



GE 2009 Citizenship Report: Responsibility with imagination

GE's latest report keeps up the momentum

A report from a giant such as GE, a “diversified infrastructure, finance and media company taking on the world’s toughest challenges” with turnover of more than \$150bn and 288,000 employees, raises high expectations.

There appears to be no doubt that GE is serious about their framework to “make money, make it ethically and make a difference”. GE is an icon in sustainability strategy and sustainability branding. It was one of the first global companies to adopt the language of strategy rather than the touchy-feely do-good give-back rhetoric of most early adopters – and this pays off.

Ecomagination product sales have grown faster than any other segment and now account for 28% of GE’s industrial product portfolio, almost doubling their revenue contribution in five years. Healthymagination is GE’s six-year \$6bn commitment to healthcare innovation, established in 2009 to help deliver better lower-cost health-care, tapping in to a \$3.5tn global market.

GE’s strategic choices are inspired and executed with attention to a broad range of stakeholder needs, alignment with key Millennium Goals world problems, an impressive commitment to transparency and an eye for where the profit is.

The company’s sixth citizenship report, entitled Renewing Responsibilities, is a reaction to the need for renewal after what chief executive Jeff Immelt calls the “great recession”. It is definitely not for those short of time or lacking concentration.

It is a packed 40-page printed summary, backed by extensive online content. This includes “deep-dive” articles on key themes from employees, unedited commentary from customers and external experts, individual country fact sheets showcasing the local flavour of GE’s citizenship and much more.

Taken as a whole, the report focuses on the core global themes of GE’s citizenship: energy and climate change, sustainable healthcare and community building. It explores these themes in depth, providing contextual commentary and describing the company’s performance in each area. GE’s approach is persuasive. It sets the scene and describes how the company does its bit. It’s hard not to get swept along with the logic of it all.

Internally, GE reports good practices for the advancement of employee healthcare, because “healthy employees make for a healthy business”. GE has created its own HealthAhead certification programme for GE sites, against a set of proprietary indicators for healthy employees and a healthy workplace. This will include smoke-free campuses across all GE sites by May 2011.

Employee surveys, responsible recruiting, annual \$1bn investment in employee learning, diversity council, affinity groups and more gain air-time in GE’s report. No company can deliver externally without first delivering internally and it is pleasing to see such strong recognition for human resource processes.

In addition, GE employees are encouraged to get active in communities. There are 175 employee volunteer councils in place and 74,000 employees registered on the GE volunteer portal, supported by a 2009 corporate community investment of \$225m.

Capital omission

Overall, of the key sectors that make up GE’s business, the largest share of revenue comes from GE Capital, which engages in financing capital assets, real estate, loans and even private label credit cards. This \$50bn revenue business, effectively GE’s own private bank, has a fundamental impact on corporate and consumer financial behaviour but is barely mentioned in this report.

What is GE’s position on the principles of responsible finance and responsible lending? Who and what is GE financing? How GE approaches 32% of its revenue engine remains an omission. In fact, this goes to the core of the challenges of balanced sustainability reporting.

While GE reports impressively on material themes, and some localised country perspectives, coverage by business segment is lacking. Technology and energy segments are largely addressed through the ecomagination and healthymagination discussions, with some reference to GE's consumer business. But GE's approach to managing its capital and media businesses – including NBC Universal, theme parks, digital media, and so on – are not discussed. For a business of this size and diverse scope, a briefing by segment would also be appropriate.

Another area that deserves greater disclosure is lobbying. GE's public policies are clearly stated, and make sense, but a \$25m annual lobbying spend in the US alone deserves a line or two at least.

But all in all, GE's reporting reflects sharp, systematic, strategic clarity and confident leadership. GE's report shows careful thought and skilled investment in sustainability communication. Challenge for the future? Maintaining the pace.

Snapshot

Follows GRI? Yes, self-declared level A.

Assured? No, but contains statement from an expert advisory panel.

Materiality analysis? No, but materiality is referenced.

Goals? Yes

Targets? Yes

Stakeholder input? Expert advisory panel

Seeks feedback? Yes

Key strengths? Strategic clarity in context.

Chief weakness? Lack of coverage by business segment.

Pleasant surprise? Individual country fact sheets.

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