



# THE VALUE OF SOCIAL IMPACT

Boards are paying much greater attention to the impact a business has on stakeholders across the whole value chain. **Richard Gillies**, former COO at Simplyhealth, talks to Criticaleye's **Jacob Ambrose Willson** about why there's no turning back when it comes to committing to social sustainability goals

**M**any companies recognise the need to tackle climate change and put a roadmap in place for achieving Net Zero by 2050 (or sooner). These targets are increasingly running in tandem with commitments to social considerations, as CEOs and senior leaders begin to fully understand the importance of identifying non-financial risks to an organisation.

The ESG agenda has given this real momentum. More financial institutions, not just governments and regulatory bodies, want meaningful assurance about where capital is invested. From a

social perspective, there is far greater scrutiny on how businesses approach diversity and inclusion, health and well-being, modern slavery, as well as considerations around the wider impact on the local communities they operate in.

**Richard Gillies**, who until recently was COO at insurance concern Simplyhealth, predicts that the reporting requirements around social impact are only going to ramp up. At Criticaleye's most recent sustainability-focused CEO Retreat, he introduced the idea of a 'Scope 3 for Social Responsibility', mirroring the process of a business tracking its

Scope 3 carbon emissions – i.e. those generated by partners up and down the value chain.

"I think the concept of understanding your Scope 1 and Scope 2 activities in your immediate supply base, and then beyond that, is potentially one of the opportunities that the work on climate will help businesses understand in a social sustainability context," he said.

"[The Modern Slavery Act] goes some way in ensuring that businesses are making declarations about working practices in their supply chains. But there's a big >



difference to making declarations and actually getting complete transparency up and down the supply chain.”

With so many different areas to consider in the social sustainability sphere, and now the prospect of having to assess the credibility of one’s entire value chain, business leaders can be forgiven for feeling overwhelmed by the task at hand. According to Richard, it’s a case of taking a ‘walk before you can run’ approach.

He explained: “Firstly, do you know what good practice is in your organisation? There is still plenty of work to do at home in Scope 1, never mind Scope 2 and 3. So, you need to get your house in order. The second is just to begin to set some targets. You can’t do everything at once, so decide what’s most important and material for your business.”

Of upmost importance in this process, according to Richard, is a businesses’ willingness to engage with the current discourse on social sustainability and with the various frameworks that exist to support companies in their sustainability journeys.

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“This isn’t just another subject that needs to be stuck on the Boardroom agenda. It is part of every subject. It’s about integrating sustainability into your business processes. I’d also say for many medium to smaller businesses which don’t have ten people in their sustainability team, find one of the frameworks because it provides a roadmap for you.”

Given the complexity, Richard insists that there cannot be a one-size fits all approach. “My advice would be to find a framework which is most

relevant to your business and focus on the things that are most important to your customers, or that you know will have the biggest impact,” he said.

## External Benchmarking

FTSE4Good, the Dow Jones Sustainability Index, Sustainability Accounting Standards Board and B Corp are just a few of the benchmarking tools available to businesses seeking external support relating to their sustainability goals. From the above list, Richard is most supportive of the B Corp certification programme for SMEs after helping Simplyhealth achieve the status last year.

To become B Corp certified, a company must commit to achieving high standards of social and environmental performance. There is a minimum verified score of 80 points on the ‘B Impact Assessment’, which measures the impact on workers, suppliers, community and the environment. Simplyhealth achieved 91.9 points.

“I’m a firm believer that on the sustainability journey, you need to have three things: first is ambition and a desire to do something; the second is curiosity and the desire to innovate and change; and third is building the structure and process to make those things happen.

“One thing that the B Corp certification does, particularly for smaller and medium-sized businesses, is provide a structure, a route map and a set of instructions that lays out your ambition for you. Because without that, many businesses would struggle to have the resources to be able to know what it is they’re supposed to do.” >



Richard in Bangladesh as part of a multi-year M&S programme supporting structural change to improve worker conditions in the company’s broader supply chain





Richard and David Attenborough at London Zoo for the Big Butterfly Count launch, as part of a multi-year project on broader consumer engagement on environmental issues

While certification programmes like B Corp are by no means a silver bullet for achieving a truly sustainable business, Richard likens the process to running a marathon in order to improve your general health.

“Is running the London Marathon an all-round guide to healthy living, longevity and fitness? No, of course it isn’t. But if you train for it and eventually run it, I can guarantee you’ll be an awful lot better off than if you hadn’t done it, injury permitting.

“B Corp itself is not perfect. Does it go through a whole series of materiality checks to make sure you focus on where you can have the most material impact? No. But does it get you going? Yes. For me, it’s a single point of focus that allows a business to engage.”

## Commercial Focus

A large portion of Richard’s career has centred on sustainability, but with the understanding that acting responsibly

as a business and delivering commercial outcomes are not mutually exclusive.

At Kingfisher plc, a multinational retailer, he was Group Sustainability & Corporate Communications Director and prior to that, he held the role of Chief Sustainability Officer and Director of Plan A & Sustainable Business at M&S. Much of his work in those companies related to the broad area of social sustainability and the formulation of new strategies and business models, based on the shifting ways in which enterprises perceived their roles in society.

Long gone are the days – hopefully – when businesses viewed themselves purely in terms of economic growth and wealth generation at the expense of people, whether that be employees, customers or any other stakeholders. Particularly over the last decade or so, executive teams and Boards have taken time to reconsider what purpose means for their organisations.

According to Richard, this gets to the heart the debate. “Businesses nowadays are supposed to have a purpose that demonstrates their value to society,” he said. The impact an organisation has on people, either directly or indirectly, continues to matter and Boards need to look at improving how they operate if they’re serious about taking a long-term view of what it means to be a responsible business.

“For me, social sustainability is asking if your business model is sustainable in society, and through its commercial activities, does it make a positive contribution to society?” ■

## Richard’s Career in Sustainability

- **October 2005:** Richard becomes Director, Store Design, Development & GNF Procurement at M&S
- **March 2007:** Richard joins Criticleye as an Advisory Board Member
- **March 2008:** He is appointed Chief Sustainability Officer and Director, Plan A & Sustainable Business at M&S
- **September 2013:** Richard moves on to Kingfisher plc, as Group Sustainability & Corporate Communications Director
- **October 2017:** Simplyhealth appoint Richard as Chief Operating Officer and ESG Committee Chair
- **October 2022:** Richard leaves Simplyhealth, having helped the firm achieve B Corp status

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