

# Sustainability is building

Dr Richard Westaway reports on how the UK's largest construction companies are communicating their progress on sustainability.

Recent years have seen increasing importance placed on non-financial aspects of business activities. However, in contrast to the well-established protocols of financial reporting, the content and purpose of sustainability communications is less well developed and understood.

For UK construction companies, this represents a challenge. On the one hand, the demands of clients, suppliers and other stakeholders have driven sustainability up the boardroom agenda. On the other, there remains considerable uncertainty about what 'sustainability' actually means for a construction company, the extent to which it can influence the sustainable construction agenda and, consequently, how it should respond to these demands. Ultimately, this has led to inconsistency in terms of what is reported and how it is communicated, making it difficult for stakeholders to compare what they are being told by different construction companies, or judge their relative commitment and performance in any meaningful way.

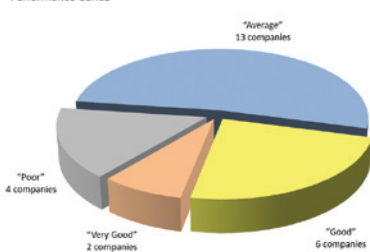
It is in this context that IMS Consulting has, for the past two years, undertaken an assessment of how the UK's largest construction companies are communicating their commitment to and progress on sustainability. The study does not compare the actual sustainability performance of construction companies, but instead measures the extent to which they are communicating.

The research examined the largest 25 construction companies in the UK by turnover, as featured in the Construction Index's Top 100 Construction Companies 2011<sup>1</sup>. Each company's communications were assessed using a bespoke 'sustainability reporting scorecard', developed by IMS Consulting for this work, but based on earlier work by US-based non-profit organisation Ceres<sup>2</sup>. The scorecard consists of a set of 50 criteria that IMS Consulting believes represent good practice in terms of how sustainability policies, activities, actions and progress are communicated.

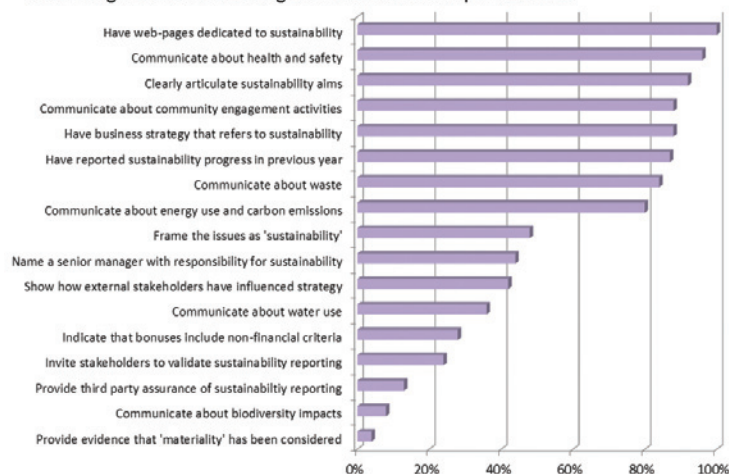
The benchmarking used information placed in the public domain by the companies in question; in other words, what an otherwise 'uninformed'

stakeholder could learn about each company's approach to sustainability. This typically included annual reports, sustainability strategies, non-financial reports and dedicated web-pages. The scoring was based on whether evidence was provided in these communications that each criterion was met. The principle of materiality dictates that if these issues were determined to be important by the companies involved, they would have been prominently and clearly communicated. Based on their final score, companies were allocated into four performance bands:

2011 IMS sustainability communications benchmarking study  
Performance bands



2011 IMS sustainability communications benchmarking study  
Percentage of the UK's 25 largest construction companies that...



## Findings

It is apparent from the 2011 results that whilst the leading performers have generally got better compared to 2010, the poorest performers have not improved at the same rate. This has resulted in an increasing gap between those construction companies that are communicating their approach and progress towards sustainability effectively and those that are not.

Moreover, almost half of the 25 companies surveyed refer to "sustainability" or "sustainable development", rather than "corporate social responsibility" (CSR) or similar – compared to less than a quarter in 2010 – suggesting that more construction companies are adopting a broader interpretation of the sustainability agenda.

The top performers in 2011, Balfour Beatty and Carillion, were the only companies to achieve a 'Very Good' rating. Both companies convey a sound, well-integrated approach, report comprehensively on the detail of what they're doing and communicate a seemingly genuine belief that sustainability is good for business. They both have well-established sustainability strategies in place – with long-term objectives and shorter term targets – and use their reports to communicate progress towards them.

The 2011 results as a whole, however, paint a mixed picture. All 25 of the UK's largest construction companies have web-pages dedicated to sustainability, CSR or equivalent, and most have clearly stated sustainability aims (92%), as well as reporting on progress in the previous year (88%). Furthermore, over 80% of the companies disclose their progress

generally seen as rising up the business agenda, are disclosed by only 36% and 8%, respectively.

Notably, stakeholder engagement, at a strategic level, would seem to be used by very few construction companies, despite increasing recognition by sustainability professionals that engaging with stakeholders to identify the issues that matter most ('materiality') is a vital aspect of any meaningful sustainability strategy. In this regard, less than half of the 25 companies provide evidence that external stakeholders have influenced their sustainability strategy, just 24% invite stakeholders to provide feedback on their reporting and only one company showed that a materiality process involving stakeholder engagement had been used.

## In conclusion

The construction companies that are leading the way and that scored well in our study, understand how sustainability, and the way in which their approach is communicated, can provide them with competitive advantage. They don't view sustainability as a risk or a threat, but are pro-actively embracing the challenges it poses and are attempting to seize the opportunities it presents.

In contrast, the growing number of construction companies achieving an 'Average' score suggests that for many, compliance with industry standards, regulations and peers remains the most important goal. Whether this is because these companies are simply doing what they perceive is enough to keep up, or because they are failing to recognise the speed of change, is unclear, but it seems likely that the pressures on them to communicate sustainability more effectively in the future will only get stronger.

For more details about the benchmarking study and to obtain the results, go to [www.imsplc.com/benchmarking](http://www.imsplc.com/benchmarking)

Dr Richard Westaway is a sustainability specialist at IMS Consulting, which advises companies in the construction sector on sustainability issues, including how to develop sustainability strategies, how to communicate those strategies intelligently and how to engage effectively with stakeholders.

1. [www.theconstructionindex.co.uk/market-data/top-100-construction-companies/2011](http://www.theconstructionindex.co.uk/market-data/top-100-construction-companies/2011)

2. [www.ceres.org/company-network/ceres-roadmap](http://www.ceres.org/company-network/ceres-roadmap)