

Environmental Policy and Procedures Special Report

CRONER

Issue Number 108 20 December 2005

THE PROFESSIONAL'S FIRST CHOICE

■ ISO 14063: the new international standard on environmental communications

According to industry experts and observers, corporate environmental communications is still seen as the purview of public relations teams in large corporations which publish glossy "green" reports. Early 2006 will see the publication of a brand new international guideline standard in the International Standards Organization (ISO) 14000 series which will help organisations engaged in environmental management and reporting to communicate more strategically and effectively with both internal and external audiences.

As this Special Report goes to press, the earliest estimated publication date for the final version of ISO 14063: *Environmental Communication — Guidelines and Examples* is February 2006.

ISO 14063 is not limited to the ins and outs of environmental reporting though it will prove essential reading for anyone involved in such a high-profile process. Instead, it has a more fundamental, yet far-reaching approach, laying out the principles and practice of communicating environmental information to targeted audiences

and with enough flexibility to suit the size and nature of any organisation.

The new guidelines empower managers, enabling them to plan and deliver everything from top level communications strategies for a wide range of external stakeholders, down to grass roots/shop floor environmental management systems (EMS) implementation. In essence, this long-awaited standard shows how to go beyond the "knee-jerk" defensive posture on environmental matters, get the best from what companies communicate environmentally, and link effective communication directly to improved environmental and business performance.

This report looks at the trends and drivers for environmental communication in general and gives an overview of how to maximise its benefits, as well as how to avoid the major pitfalls. It also looks in detail at the content and structure of ISO 14063, shows that external environmental reporting is only one part of a much bigger communications picture and examines how the new standard will work for organisations of all sizes including small-to-medium enterprises (SMEs). □

 **WoltersKluwer UK**

Issue Number 108 ENVIRONMENTAL POLICY AND PROCEDURES SPECIAL REPORT 1

0870 777 2918



ENVIRONMENT HELPLINE — CALL US NOW

Simply call quoting your User Code or contact Customer Services for more details.

Contents

- 1 ISO 14063: the new international standard on environmental communications

Consultant Editor

John Barwise
Quality of Life (QOL) Ltd

Contributors

Christopher Sheldon
Principal of environmental consultancy Green Inck

Development Editor

Monika Hardy

Editor

Rebecca Ransom
rebecca.ransom@croner.co.uk

ISO 14063: the new international standard on environmental communications

Background

In 2001, the technical committee responsible for the 14000 series (TC/207) appointed a special working group (WG4) to draft the standard 14063. WG4 has now incorporated the comments received on its Draft International Standard (DIS) ISO 14063 and has submitted the revised standard as a final draft (FDIS) to the ISO Central Secretariat for a two-month ballot. Considering that the DIS 14063 was approved by an almost unanimous majority of ISO member bodies, it is very likely that the FDIS will be published as a full ISO standard by as early as February 2006. This article is based on the contents of the DIS draft, but early sight of the FDIS reveals that the changes from the original draft for public comment are not extensive.

One of the most interesting aspects of the standard is the fact that the ISO, and the technical expertise to which they have access, thought that a document that specifically addressed environmental communications was needed. Sales figures indicate that beyond the umbrella standard on EMSs (ISO 14001), the rest of the 14000 series on environmental tools and techniques is very little known, especially in the UK. Another title in the series appears to be an invitation for the subject to join the ranks of obscurity. Yet there are other trends and drivers that indicate that this might not be the case for ISO 14063.

What is driving the agenda?

So just why is environmental communication lining up to be the next hot topic for managers? First and foremost among the drivers must be the way that the environmental regulatory framework is expanding, not just nationally but in Europe and beyond. Two changes in particular are being felt in the UK that directly affect the way organisations report the non-financial aspects of their activities.

Following the much publicised review of UK company law, most companies on the London Stock Exchange thought until recently that they would have to include the environmental and social aspects of their businesses in something known as Operating and Financial Review (OFR). As the OFR requirements were due to apply to companies from the beginning of the April 2005 financial year, the announcement that the OFR was to be abolished (made by the Chancellor of the Exchequer, Gordon Brown, on 28 November 2005) came as something of a surprise to many. Although the existence of the



requirements had already driven many affected companies to begin preparations for environmental reporting, it remains to be seen how many will utilise their early work now that the absolute legal requirement has been removed.

At the time of going to press, the abolition has created some uncertainty and appears to overshadow the fact that there still exists a legal requirement relating to non-financial reporting. Again, starting with the financial reporting year of April 2005, large UK companies (ie any company that has more than 250 employees, a balance sheet greater than £11.4 million and/or a turnover greater than £22.8 million) are obliged to publish an Enhanced Directors Report as part of their overall annual reporting including “an analysis of environmental and social aspects necessary for an understanding of the company’s development, performance or position”. This requirement is driven by the European Union’s Accounts Modernisation Directive, which applies across all EU Member States.

Whatever the reaction to the removal of the OFR requirements, such legal changes are helping to ensure that the pertinent environmental aspects of an organisation, along with social and other non-financial matters, are not only addressed but communicated to external interested parties. If there is a single element that can be said to have “mainstreamed” environmental communications, this legislation would have to be first on the list.

The changes also mirror development in environmental regulations themselves, where reporting elements reside not only within the expanding Integrated Pollution Prevention and Control regime but also in the Environmental Information Regulations 2004; in public registers held by the regulators; and even in the Producer Responsibility (Packaging Waste) Regulations 1997. The overall regulatory emphasis is steering organisations towards control over major environmental impacts by a mixture of management, monitoring, environmental taxes, levies and external reporting.

Like many things environmental, the “push” factors for developing some facility with communication seem largely generated by the law, but looking deeper reveals a far more interesting groundswell of

positive “pull” factors. In instruments of self-regulation, such as international standards, communication on environmental matters is certainly appearing more frequently. The recent revision of ISO 14001, for example, has a series of rewordings that increase the emphasis on both internal and external communication. Having methods, techniques and procedures for communicating to suppliers, contractors, employees and, if the management decides it is appropriate, external interested parties has never been so well highlighted.

It does not stop there of course as the rest of the ISO 14000 series is littered with references to the important role of communication. The 14020 sub-series on environmental labelling could be said to be entirely about the art of communication through information compression (think how much data goes into a single symbol like an eco-label), while ISO 14031 on environmental performance indicators is the basis upon which much communication will actually rest. To a degree, one would expect this amount of internal consistency in the series, but without the new standard there is nothing to bring the disparate elements together.

In the meantime, many organisations, rather than waiting to be pushed by the law or using voluntary standards as a way of heading off new laws, are waking up to the business potential of communications. Realising that they can extend their range of communications into the environmental arena in such a way as to develop a competitive edge, their experience is beginning to filter down to other “early adopters”.

Making the most of dialogue

Few companies question the value of market research any more. Ongoing dialogue with customers and clients with a view to finding out as much as possible about the business potential in a specific market is something that most companies now actively seek. In many ways, the environmental version of this research, which features an engagement with a wider audience of stakeholders, can achieve similar results. Many are finding that effective environmental communication generates previously unconsidered perspectives, ideas and suggestions that contribute directly to profitability.

Effectiveness in this area means that stakeholders have a deeper understanding of the environmental commitments, policies and performance of a company and the same understanding generates a more open corporate arena where those most elusive traits reside: trust and loyalty. These are not just engendered amongst customers (and remember it takes nine times more effort to get a new customer than it does to retain an existing one) but amongst employees, the wider community and even regulators and non-governmental organisations.

Those working this way are not doing so in order to obtain some kind of insurance against the future (the benefit of the doubt when things go wrong, or softening up potential objectors to future expansion and change), though this may ultimately prove to be the case. They are devising and monitoring their communication objectives and targets in the same way they would measure any other key performance indicator: as feedback on the health of their business activities. Environmental communications or, more precisely, environmental dialogue takes them to a place where a good idea is a good idea no matter who generates it, where the effects are not just felt in the environment and where a portion of the shared benefits can be taken all the way to the bank.

Ultimately, when it comes to environmental communications, the driver that overcomes internal organisational inertia matters less than the effectiveness with which the strategy is carried out. Whether the law, self-interest or ethics prompts an organisation to start, if it does not live up to managerial hopes by garnering expected benefits, it is not an exercise that gets repeated.

Many companies give prominence to their marketing and public relations initiatives and they may be prepared to put effort and resources into environmental, corporate social responsibility or even sustainability reports. Yet the negative and defensive connotations that dog the environmental aspects of these programmes means that those that do get the chance to develop an ongoing environmental dialogue with internal and external stakeholders know they have to deliver.

A triumph of content over style

It is here that ISO 14063 becomes so useful. It outlines a process that closely follows the “plan-do-check-act” (PDCA) cycle that is so familiar to those maintaining an environmental management system. It defines clear and easy-to-follow principles, emphasises the creation of policies that drive communications strategies, and then delineates how specific communication activities will be able to support this planning, getting the maximum result from the most efficient process. Littered with practical help boxes and examples, topped off with an extremely useful bibliography, ISO 14063 is arguably the best written and most cohesive standard yet produced in the 14000 series.

It is a standard that is, in itself, the living embodiment of its own content. In other words, it not only contains principles, it demonstrates them even as you read it. The five principles that it recommends are used when considering any environmental communication are:

- transparency
- appropriateness
- credibility
- responsiveness
- clarity.

The list might seem a blinding glimpse of the obvious but on closer inspection there is still ample room for subjective judgment. Yet, in defining the five list points specifically in terms of environmental communication, the standard ensures that it is possible for each organisation to devise an objective framework for measuring the presence and extent of each quality.

Table 1 — Environmental Communications Principles: ISO 14063

<i>Transparency</i>
<i>The processes, procedures, methods, data sources and assumptions used in the environmental communication shall be made available to all participants. Interested parties shall be aware of their role in environmental communication.</i>



Appropriateness
<i>Information provided in environmental communication shall be relevant to interested parties, using formats, language and media that meets their interests and needs, enabling them to participate in an inclusive way.</i>
Credibility
<i>Environmental communication shall be conducted in an honest and fair manner and information provided shall be truthful, accurate, substantive and not misleading to interested parties. Information and data shall be developed using recognised and reproducible methods and indicators.</i>
Responsiveness
<i>Environmental communication shall be open to the needs of interested parties. The queries and concerns of interested parties shall be responded to in a full and timely manner. Interested parties shall be made aware of how their queries and concerns have been addressed.</i>
Clarity
<i>Environmental communication approaches and language shall be understandable and minimise ambiguity for interested parties.</i>

Some may seem to imply the existence of the others (eg it is hard to maintain credibility without clarity, which in turn implies a level of appropriateness), but just because they are intricately related to each other does not mean that they are not separate and distinct. Readers should not be fooled by their simplicity. Once you get to know them, dropping the principles as a template over any instance of corporate communication (scoring each aspect from one to five say) makes it hard to find many that come out with top marks.

Once the principles have been established, the standard moves straight into an important clause concerning the development of an environmental communications policy. It is at this point that many SMEs might begin to wonder if the content actually applies to them. Policies are, they might reasonably assume, only necessary in large organisations where the high number of employees means that administrative reference points such as policies are actually required. However, although the role that policies play internally might be different in an SME from a large corporate, there is still a role for them. When a company is expanding, it can be hard to maintain focus on all aspects of the organisation at all times precisely because it is growing. Policies can be useful yardsticks that can be called up quickly and save individuals having to make ad hoc judgments about whether something is effective or not.

The most interesting point about identifying this area for development is that the standard has definitely discovered a weak point that many organisations overlook. When it comes to environmental communications, there are frequently no policy drivers in place. The environmental managers often assume that drivers reside in the organisation's overall communications policy, while the communications department assume it is part of the environmental policy. Falling neatly between the two stools, the information is rarely spelt out clearly in either, even in companies that have sophisticated stakeholder dialogue processes under way. With no reference point, there is little hope of developing a consistent approach or position, let alone supporting it with a rigorous process.

ISO 14063 will not turn those with environmental technical knowledge into PR professionals nor will it turn PR managers into environmental experts, but it will show both parties how to make the best use of the available communication channels and it certainly goes way beyond corporate-speak policies that talk about "responding to stakeholders in a timely and appropriate manner".

Getting beyond policies

The process begins with a strategy, the individual elements of which are sometimes hard for an organisation's management to identify without help. The standard does not simply outline these elements (setting objectives, identifying interested parties, decisions relating to the timing and subject matter of planned communications and a commitment to provide adequate resources) but includes the first of its many helpful "practical help boxes". There are eight help boxes included in the text which pose thought-provoking questions, giving further examples of ideas mentioned in the main text and generally expanding on the concepts in the guidelines.

The lion's share of the document, however, relates to practical communication activities, ie those actions that are undertaken to turn the strategy into a reality, in line with the organisational policy and communication principles already mentioned. Although they are all gathered together under the heading Environmental Communication Activities, Clause 6 does not map neatly onto any one element

of the PDCA cycle, but to three of them. (See Table 2 for further details.)

Table 2 — How Clause 6 (Environmental Communication Activities) of ISO 14063 Relates to the PDCA Cycle

Planning
6.1 Planning an environmental communication activity
6.1.1 Situational analysis
6.1.2 Setting environmental communication targets
6.1.3 Selecting target groups
6.1.4 Defining geographic scope of an environmental communication activity
6.1.5 Identification of environmental information
6.2 Selecting environmental communication approaches and tools
6.2.1 Defining responsibilities and involvement (internal and external)
6.2.2 Tracking input from interested parties
6.2.3 Planning for environmental communication activities on environmental crises and emergencies
Doing
6.3 Performing an environmental communication activity
6.3.1 Collecting and evaluating data
6.3.2 Conducting environmental communication activities
6.3.3 Recording and responding to feedback
Checking
6.4 Evaluating environmental communication
6.5 Conducting management review and planning revisions

The PDCA cycle is a useful link to those running an EMS based on the specification of ISO 14001, but the difference between writing a guidance standard and writing one for an external certification process is never more evident than in the material's structure at this point. If the standard pertains more to a certifiable process, then it is easy to imagine a more condensed version of Clause 6 appearing under a similar heading to that of "Operational Control" in ISO 14001. It would simply state that organisations would have to maintain appropriate

control measures over their communication process, especially "where their absence would lead to a failure of understanding on the part of the organisation and its interested parties". Easy to write, harder to do and ultimately not particularly useful to organisations.

One of the most useful of the subclauses in this section, on the other hand, is the one relating to the identification of environmental information (6.1.5). This is often the way environmental managers are asked to contribute to a wider communications effort and requires considerable skill, not only in identifying the most appropriate information but also in helping to render it accurately in terms that the proposed target audience can readily understand. In environmental communication, there is a constant tension between those who wish to communicate and those who wish to be accurate. This frequently occurs where there are technical specialists who have become regarded as the guardians of environmental information and especially where it is densely buttressed by swathes of statistical data. From anecdotal evidence, this situation can happen irrespective of the size of the organisation.

The only useful way of resolving this tension is through an internal dialogue between environmental and communication professionals, but it would be enormously helped by both sides appreciating the much wider extent of information available as well as their different associated communicative qualities — something that is made clear by the guidance in the standard.

The key to accessing information, says the guidance, is setting out a clear objective for communication, both at the top level and all the way down to each individual activity. Once an organisation has done this, and taken into consideration what the ultimate business objective might be behind each environmental one, it is possible to remain alive to all the possibilities amongst the raw bytes of feedback/data that its communication process will generate.

Another nodal point in the process is offered by Clause 6.2, which includes a series of tables listing different types of communication approaches and tools that relate to written, verbal and "other" types of communication. The tables list the different communication types, then give a description,



outline their associated strengths and weaknesses and even have a special column marked “keep in mind”, which allows a few other reflections on the subject to be captured. The “other” section includes references to co-operative projects, art exhibitions and sustainability agreements. Together, these tables are one of the most useful reference points in the document and I would thoroughly recommend readers keep it somewhere in view when they are sitting at their desks, composing any type of environmental communiqué.

Finally, the standard gives guidance on how to check that all the environmental communication processes, once started, are still running efficiently. This is not done simply by measuring and tracking the feedback, important though that is, but also by ensuring that it forms part of a top management review process. This will mean that environmental communication is given due priority when considering other aspects of mainstream business development.

The bigger picture

From experience, it is not that organisations do not think about their environmental communications, it is that they do not think about them enough; in other words, from a wider stakeholder perspective. When managers think about environmental communications, they do so for the most part under duress, and thus in as narrow a way as possible, focusing on limiting their exposure to personal and organisational liability rather than on the potentiality that lies inside every communication.

As a result, an organisation may have communication objectives, but they may not be written down, or if they are, they may be expressed in very limited ways. They might only be based on one-way communication (giving information but not expecting or encouraging any reply). Though this is not in itself always a bad thing, even the objectives of one-way communications can fail to take account of the fact that most organisations are undertaking the exercise in order to gain something back from those with whom they are communicating. A classic example of this is the way in which many organisations approach environmental aspects of corporate reporting.

As pointed out earlier in this article, no matter what the size or nature of the organisation, legislation is

steering all managers to become more conversant with environmental reporting through the increased prominence given to non-financial business reporting. The approach appears to be that a risk is a risk, whether financial or otherwise, and that all major risks need to be managed and thus reported on by an organisation for the benefit of interested parties.

Corporate environmental reporting in particular has an interesting reputation within business management. Of all the non-financial aspects to be incorporated into annual reports, it is probably the one aspect that has enabled managers to accrue experience in this form of reporting than any other. This is far from saying that environmental reporting is a universal phenomenon, but those that have reported have discovered the process to be far from straightforward.

Caught between a rock and a hard place, organisational management often decide that they want to reveal their environmental performance in a way that is both realistic and sincere (thus gaining the stakeholders’ sympathy while maintaining reputation) without harming any future flow of inward investment. If this seems a difficult task, add to it the context into which the report is often released. Many mainstream investment advisors indicate in surveys that they do not use environmental information as part of their decision-making process. On the other hand, there is a significant body of consumers and investors who use the information to engage in socially responsible investment.

The very breadth and polarisation of the audience for the reports, varying from City of London based unit trust managers to local neighbours, has meant that this type of communication struggles with its multi-role task. The “one report fits all sizes of stakeholder” approach looks increasingly thin — the report rapidly becomes a dumping ground for data, which is why “materiality”, ie relevance, dominates the horizon for reporting organisations.

Voluntary schemes typified by the Global Reporting Initiative (GRI) are certainly instructive when it comes to the contents of reports, whether for sustainability or just for environmental reasons. It is worth noting, however, that they have never made any other claim than to focus mainly on the content

of external reports rather than the style of communication or the mix of delivery methods. (The relationship between GRI and ISO 14063 is probably best outlined by the cross-referencing table available on the GRI website at www.globalreporting.org/about/iniiso14063.asp.)

Application of the guidance in ISO 14063 to such a reporting organisation's whole environmental communication process might help to unscramble some of the issues involved and allow the GRI to be truly effective. Using the process outlined in the standard would reveal that if the objectives of the communication are redefined more accurately, then an external report becomes only one of many communication strands. It might be, for example, that some stakeholders not only do not want or need all the information but may also not appreciate it in the format in which it is currently offered.

This would necessitate an overall redesign of how and what is communicated to whom. Layering the information and changing the delivery techniques, while at the same time clearly signposting or cross-referencing how and where more detailed information is available, would certainly help in these circumstances. Then designing the approaches around the target audience could begin in earnest. This shift of resources into planning could save wasted effort in the delivery of a single printed or web-delivered report that is ultimately ignored by key sectors of the audience. This approach is particularly relevant for SMEs.

Conclusion

If ISO 14063 succeeds in steering both organisational management and audiences away

from the monolith that is public environmental reporting and broadens perspectives to include environmental communication that is both relevant and appropriate for all internal and external audiences, then it will have achieved an enormous and bold step. If it channels effort more towards communication in the fullest sense of the term, then the job of compiling external reports can assume its proper perspective as part of a wider mix of methods of communicating information.

The guidelines could rebalance the way environmental information is used: mined for its potential in maximising a beneficial business dialogue as well as simply being checked for its accuracy. Internally, efficiencies from increased understanding, quality and innovation are waiting to be found by good environmental communication processes. Externally, customer loyalty, investor confidence and supply chain synergies stand ready to be harnessed to sensitive market intelligence and responsive business development by ongoing dialogue. In the end, only those who make the connections will see the lights.

This article draws on work carried out by Green Inck for the Institute of Environmental Management and Assessment in devising and delivering a workshop for environmental professionals on the subject of Environmental Communications. Christopher Sheldon is the Principal of Green Inck, an environmental and sustainability consultancy that specialises in policy, training and communications. Green Inck provides workshops, seminars and talks on all aspects of environmental management including communications and the new ISO 14063 standard. E-mail: greeninck@btconnect.com. □

Published by Wolters Kluwer (UK) Limited,
145 London Road, Kingston upon Thames, Surrey KT2 6SR.
Tel: 020 8247 1175. Fax: 020 8547 2637.
Web: www.croner.co.uk, e-mail info@croner.co.uk
Copyright © 2005 WOLTERS KLUWER (UK) LIMITED
All rights reserved. ISSN 1358-6467
Content Director: Michèle Wheaton

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, mechanical, photocopying, recording or otherwise, without the prior permission in writing of the publishers. Although great care has been taken in the compilation and preparation of *Croner's Environmental Policy and Procedures Special Report* to ensure accuracy, the publishers cannot in any circumstances accept responsibility for errors or omissions or advice given in this publication. Subscribers should be aware that only Acts of Parliament and Statutory Instruments have the force of law and that only the courts can authoritatively interpret the law. Crown copyright material is reproduced with the permission of the Controller of HMSO and the Queen's Printer for Scotland. Printed by Hobbs the Printers Ltd.

0870 777 2918



ENVIRONMENT HELPLINE — CALL US NOW

Simply call quoting your User Code or contact Customer Services for more details.