to help them identify both the strengths in their management and performance and gaps, where future progress can be made. The self-assessment is reviewed and a final position is agreed between the reviewer and the company participating.

The CR Index follows a systematic approach to managing, measuring and reporting on responsible business practices.

Corporate Strategy

Looks at corporate vision and values, effective governance, CR risks and opportunities to the business and how these are being identified and then addressed through strategy, policies and responsibilities held at a senior level in the company.

Integration

Focuses on how companies organise, manage and embed corporate responsibility into their operations through strategic decision making, performance management, training, effective stakeholder engagement and public reporting.

Management

Builds on the Integration section looking at how companies are managing their risks and opportunities in the areas of Community, Environment, Marketplace and Workplace.

Performance & Impact

Asks companies to report performance in a range of social and environmental impacts areas. Participants complete three environmental and three social areas based on the relevance to their business.
Overall Performance

CR Index Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Score</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>90</td>
<td>★★★★☆</td>
</tr>
<tr>
<td>2015</td>
<td>95</td>
<td>★★★★★</td>
</tr>
<tr>
<td>2014</td>
<td>n/a</td>
<td>Not Listed</td>
</tr>
</tbody>
</table>

Sector: Gas, Water & Multi-utilities

Benchmarking Sector: Utilities

Benchmarking Comparators
Calor Gas Ltd, Electricity North West, Kelda Group Limited, National Grid plc, South West Water, United Utilities Group PLC

Sector Performance

This chart provides the range of overall CR Index scores within your benchmarking sector. It also plots your company’s overall score in order to provide a top-line performance benchmark.

The chart below shows how your score compares to the maximum and minimum out of all participants for a specific section.
Performance: By CR Index Section

This chart summarises your company’s performance across each section of the CR Index Survey. If the CR Index was previously completed, this chart will also provide a year-on-year performance comparison.

Performance: CR Index

The following graphs provide a summary of your performance in each of the main components of the CR Index. Each graph provides two data sets. The first one is your company’s score; the second one is the average score for all CR Index participants. Your company’s performance within each section of the CR Index is examined in more detail in the pages that follow.

Strategy, Integration, Management Practices and Disclosure

This first graph compares your overall score by section in the CR Index against the overall index participants.
Management Areas

This graph compares your performance in the management section of the CR Index. This section looks to evaluate if your company has set objectives and targets for each management area, as well as the designation of responsibilities and monitoring and disclosure of all management processes.

Environmental and Social Impact Areas

The environmental impact areas include one core or mandatory impact, Climate Change, plus two self-selected areas of material significance to the business. For their social impact areas companies are able to choose between Employee Engagement and Wellbeing, Employee Development, Equality, Diversity and Inclusion in the Workplace, Community Investment, International Development or another self-selected impact area. Your company completed the following social and environmental impacts areas:

Receive additional feedback and benchmarking of your environment section through BITC's Environment Index, no additional time or cost is required. For more information contact Elizabeth Edgington on 0113 2058222 or Elizabeth.Edgington@bitc.org.uk.
Section 1: Corporate Strategy

This section rewards companies for placing CR values at the core of their business strategy. It asks whether there is a system to identify key social and environmental risks and opportunities, and whether these are addressed by principles and policies. It looks at the effectiveness of a company’s corporate governance processes. In addition, companies must be able to demonstrate leadership and commitment at the highest level, internal reporting to the board, and public advocacy of responsible business practice.

Section 2: Integration

It is not enough simply to have a strategy; it needs to be implemented and embedded throughout the business. This requires internal communication and training employees so they understand the key CR issues for the company, building CR related performance criteria into appraisal and remuneration systems, undertaking stakeholder engagement and ensuring it contributes to CR strategy, demonstrating social and environmental issues are incorporated into strategic decision making, and transparency through external reporting on CR management practices and impacts.
Section 3: Management

Section 3 assesses whether a company has developed management practices to address materially significant CR issues across four areas: Community, Environment, Marketplace and Workplace. In particular, this section looks at:

- How a company identifies and prioritises key material environmental and social issues
- Relevant programmes around different areas of CR
- Objectives and SMART targets that drive continuous improvement
- Monitoring systems to measure, assess and report on progress
- Public reporting on key issues, objectives and targets

Community Management
Environment Management

Marketplace Management

Workplace Management
Section 4: Environmental Impact Areas

The following graphs provide your results and benchmarking information covering the three environmental impact areas you completed. Each area examines the organisational commitment to managing the issue, the programmes in place to drive improvements and organisational performance over time.

Climate Change

![Graph showing climate change results]

Waste Management

![Graph showing waste management results]

Biodiversity

![Graph showing biodiversity results]
Section 4: Social Impact Areas

The following graphs provide your results and benchmarking information covering the three social impact areas you completed. Each area examines the organisational commitment to managing the issue, the programmes in place to drive improvements and organisational performance over time.

**NOTE:** If your company completed a self-selected social impact, the benchmarking graphs will provide a comparison against other companies that completed the same question set.

### Diversity

![Graph showing diversity metrics](image)

### Wellbeing

![Graph showing well-being metrics](image)

### Community Investment - Benefits and Impact

![Graph showing community investment metrics](image)
Key Findings from 2016

It is the 14th time that businesses participate in Business in the Community's CR Index. Thanks to you we have an opportunity to find out about emerging trends in responsible business practices, learn about how you integrate responsibility across strategy and operations and explore the biggest challenges on this agenda. We carried out research on this information to be able help you and other businesses to move forward in the responsible business journey.

This year, we focused our research on analysing the attributes of a responsible business. We looked at vision and values, culture and leadership as crucial internal factors. We also analysed climate change and supply chain collaborations as important external factors. We have seen progress from previous years but also key areas for improvement for participants and across topics.

Internal factors

While vision and mission state the long-term direction of an organisation in terms of its business, markets, customers, and financial objectives; company’s values set the boundaries by which the company operates. When evaluating the extent to which values are integrated across the business, we ask how they are promoted and whether compliance is monitored. For instance only 28% of participants integrate values in individual performance reviews and appraisals.

Recruitment, induction and ongoing training, should focus on identifying the right skills and experiences to ensure responsible behaviours and practices will be implemented and carried over. 9 in 10 companies provide training to ensure that their leaders can envision how their organisation can contribute to a sustainable growing economy and have the skills and knowledge to translate this into a successful business strategy. We learned that only 4 in 10 participants test employees’ ability to be inclusive when promoting or recruiting them into people management roles.

Transparency also matters when it comes to attract and retain the most talented. In fact, only 67% have a transparent pay system with which everyone knows and understands how pay is determined.

External factors

Deeply understanding global mega trends such as climate change - enables companies to prepare for a future beyond the next financial cycle and shape their long term business strategies and models. Companies are still too much focused on the short term. Only 33% of participants have climate change targets for 2020 and 5% beyond this date. We know COP 21’s agreement will be translated into national targets towards 2050. It is now time for businesses to adopt a similar approach and set SMART long term targets and mid-term progress milestones.

Supply chain impacts constitute the majority of the end-to-end impact of a business. To be successful in this area, companies must be clear on the suppliers’ engagement scope, the issues they are aiming to address and make sure that they have sufficient resources allocated. Collaboration beyond traditional client-supplier relationship should be at the heart of the strategy if a substantial shift is to be achieved. This year 4 in 5 participants set targets for improvement for suppliers and require them to adopt processes to drive sustainability in their supply chain and 3 in 4 provide practical support to suppliers.

Finally, innovation is a key driver to influence the marketplace. Participants see it as an opportunity and a differentiator and consider initial costs involved as long term investment rather than an expense. Most participants observe customer trends rather than industry ones to identify innovation opportunities. However, corporate culture and regulation remain strong barriers to innovation. In fact, only a third of participants have shifted their business model to develop circular economy type of offers.

Key challenges on both internal and external factors still need to be tackled. The 2016 Insights report will deep dive into those and present you the key findings, trends and present reflect on future challenges.

Maël Lagadec, Benchmarking Manager
Additional insights

The 2016 CR Index – Additional insights and support

As a management tool, the CR Index focuses on helping companies integrate responsible business practices. It also aims to drive continuous improvement in the management of material social and environmental issues.

### Focused gap analysis - £2,000 + VAT (BITC Members) / £4,000 + VAT (Non-BITC Members)

This option aims to provide companies with focused feedback on prioritised areas. You can choose A or B.

BITC will present the findings in a presentation format at a meeting or a conference call with the company’s CR Practitioner. This is a great option for an action oriented outcomes focusing on key aspects of the strategy.

A- Feedback on the most material questions where a company has lost points:

- Analysis of key areas with most gaps and define the most material actions (up to 5).
- The feedback will include competitors’ analysis and examples of good practice.

Or B- Comprehensive feedback on a Management area, an Impact area or a Key issue:

- The I&A team will help the company fill this in by interviewing 2 colleagues and reviewing your documents
- We will provide the company with feedback on performance in the format of a short presentation
- The feedback will include information on good practice across other companies/sector

### Performance Analysis Presentation - £4,000 + VAT (BITC Members) / £6,000 + VAT (Non-BITC Members)

This option aims to provide companies with a better understanding of their performance in the CR Index. It will help engaging internal stakeholder on a strategic conversation by highlight next steps for improvement:

- Summarising key findings and areas of strength
- Presenting a detailed gap analysis of the company’s performance
- Modelling the company’s opportunities for improvement against potential score implications, including limited examples of good practice from peers and CR Index participants

BITC will present the findings at a meeting with the company’s CR Practitioner and the team involved in completing the CR Index. To ensure buy-in and greater future impact, we recommend to invite senior managers/directors.

### Management Report - £6,000 + VAT (BITC Members) / £9,000 + VAT (Non-BITC Members)

This option takes the form of a narrative report, which delves into more detail than a Performance Analysis Presentation, aiming to better interpret the company’s CR Index results and what they mean for the company:

- Summarising key findings and areas of strength
- Presenting a detailed gap analysis of the company’s performance
- Providing tailored recommendations, including good practice examples from peers and Index participants
- Prioritising areas for improvement and action.

The action plan is a great way for the business to prioritise, set objectives and timelines for each key action. BITC will present the findings at a meeting with the company’s CR Practitioner and the team involved in completing the CR Index. To ensure buy-in and greater future impact, we recommend to invite senior managers/directors.

### Bespoke Support - All advisory projects are scoped and priced individually – please see BITC website

To request additional feedback contact: 
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