The Marketplace Responsibility Principles
WHAT ARE THE MARKETPLACE RESPONSIBILITY PRINCIPLES?

Corporate Responsibility is increasingly about how a company makes its money, not whether it gives some of it away. There is a pressing need to better define what responsible business practice means. Achieving responsibility in the marketplace is characterised by tough dilemmas, grey areas, and real challenges in managing and reporting performance.

In response to these challenges, the Marketplace Responsibility Principles have been developed by the Marketplace Taskforce, a group of 10 global and UK companies chaired by Mike Clasper, former CEO of BAA plc, as a guide for implementing responsible business practice in medium to large companies.

There are two parts to the Principles, one guiding key marketplace relationships, and the other focused on the behaviours that support companies in managing these relationships.

The Principles have been subject to tough scrutiny from CEO's, marketing directors, corporate responsibility professionals and individuals from the socially responsible investment and NGO communities through the course of a rigorous consultation process.
WHO SHOULD READ THEM?

Individuals within large to medium sized companies who want to assess their performance in their marketplace. This may be the CEO, marketers, innovators, public affairs or corporate responsibility directors.

HOW DO YOU USE THEM?

The Principles act as a framework for companies to be able to assess their marketplace strategies. They provide companies with a structure to identify corporate responsibility issues within the main marketplace relationships: with customers, suppliers and governments, as well as helping to assess the impact of products and services.

SIGNING UP?

We are asking BITC members to sign up to the set of Principles and make a commitment to reflect the marketplace issues within their CSR reporting.

A number of companies have already signed up to the Principles. Please visit www.bitc.org.uk/marketplace to see the full list.
Why is this important?

In spite of appearances to the contrary, most investors establish the value of a business based on evaluating its long term cash flows. And increasingly, these evaluations take into account those issues that stem from a company’s behaviour in the marketplace. Whether it’s to do with how a company deals with its customers, runs its supply chain, works with regulators, or recognises and acts on the wider impact of its products, getting it wrong can be an expensive business.

Firstly, getting it wrong can mean new and often expensive legislation. When the financial institutions were hit with mis-selling scandals, it resulted in a huge book of regulation that added significant costs to the companies concerned, whilst the customer protection provided was questionable.

Secondly, it can affect reputation. When Nike hit the headlines in the late 1990s its share price dropped dramatically, ending what had been a stellar trend. Even now, with a recovery in performance and a leadership position in responsible supply chain management, it remains stubbornly associated with the ‘sweatshop’. Once lost, there is a long way to travel to rescue a reputation.

Thirdly, the company can find that it loses markets, or fails to gain new ones. If, rather than fighting legislation to improve energy efficiency standards for motor vehicles and relying on SUVs to generate most of their profits, the US car companies had concentrated on creating innovative, environmentally better technologies, they might be at the top of a rising curve rather than Toyota.

Of course, the issues within the marketplace can be some of the most difficult, the most subtle, and the most prone to miscalculation of any. How does a company navigate its way through the minefield?

Over the last year, the Marketplace Taskforce, which I chair, has produced a set of Marketplace Responsibility Principles that aim to set out what leadership companies in this field do, and what management behaviours they employ to help them to do it. We have consulted with the BITC membership and the Principles have been tested against a set of rigorous case studies.

We are launching the Principles, and inviting companies to sign up to them as a framework to assess their marketplace responsibility strategies. We believe it is an important step towards getting the responsible business debate focussed where it should be – creating long term value for shareholders and for society.

Mike Clasper
Chair of the Marketplace Taskforce
THE
MARKETPLACE
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THE MARKETPLACE RESPONSIBILITY PRINCIPLES

Respect your customers
Support vulnerable customers
Seek potential customers within excluded groups
Manage the impact of product or service
Actively discourage product misuse
Actively manage responsibility in your supply chain
Treat suppliers as partners
Work with the rule makers
Have consistent standards

BEST PRACTICE FOR MARKETPLACE RESPONSIBILITY

Anticipate trends
Execute with skill
Place it at the heart of the business strategy
Make it part of the culture
Encourage and motivate responsible behaviour
Make it mainstream
Share best practice within the business
Be consistent
RESPECT YOUR CUSTOMERS

Treat customers honestly and with integrity. Give full information about your product or service, and honour your promises. Avoid false statements or other irresponsible marketing. Respond to complaints. See customers as having a legitimate interest in your business over issues and concerns beyond the direct commercial relationship.

SUPPORT VULNERABLE CUSTOMERS

Understand which of your customers may be unusually adversely affected by the product or service, or by interruption of supply. Take steps to mitigate these effects.
SEEK POTENTIAL CUSTOMERS WITHIN EXCLUDED GROUPS

If appropriate, identify whether your product or service would provide real benefit for people that are currently excluded from it, whether through poverty, geography or disability.

MANAGE THE IMPACT OF PRODUCT USE

Take account of social/environmental impacts as part of the product development process. Aim to identify unintended impacts of product or service as used. Seek opportunities for new products to address social/environmental problems. Address the impact of the product when it reaches its end of life.
ACTIVELY DISCOURAGE PRODUCT MISUSE

Identify the potential for harm created by misuse of your products. Aim to prevent or reduce misuse through product design or by influencing customers.

ACTIVELY MANAGE RESPONSIBILITY IN YOUR SUPPLY CHAIN

Understand and encourage improvement in the business processes operated by suppliers. Identify and prioritise areas of risk, poor performance and factors outside the company’s control that may affect its operations.
TREAT SUPPLIERS AS PARTNERS

Establish an open and honest dialogue over mutual concerns and conflicts. Deal honestly and fairly and honour agreed terms of contract. Provide education and resources. Establish clear performance targets.

WORK WITH THE RULE MAKERS

Seek to influence legislation or regulatory regimes in ways which help serve the public interest relevant to the business. Ensure that the company's activity is transparent.
Seek to enforce standards of behaviour in places where laws covering minimum standards are absent or not enforced. Be sensitive to local business operating environments.
The business strategy is built around the achievement of long term, sustainable goals. It is flexible enough to protect the business against short term pressures and capable of adapting to future needs.
**MAKE IT PART OF THE CULTURE**

Staff throughout the organisation understand and accept the role of responsible practice in delivering the business goals. The organisation encourages staff to challenge ‘business as usual’, and so nurtures a culture supportive of change.

**ENCOURAGE AND MOTIVATE RESPONSIBLE BEHAVIOUR**

The organisation ensures that good behaviour is encouraged through rewards and poor behaviour is not. This applies both internally and externally.
MAKE IT MAINSTREAM

Apply new standards and innovations as much as possible across the full range of products, rather than developing ‘ethical’ niche products.

SHARE BEST PRACTICE WITHIN THE BUSINESS

The business operates as a ‘learning organisation’ and is responsive to external change.
The organisation has a track record in applying its values and honouring its commitments over time. Integration of responsible business practice through how the business operates in the marketplace is a commitment of the company's senior management and it does not disappear with a change of leadership at the top.

The company constantly assesses current issues and attitudes in order to anticipate the trends affecting its business. It uses this information to adapt and develop its products/services accordingly. It aims to lead the market rather than follow.
Six companies have been interviewed and analysed about how they manage key marketplace responsibility issues. The results have been compiled into a collection of in depth case studies which give you information about their processes and key learning points.

Here are some vignettes.
Taking care of the vulnerable: the Camelot Games Design Protocol
How does Camelot produce fun, engaging games, whilst also promoting responsible play? While the majority of lottery players have no problem with ‘having a flutter,’ some groups are especially vulnerable to their products. Learn how Camelot has developed a Game Design Protocol, where new games are tested for their potential impact on these vulnerable groups.

How Waitrose raised the bar for the supply chain
Waitrose has established a set of ‘Responsible Sourcing Principles’, outlining its expectations of its suppliers on issues such as labour standards, environmental management and animal welfare. But has this really helped to reduce the risk in their supply chain? In addition, the Waitrose Foundation is helping to raise standards, by providing financial support to improve the welfare of farm workers.

What makes 3M one of the most sustainable innovators in the world?
3M has a history of producing innovative products that help their customers reduce their environmental impacts. Examples include: a film for LCD displays that makes the screens 20-30% more energy efficient; a non-flammable, non-toxic and biodegradable paint; granules for home roofs that keep the home cool with less energy consumption. Read the full case study to understand how this has impacted their business.

How Tata won its reputation for integrity
Within a business environment where bribery and corruption are routinely tolerated and expected, Tata companies have established a successful model based on a set of values that require the highest standards of integrity. Tata Group explains how they are so well known for their consistency in neither paying nor receiving bribes, that they are now never asked.

How Marks and Spencer leads the way in customer relationships
Marks and Spencer takes a proactive approach to dealing with customer issues, sometimes even taking an activist approach to corporate lobbying on certain issues. Examples include developing alternatives for the chemicals used on T-shirt designs and using free range eggs in food products. But how do you know when the timing is right to communicate about these issues with your customers?

How Fonebak created a new market from scrap
Fonebak has worked with the network providers to collect unwanted mobile phones to be tested, refurbished, and sold to developing economies at a cost to provide more affordable communications. So far Fonebak has refurbished over 4 million phones but how did they get there?

To read the full case studies please go to www.bitc.org.uk/marketplace
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- Mike Clasper
  - Former CEO
  - BAA (Chair)

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- Bruce Haines
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**Camelot**
- Dianne Thompson
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  - Camelot

**HBOS plc**
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Centrica and Microsoft also contributed to the development of the Marketplace Responsibility Principles.
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International
We operate through a global network of 90 plus national organisations and are the UK partner of CSR Europe.

Business in the Community - mobilising business for good.
We inspire, engage, support and challenge companies on responsible business, working through four areas: Marketplace, Workplace, Environment and Community. With more than 850 companies in membership, we represent 1 in 5 of the UK private sector workforce and convene a network of global partners.

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March 2008