

FORTUS

CSR Strategy Document | November 2020

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“A good company offers excellent products and services.
A great company also offers excellent products and services,
but also strives to make the world a better place.”

Philip Kotler

1. What is CSR?

- A company’s environmental, social and economic performance and the impacts of the company on its internal and external stakeholders, including staff, suppliers, customers, community and global development at large.
- Increasingly, CSR is recognised as a fundamental contributor to the success of a company, and as such gives rise to the ‘triple bottom line’ which aims to measure the performance of a company over time across three elements - financial, social, and environmental.
- CSR is tightly related to a firm’s risk management and it is their responsibility to ensure that its activities, be it through their supplier ecosystem or internal operations are legal, compliant and aligned to the firm’s values and policies.
- CSR is not simply an ethical or moral construct; it includes requirements of businesses imposed by EU legislation.

CSR strategies are often separated into four themes:

1. Philanthropic responsibility

Philanthropic responsibility can be leveraged at national or international levels. It involves giving back to the community and donating to worthy causes in the form of time, money or other resources. By investing in the community, the business encourages loyalty from employees whilst benefiting from an improved support system. Corporate philanthropy also serves as a way of representing a company’s commitment to society, demonstrating that they value the community beyond simply providing a workforce or source of revenue.

2. Environmental responsibility

Environmental responsibility entails efforts to reduce a company’s carbon footprint by adopting environmentally friendly policies pertaining to the reduction of pollution and greenhouse gas emissions, and the sustainable use of natural resources. Legislation in Ireland is based on EU directives and principally administered and enforced by the [Environmental Protection Agency \(EPA\)](#), the [Department of the Environment, Community and Local Government](#) and local authorities. In the UK, the [Department for Environment, Food and Rural Affairs \(DEFRA\)](#) is the governing body. It sponsors the [Environment Agency \(EA\)](#), a non-departmental public body, with the overall responsibility of the protection and enhancement of the environment.

3. Ethical responsibility

Ethical responsibility (sometimes referred to as Human Rights responsibility), requires that fair business practices be used by a company and all those in the supply chain. This affects the way

employees (in the wider supply chain) are treated, contracts are won, and business is conducted. Whilst economic and legal responsibilities are the primary concerns of a company, after addressing these fundamental requirements, businesses can then begin to focus on their ethical responsibilities. Ethical responsibilities are self-enforced initiatives that a company puts in place because they believe it is the morally correct thing to do rather than out of any obligation. Businesses consider how stakeholders will be affected by their activity and work to have the most positive impact, from paying higher wages, offering jobs to those who might otherwise struggle to find work, ensuring that decent standards are maintained in factories and refusing to partner in business with unscrupulous businesses or oppressive countries.

4. Economic responsibility

Economic responsibility refers to operating with sound philanthropic, environmental and ethical business practices in a way that is profitable and can sustain long-term growth. By balancing economic decisions with their overall effects on society, businesses can improve their operations while also engaging in sustainable practices. An example of economic responsibility is when a company modifies its manufacturing processes to include recycled products, which could benefit the company by potentially lowering the cost of materials and also benefit society by consuming fewer resources.

2. Business benefits of adopting a CSR strategy

Adoption of a CSR strategy is fundamental to the 'triple bottom line' of a business, in that it contributes so significantly to the 'people and planet' aspects. Over time, it can also contribute financially as it fosters cultural strength, innovation in production and operations, and customer loyalty. In essence, commercial resilience starts with a company's values and behaviours:



Specific benefits:

- **Positive business reputation** - demonstrating corporate social responsibility and active involvement in the community gains plentiful and positive exposure for businesses and brands.
- **Increased customer loyalty and sales:** Customers have increasingly personal relationships with the products and services they buy and from whom, looking for companies that are responsible and support worthwhile causes.
- **Increased brand awareness, recognition and presence** - it provides additional opportunities to connect with existing and new audiences through non-commercial activity that can appeal on a

personal level therefore may be more likely to gain media attention, wider audiences, and be shared.

- **Operational costs savings** - many simple changes in favour of sustainability, such as using less packaging or paper, will help to decrease your production costs.
- **Investor attraction and access to capital** - investors often consider the ethics and practices of companies. Corporate reputation can affect ability to obtain venture capital and financing.
- **Innovation and growth** - adding constraints to how business is conducted often demands more creative thinking which can lead to innovation and cost-saving. Similarly, adopting tangible causes and values can generate new partnerships or market opportunities that lead to growth.
- **Competitive advantage** - by embracing CSR, you stand out from competitors in your industry. You establish yourself as a company committed to going one step further by considering social and environmental factors.
- **Employee recruitment and retention** - Employees become more committed and have longer tenures with companies that maintain good CSR practices. A recent [Deloitte](#) study found that when millennials were asked about the primary purpose of business, 63% more chose “improving society” over “generating profit.”

3. Creating an optimal CSR strategy

- **Consider what CSR actually means to Fortus** - how it fits in with the existing mission, what we hope to achieve by adoption, and what are the key goals that will define next steps.
- **Audit the wider business** and stakeholders, particularly suppliers, to understand the level of compliance and proactivity in place; what are the biggest gaps; the biggest priorities and how should they be addressed?
- **Research and identify industry best practice** -to generate insights and ideas.
- **Design a strategy that fits the business and build a culture** - what issues are most important to stakeholders and customers? In terms of how we do business, what are the biggest challenges to the environment and ethics? How can these be offset by CSR initiatives?
- **Integrate it into the business** - make it how business is done, not just a part of the business:
 - Implement from top down - driven by the executive leadership team.
 - Incorporate into the values and strategy of the business through to functional strategy, operations and communications.
 - Get buy-in from all stakeholders, particularly staff and suppliers.
 - Assign a budget and responsibility to individuals/team.
 - Set goals, assign KPIs, measure and improve.
- **Third party endorsement and opportunities** - Identify, invest in and partner with relevant third-party initiatives and accreditation. Credentials such as these clearly and succinctly express commitment and attract new opportunities such as market entry and strategic partnerships.
- **Programme delivery** - Deliver compelling and comprehensive programmes to customers & suppliers.
- **Communicate** clearly and widely to target audiences.

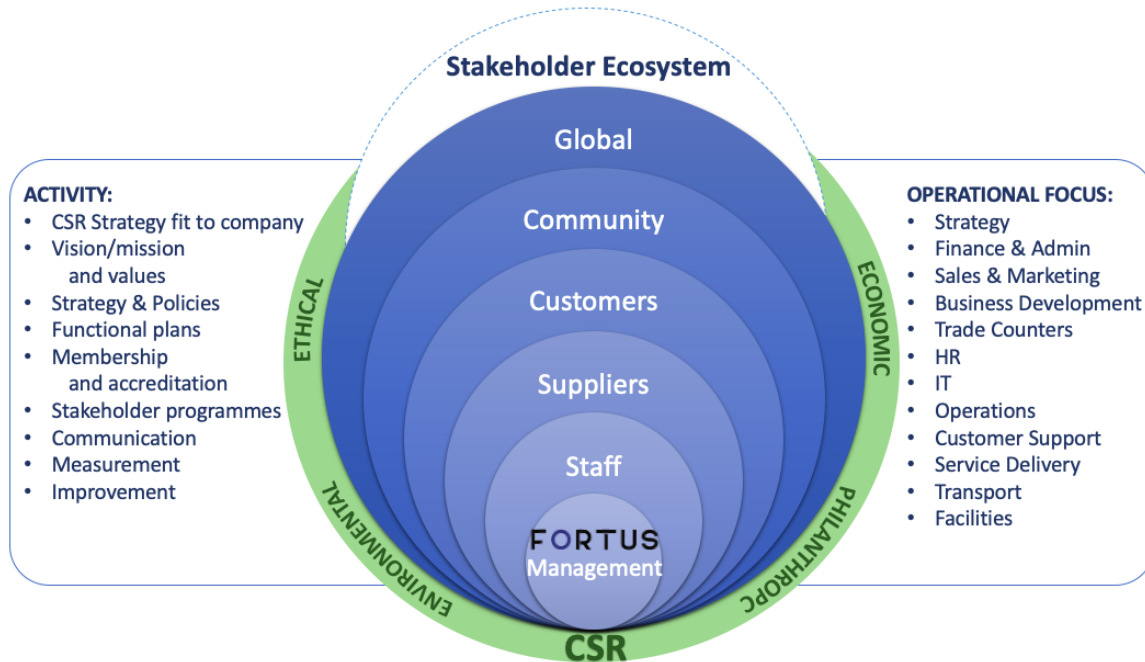
4. CSR strategy that fits Fortus

To devise a strategy specific to Fortus, we should examine the key elements of our business and wider ecosystem to determine priorities that will best connect with our stakeholders and optimise our CSR contribution across all pillars - ethical, environmental, philanthropic and economic.

Ask the questions –

What does our industry, and our business specifically, do that may be in conflict with the betterment of people and the planet?

How can we address these areas through changing our policies and processes, or by investing in external initiatives which can offset our impact?



Strategy and culture

- A company can take an ‘embedded’ approach, integrating CSR throughout the governance mandate, or a ‘focused’ approach which tasks a dedicated committee with CSR responsibilities.
- It is important that the executive leadership team/board perceive CSR as part of the business strategy and risk management, identifies goals and policies and builds them into the vision, mission, values, strategies, decisions, practices and culture.

Overview of Fortus CSR initiatives and opportunities V business focus

Work has already started across a number of initiatives, from becoming members of the Repak programme, Ecologi partnership and investment in an electric delivery van. The below table outlines further CSR initiatives Fortus should undertake as part of this strategy:

Function	Affecting	Impact/Stakeholder interest	Initiatives (<i>orange font = suggested</i>)
Overall business/EU directives	- Facilities - Utilities - Transport (goods & people)	- Waste - Emissions - Energy - Human Rights	- Repak - Ecologi <i>- Solar Panels</i> - Electric Vehicles (more)

			<ul style="list-style-type: none"> - ISO 26000 - Reinvest savings (e.g. electricity) into related initiatives
Strategic	<ul style="list-style-type: none"> - Business strategy - Partners - Stakeholders - Policies 	<ul style="list-style-type: none"> - Existing partnerships aligned to CSR? - Clear incorporation of CSR in mission & values? - Business policies 	<ul style="list-style-type: none"> - Strategic alliances and ventures with like-minded partners - Incorporate into vision, mission, values and culture - Appoint CSR team - Set CSR goals, KPIs and measurement systems
Supplier practice	<ul style="list-style-type: none"> - Production, shipping and employment policies 	<ul style="list-style-type: none"> - Fair manufacturing practices - Transport - Carbon footprint - Admin (paper) - Waste management 	<ul style="list-style-type: none"> - Practice win- win partnerships - Create clear service performance expectations - Audit Suppliers - SLAs - Partner programmes
Production (suppliers)	<ul style="list-style-type: none"> - Machinery - Energy - Materials - Packaging 	<ul style="list-style-type: none"> - Sustainable manufacturing materials (e.g. non-PVC) - Reduced/recyclable packaging 	<ul style="list-style-type: none"> - Co-fund sustainable product innovation - Source more sustainable products - Turn this into a marketable programme and/or product line to clearly communicate - Sustainable security solution practice - Customer incentives on sustainable solutions/adoption of programme
Operations	<ul style="list-style-type: none"> - Equipment - Processes - Project Mgmt. 	<ul style="list-style-type: none"> - Examining all internal activities - Creating new processes 	<ul style="list-style-type: none"> - Every aspect of the business is reviewed, and CSR initiatives are implemented throughout in a phased process (which has already begun)
Sales & Marketing	<ul style="list-style-type: none"> - Customer Comms - Customer calls - Events - Presentations - Media relations 	<ul style="list-style-type: none"> - Communications channels - Transport to sites - Event management - Content creation - POS materials 	<ul style="list-style-type: none"> - Clear promotion of customer programmes at POS, brochures, website, etc. - Inclusion of support to key CSR initiatives on corporate identity/packing etc. - Electric vehicles - Environmentally-friendly events - Leverage for content marketing - Leverage for media coverage
Finance/Admin	<ul style="list-style-type: none"> - Regulations - Compliance - Invoicing, etc. - Tax 	<ul style="list-style-type: none"> - Paper processing - Financial practices 	<ul style="list-style-type: none"> - Offer digitised alternatives to paper admin - Clear evidence of CSR policies on documentation - Financial practices that promote economic CSR
Trade Counters	<ul style="list-style-type: none"> - Energy - Recycling - Waste - POS 	<ul style="list-style-type: none"> - Utilities - Display - Promotional materials - Waste 	<ul style="list-style-type: none"> - Sustainable energy use - Clear promotion of sustainable programmes - Communication of local community initiatives - Digital alternatives to non-sustainable practices
HR	<ul style="list-style-type: none"> - Staffing - Company policy 	<ul style="list-style-type: none"> - Fair treatment of staff - Flexible working environment - Wellbeing support - Diversity and inclusion - Motivation - Recruitment and retention - Working from home 	<ul style="list-style-type: none"> - Quarterly newsletter for employees - Fortus Wellbeing Initiative. - Staff Care Pack (water bottle, coffee cup, warm jacket etc.) - Learning and development budget. - Salary sacrifice scheme. - Monthly lunches. - Healthy food delivery (reduce the Freddos, increase the fruit!) - Mental well-being support.

			<ul style="list-style-type: none"> - A day off for your birthday. - Healthy lifestyle programme. - Cycle to work scheme. - Provide opportunities and time off to volunteer. - Time off to donate blood. - Diversity & inclusion policy and programme - Parental leave - Community Week - Staff pick charity (annual rotation), 1 x UK, 1 x Ireland - Home office audits / ergonomic training - Expenses app to allow receipts in image form (i.e. Expensify)
IT/Customer Support	<ul style="list-style-type: none"> - IT systems and use - Phone management - Customer interaction - Post/paper 	<ul style="list-style-type: none"> - Energy efficient IT system - Energy efficient use of systems and equipment by staff - Posting documentation to clients/suppliers 	<ul style="list-style-type: none"> - Give customers ways to work with us in a more sustainable way - Paperless admin - Remote support where possible - Minimise printer use (cap use per staff member)
Serving Customers	<ul style="list-style-type: none"> - Exceptional service delivery and support - Consultation and support in business development and solutions 	<ul style="list-style-type: none"> - Clear communication of programmes - Sustainable admin practices - Education of alternative solutions, products and ways of doing business 	<ul style="list-style-type: none"> - Practice win-win partnerships - Provide clear expectations of the performance they should receive from us - Serve them better - show them how - Operations: Give them ways to work with us in a more sustainable way (programme sustainable) - Customer service: Design a sustainable programme that they can better serve their clients - Helping our clients with their business
Community	<ul style="list-style-type: none"> - Target market - Employees - Brand and reputation 	<ul style="list-style-type: none"> - Community engagement - Volunteering - Investment in community 	<ul style="list-style-type: none"> - Proud sponsors of local kid's football club - Sponsors of Kidderminster Harriers Football club. (UK) - Community week - events, volunteering, etc. - Staff pick charity (annual rotation), 1 x UK, 1 x Ireland - Pick a philanthropic initiative that has more to do with security industry/impacts - Examine implementing Group HQ, Regional & Local commitment to charity or community.