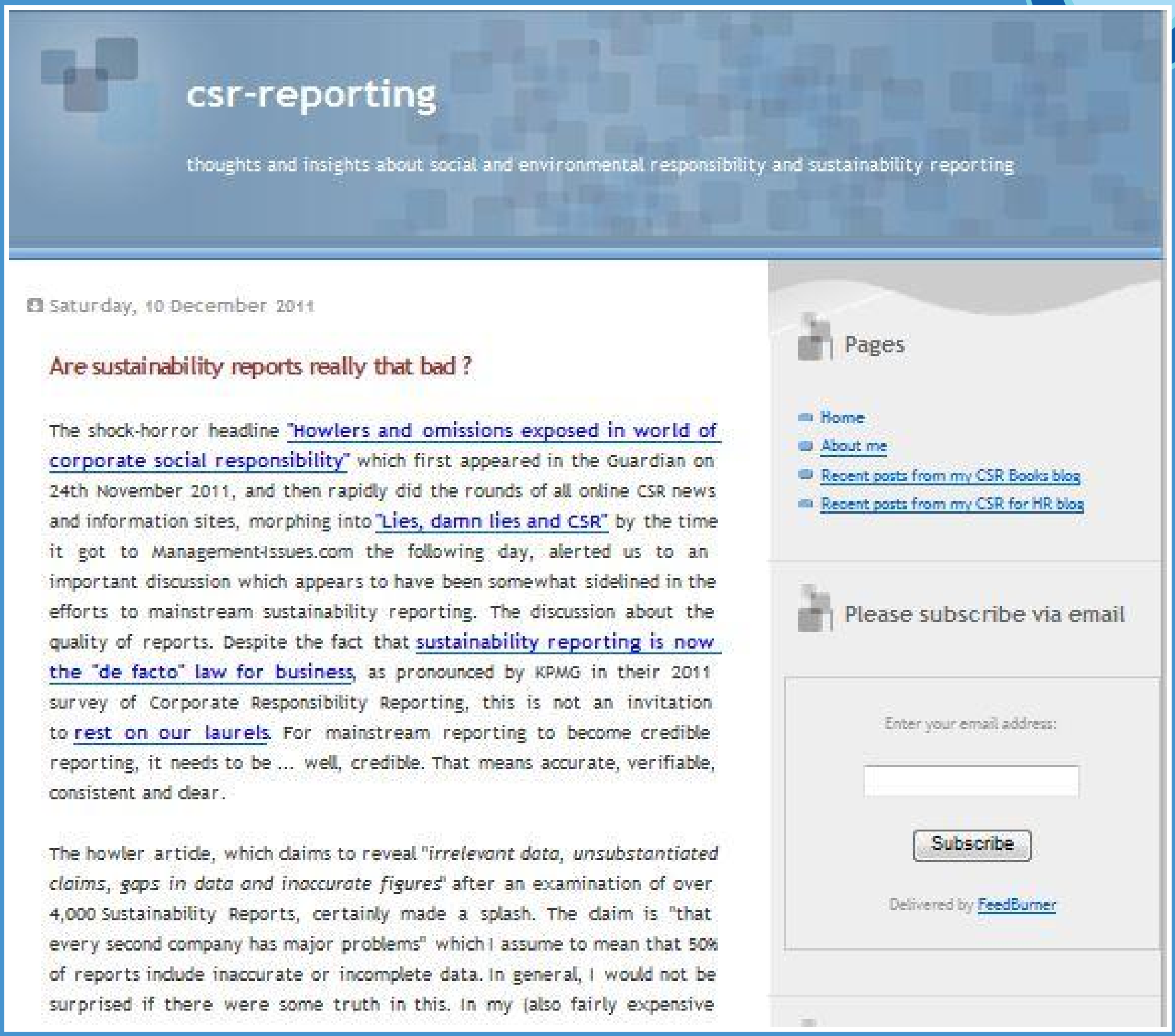
The CSR Reporting Blog 2011



csr-reporting

thoughts and insights about social and environmental responsibility and sustainability reporting

Saturday, 10 December 2011

Are sustainability reports really that bad ?

The shock-horror headline "Howlers and omissions exposed in world of corporate social responsibility" which first appeared in the Guardian on 24th November 2011, and then rapidly did the rounds of all online CSR news and information sites, morphing into "Lies, damn lies and CSR" by the time it got to Management-Issues.com the following day, alerted us to an important discussion which appears to have been somewhat sidelined in the efforts to mainstream sustainability reporting. The discussion about the quality of reports. Despite the fact that sustainability reporting is now the "de facto" law for business, as pronounced by KPMG in their 2011 survey of Corporate Responsibility Reporting, this is not an invitation to rest on our laurels. For mainstream reporting to become credible reporting, it needs to be ... well, credible. That means accurate, verifiable, consistent and clear.

The howler article, which claims to reveal "*irrelevant data, unsubstantiated claims, gaps in data and inaccurate figures*" after an examination of over 4,000 Sustainability Reports, certainly made a splash. The claim is "that every second company has major problems" which I assume to mean that 50% of reports include inaccurate or incomplete data. In general, I would not be surprised if there were some truth in this. In my (also fairly expensive

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How big is your brain-print?

Tuesday, March 20, 2012

Yogesh Chauhan is Chairman of the Corporate Responsibility Group and **BBC** Chief Adviser Corporate Responsibility. He is slowly but surely transforming the CSR landscape at the BBC. We recently had the opportunity to chat about our expectations of the upcoming **Smart Sustainability Reporting Conference on May 15th in London.** Yogesh will be leading a session called: *Moving towards the report of the future - creating engaging, dynamic and accessible content and distributing through segmented data sets.* Sounds intriguing - the report of the future - segmented data sets - engaging, dynamic - not the sort of language most people currently associate with sustainability reports. Therefore, being rather a delayed-gratification-challenged person, I couldn't wait to ask him about what all this means. I found Yogesh very open and willing to share his views. But I am not going to tell you specifically about segmented data sets. You can hear more about that at the conference.
What I will share are some of the other things we talked about.
For example, how Yogesh sees his role: "The fundamental task I have is to challenge the organization in a positive and constructive way. I need to personally to be ahead of the game and identify what the challenges are likely to look like in the future." The BBC employs 23,000 people around the world, so this is no small undertaking.

For another example, how do you influence brain-print? Brain-print is to the media is what ice-cream-print is to Elaine (me), or what foot-print is to a corporation's environmental impacts. Brain-print is the sector jargon which refers to the impact of the media on the way people think. According to Yogesh, in terms of CSR, the "most substantive impact of the media is its influence in how people make sense of the world around them and how they are informed by the media". The BBC approach, according to Yogesh, goes like this: "What guide us are the BBC core editorial values – these are sacrosanct – they have been around much longer than I have and will stay around - impartiality, fairness and integrity are core to all that we do. We cannot afford to side with a particular viewpoint. The debate about climate change is very interesting and there is massive external scrutiny on how we report about climate change: some say the BBC is highly responsible in the way it reports, others say we are too cautious, other say we give too much time to the skeptics. But when you have critics on both sides, you tend to know that you have reported impartially and provided the right balance of content. "

The BBC's overall Corporate Responsibility and Sustainability Program goes under the heading of **Outreach**, and includes the BBC's approach to journalism, promoting learning, education, creativity and cultural excellence, engaging with local communities, managing environmental sustainability, supporting charitable causes and maintaining a responsible workplace. When Yogesh Chauhan introduced Sustainability Reporting at the BBC some years ago, it was like "pushing an open door". The BBC acknowledged the role it needed to play as a Big Media Company. Since then, the BBC has been reporting, and experimenting with reporting.

Currently, the BBC produces an annual **Corporate Responsibility Performance Report** which in 2011 was a mere 24 pages long, the center piece of which is the way the BBC upholds its Public Purposes. It's rather like a storybook, with accounts of how the BBC Outreach has advanced citizenship with the BBC News School Report project in which 11-14 year olds are encouraged to produce their own news reports and BBC Learning Works which maximizes learning content linked to BBC programmes. Other themes include promoting culture with the Proms Plus Intro series for families to get to know the experience of classical music and the BBC World Class project that helps schools in the UK develop a twinning partnership with schools around the world.

In addition, the BBC has started to publish quarterly newsletter supplements which provide a focused update on a specific aspect of CSR activities. The latest update, from January 2012, zooms in on Diversity at the BBC in all of its facets, providing an in-depth look the BBC workforce, procurement activities and community outreach and supplemented by a BBC Diversity website. This reflects the experimental aspect of reporting for the BBC - drilling down holistically and more comprehensively than in a single Sustainability Report which covers all issues, four times a year. This reflects a desire of the BBC to experiment with different ways of reporting and viewing the reporting process as one of evolution rather than a static one-model template. In many ways, it's the best of both worlds- a full annual report with more frequent subject-specific updates to keep stakeholders interested and engaged. It also perhaps reflects the view of the BBC that the GRI framework (which the BBC reporting does not formally align with, though the BBC is supporting the development of the Media Sector Supplement) is more of a procedural approach to reporting, which is rather different from the way the BBC (and Yogesh) want to use the report, which is to generate interest, not just information.

Yogesh made the point, that as a publicly-funded broadcaster, the BBC has an absolute commitment to disclosure. "The BBC is subject to freedom of information legislation. Anyone can ask us any question about how we run our business. We reveal everything - salaries, travel expenses, Board meeting minutes – there is lots of information available.

Above and beyond our Sustainability Reporting, every single response we have ever given is available on the website. We get the most wonderful and weird questions thrown at us. Therefore, as an organization we are probably one of the most transparent. The challenge for us is not what to put in the public domain but how we present in a digestible form – what, if anything, to leave out rather than how much to put in."

By the way, the BBC participates in the **MediaCSR Forum**, which I discovered while browsing the BBC CSR site. If you haven't seen it - take a look. It's a wealth of information about what's happening in the Media and CSR, and why.

I am looking forward to hearing more from Yogesh on **15th May.** Hope you will stop by.

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Intuit: Sustainability Report Cone Award

Monday, March 19, 2012

As we are now almost three months into 2012, I decided to take a look at who's been publishing what (Sustainability Reports of course - I wasn't searching for the latest true crime bestsellers - though some might not notice the difference).

This starts a series of posts based on a random pick of Sustainability Reports published in 2012 and some insights about what I found valuable and what I, IMHO, found less valuable.

For some, reading about Sustainability Reports may be rather boring (that's me being responsive to stakeholder concerns). So here's a good tip. It's always best to read the CSR Reporting Blog with ice-cream. This makes every Sustainability Report just a little more palatable. Therefore, for everything I like about the report, I will award One Ice Cream Cone. For things I like less, I take away One Ice Cream Cone. For really bad reports, that leaves more ice-cream for me! However, I will try to be magnanimous. Sometimes I will award a Cone for the quality of the reporting, sometimes for the sustainability activity which is reported. You will have to guess which is which.

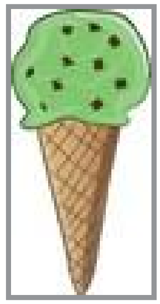
(All ice cream cone images are sourced from: Ice Cream Cone ClipArt - the Go-To-Place if you are feeling depressed or suicidal). (The different sizes of the cone pictures are not indicative of anything other than the fact that it's awkward for non-techies like me to size all the pictures equally - blame the pixels.)

Intuit 2011 Corporate Sustainability Report

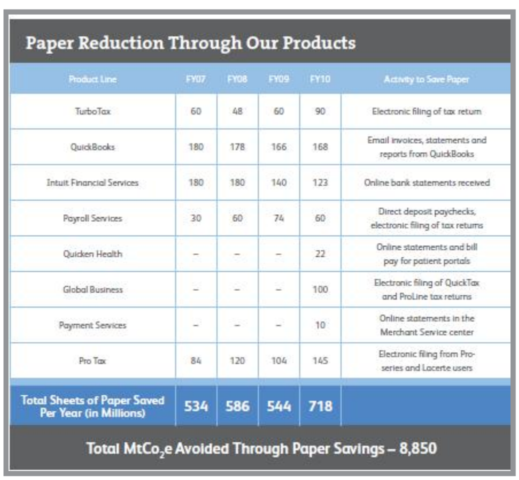
About the Company:
Intuit is a provider of business and financial management solutions for small and mid-sized businesses; financial institutions, including banks and credit unions; consumers and accounting professionals. HQ in California. Traded on NASDAQ. $4 billion revenue. 8,000 employees.
About the report: First report. PDF - 16 pages. Not conforming to the GRI Framework. Not externally assured.
Ice Cream Cones Awarded:

This is a great starter report with a very meaningful 16 pages. It's written in eye-level, user-friendly language which is accessible for non-seasoned report readers. The design is simple, pleasant and doesn't give you a headache. The Sustainability Report website makes content accessible online.

One aspect of user-friendliness is the **Equivalent To** explanations. For key data, Intuit facilitates visualization of environmental achievements through comparisons to things that we can see in our mind's eye as we read the report. For example, "Intuit's supply chain accounted for 21 percent of our carbon footprint in 2008. It produced 5,500 tons of waste that year - the equivalent of 1,600 dumpsters." "During a three-month period in 2011, Intuit removed 21 tons of e-waste from the solid waste stream... that's roughly equivalent to 138 refrigerators!" Can't you just see 138 refrigerators stacked up outside your office?



Intuit tracks indirect impacts which are enabled through the use of Intuit products. Use of Intuit software enables Intuit customers to reduce paper and energy consumption. Intuit reports on the total paper saved by customers in this way, with a target to help customers cut paper use by 1 billion sheets annually, resulting in the avoidance of 12,000 MtCO2e of GHG emissions and equivalent to saving 400 acres of forestland in the United States. (see that Equivalent To thing again?). This is a great approach - focusing not on what Intuit does, but on the result of what Intuit does - this is what's important when considering sustainability impacts.



Paper Reduction Through Our Products

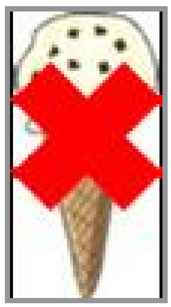
Product Line	FY07	FY08	FY09	FY10	Activity to Save Paper
TurboTax	60	48	60	90	Electronic filing of tax return
QuickBooks	180	178	166	168	Email invoices, statements and reports from QuickBooks
Intuit Financial Services	180	180	140	123	Online bank statements received
Payroll Services	30	60	74	60	Direct deposit paychecks, electronic filing of tax returns
Quicken Health	–	–	–	22	Online statements and bill pay for patient portals
Global Business	–	–	–	100	Electronic filing of QuickTax and ProLine tax returns
Payment Services	–	–	–	10	Online statements in the Merchant Service center
Pro Tax	84	120	104	145	Electronic filing from Pro-series and Lacerte users
Total Sheets of Paper Saved Per Year (in Millions)	534	586	544	718	

Total $MtCo_2e$ Avoided Through Paper Savings – 8,850

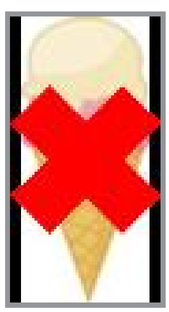
I give a Cone to Intuit for telling it like it is. Here is what the company says about Water Management. "We're attempting to collect Intuit's water usage data. We've made some progress, but before we can report the data we need to collect more and confirm its accuracy." It is often a dilemma for first-time reporters to go public without the data or stay under the radar. The force of a public commitment to doing more next time deserves recognition.

Another Cone for Intuit's Green Team reported activity. The company has Green Teams at more than 15 locations and describes a enthusiastic activity ranging from engaging 4,000 Intuit employees in Earth Day activities, WasteWatch waste reduction program, Live Green Sweepstakes using the internal social network to make employees aware of a sustainable lifestyle with the chance to win a Vespa, Freecycle@work program to encourage recycling and reuse of "stuff" and a Green Your Business Forum, encouraging small business owners to engage to get Green Tips and advice.

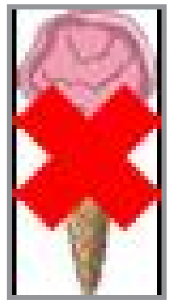
Ice Cream Cones dewarded:



I miss some form of index - while I prefer the GRI Index, any other Index would do. Indexing report contents makes it so much easier to find specific information.



I miss some evidence of stakeholder engagement and a materiality analysis. The fact that Intuit sets out key goal areas and future targets does not necessarily mean that these are the most material issues for the company for all stakeholders. For example, Intuit reports, as mentioned above, on resource consumption avoidance at customers. This does not feature as an area of focus for future goals, but I suspect it is a core material issue.



The report does not contain any information about governance or the way sustainability is managed at this company. The introductory message is written by the CFO and not the CEO. I wonder why? Was the CEO on vacation at the time this report was written? Or did the CEO opt out of Sustainability? Or does the CFO have a particular passion for the subject? Whatever the reason, I have an expectation that the most senior person in the organization will have ownership for sustainability (and reporting) and make a public comment in the Sustainability Report so that everyone is clear about where s/he stands. The CFO, of course, can always add more.

Overall Net Ice-Cream Cone Status: Two cones for Intuit. But that's ok. They can share them around.

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Comments

- JanMorgan March 21, 2012

You are funny and brilliant Elaine - this is a wonderful post that as usual tells it like it is in a memorable way. Thank-you! Jan

15 ways to say Sustainability Report Data Management

Saturday, March 17, 2012

How do you define "data" in the context of Sustainability Reporting? Here are 15 synonyms for Sustainability Report Data Management:

1. Headache
2. Migraine
3. Marathon
4. Boring
5. Painful
6. Tiresome

7. Impossible
8. Geez
9. Never
10. Endless
11. Struggle
12. Mismatch
13. Error
14. Exasperation
15. Depression

Get the picture? No-one, but no-one, has an easy time getting the data together for a Sustainability Report.

Arguably, the single most-underestimated challenge in writing Sustainability Reports is compiling the quantitative data and presenting it in a way which is transparent, clear, logical and understandable by a range of stakeholders. Reporting companies face many questions as they go through the reporting cycle:

- What quantitative data to include?
- What processes are used to collect the data?
- What's the cut-off point and how do you ensure that all data is aligned with that?
- How do you start to measure what is not already measured?
- Who should be responsible for the data collection?
- Is Excel good enough or do we need an IT platform?
- How do you select data-providers?
- Should it be cloud-based or server-based?
- How do we verify the data internally?
- Who signs off on all the numbers?
- Do we cover all global operations or only the big locations?
- What about assurance? Is it worth it? How to go about it?
- Who is really going to use our data? What to they really want?
- Where are the bottlenecks and how to manage them?
- What exactly is the CSR Data Management Lifecycle?

The GRI has recently announced that sustainability data will be much easier to find with the new XBRL Taxonomy. The GRI calls this "a major step forward in making sustainability data available to society." This is done through the use of software which tags data contained in Sustainability Reports for efficient retrieval. But, before you can tag it, you gotta catch it, right? If you don't do a good job of collecting and collating the data, even gold-plated taxonomy won't help.

Enter the **CSR Data Management Conference**. All about **"Strategies For Successful CSR Data Lifecycle Management"**. **April 19th. London**. One unique day dedicated to Data Management for improving sustainability performance and generating Sustainability Reports. Promises to provide answers.

Brings speakers from reporting companies and data-services vendors who can shed light on the entire process of getting the right data to the right place at the right time for your Sustainability Reporting process and presenting it in a meaningful way.

After the conference, you may be talking about Data Management in a different way. Just in case, here are 15 **alternative** synonyms for Sustainability Report Data Management:

1. Easy-peasy
2. Piece of Cake
3. No-brainer
4. Professional
5. Self-sustaining
6. Elementary
7. Painless

8. Accurate
9. Timely
10. Smart
11. Straightforward
12. Pushover
13. Efficient
14. Systematic
15. Ice-cream

I will be speaking at the conference. I always have a lot to say when it comes to Sustainability Reporting. You might have noticed.

See you there ?

PS: Quote "SPK" when registering for the conference to receive a 20% discount

PPS: To round off the day, starting at 6:00pm, one of my favorite annual events: The CorporateRegister.com annual CR Reporting Awards Gala Evening, announcing the results of the fifth annual CR Reporting Awards (CRRA) and presenting trophies to the winners of all the reporting categories. Watch this space for news of the winners! See 2011 winners here and 2010 winners here.

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7 material issues for the GRI to consider

Friday, March 09, 2012

Hot off the press is the GRI's latest Sustainability Report for 2010/2011 at Application Level A, covering the financial year 1 July 2010 to 30 June 2011. This time, the report contains a summary of prioritized material issues based on a stakeholder survey. This is the first GRI's own sustainability report to be based on the G3.1 Guidelines and the NGO Sector Supplement. The report is 33 pages long, supplemented by 26 pages of GRI Index and 14 pages of Annex, in which most of the quantitative data in response to performance indicators is reported.

Last year, the GRI GRI report was not terribly impressive and left big gaps in our understanding of the true impact of the GRI's performance in driving sustainability reporting. (See a post by Antonio Vives, Sustainability Guru, for a great summary of the issues). This year, efforts have been made to respond to the critics and take on board stakeholder feedback in three key ways: - An online stakeholder survey to which 159 stakeholders responded. - A review by a newly-established External Feedback Committee composed of five members selected by the GRI. - Inclusion of disclosures relating to the NGO Sector Supplement indicators relating to Program Effectiveness.

The online stakeholder survey yielded eight key aspects of GRI impacts that are most material - these are all specific GRI indicator heading such as "training and education" or "marketing communications". This still does not get to the real, meaningful, material issues, in my view. It seems like a list of indicators which 159 individuals consider to be more important than other indicators. Materiality should be about specific issues relevant

to specific stakeholder groups relative to a specific business - otherwise they remain generic and do not contribute to stakeholder understanding. Take a look at the way Vodafone presents materiality which I wrote about in a previous post.
As a GRI Organizational Stakeholder with a passion for Sustainability Reporting, I would consider several issues to be material:

The impact of sustainability reporting - how many companies report ?
The GRI, in 2010, announced a target: "By 2015, all large and medium-size companies in OECD countries and large emerging economies should be required to report on their Environmental, Social and Governance (ESG) performance and, if they do not do so, to explain why." After two years, and with three years to go, I would expect to read about the GRI's specific progress towards this target in the Sustainability Report. There is reference to much that GRI is doing in the framework of "Report or Explain" activities. There is reference to an increase in the number of large global companies which report (95% of the G250 in 2011 according to KPMG research versus 80% in 2008) and this can definitely be attributed, in part, to the good work of the GRI staff. The overall number of sustainability reports published appears to be increasing and has done so every year for over a decade. These are great achievements. And yet, reporting still remains below around 10% of the target companies globally. Is this really mainstream or is it just talking mainstream?

There is something to be said for increasing awareness of Sustainability Reporting and in this sense, the GRI has made a pivotal contribution. Collaboration with the Organisation for Economic Cooperation and Development (OECD), the United Nations Global Compact (UNGC), the United Nations Environment Programme (UNEP), and the International Standards Organisation (ISO) has indeed created awareness platforms for the GRI Framework, reaching many channels and geographies. No doubt this awareness, as well as the work that the GRI does with governments around the world, is getting the message, at least in part, through to the regulators. Nonetheless, how many OECD governments currently require ESG performance reporting? The GRI reports on its advocacy activities, but not on their impact.

The outcome of sustainability reporting - does it make a difference?
The vision of the GRI is "A sustainable global economy where organizations manage their environmental, social and governance impacts responsibly, and report transparently". This assumes that the sustainability reporting contributes to more sustainable practices. If, as I believe, sustainability reporting is a catalyst for sustainability performance, then we should be able to see the performance improvements in sustainability by corporation, by sector and by geography. While this is a hard nut to crack, I believe it's highly material. If all companies are doing is reporting their **un**sustainability, we haven't saved the world. We need companies to be performing more sustainably and reporting about that. While a measurement of reporting's contribution to sustainability doesn't really feature in the GRI lexicon of metrics at present, I feel that, sooner or later, Sustainability Reporting will have to become accountable. Right now, it's seen as a cost, a massive effort and a serious organizational burden by most. The ROI of reporting has not been clearly articulated and while we all know that it brings immense benefits, one day, someone will have to quantify those benefits in a way which we can all understand. It would be nice to see the GRI rise to this challenge.
The quality of sustainability reporting
GRI says that they do not police reports or reporting companies - rather, the role of the GRI is to provide the reporting framework and offer guidance and support for reporters. But surely, the term sustainability reporting, or GRI Framework, should offer an inherent

promise of minimum quality and accuracy? The reputation of the GRI and sustainability reporting is not well served when headlines such as Lies, Damn Lies and CSR do the rounds online, referring to research on thousands of Sustainability Reports which contain errors and misleading information. The purpose of Sustainability Reporting is not advanced when reports which are primarily "look how great we are" platforms destroy credibility. Sustainability Reporting kicks itself in the shins when all that is disclosed are "doing good" actions instead of impacts and outcomes. The number of truly high quality, comprehensive reports which give a "fair and balanced" representation of a company's sustainability performance are few and far between. I hate to dampen the positive buzz about sustainability reporting, and let there be no mistake that I believe Sustainability Reporting is **important** and that the GRI's role is **crucial**, but the quality, accuracy and scope of Sustainability Reporting needs to improve by several orders of magnitude. How can this not be material for the GRI? Does the lack of credibility in Sustainability Reporting not materially affect the GRI's ability to maintain its influential role?
Use of the Application Levels In the GRI's own report for 2010-2011, an A level report, 47 indicators are "not material" and 6 indicators are "not available" - 53 indicators for which there is no response. This is a 67% non-response rate for the highest level of "transparent reporting". Doesn't this seem odd? The GRI is probably correct in the fact that many indicators are indeed not material to its operations - after all, GRI is not a global manufacturing company employing hundreds of thousands of people in a high-impact industry - but it points to a problem in outlook and perception. If the most transparent level of reporting can get away with responding to only 33% of indicators, then either transparent needs a new definition or the Application Level framework is poorly constructed. This will surely be part of the new G4 considerations and I hope that the new-generation GRI Framework will address this issue in a thorough way. See my views about how to construct reporting in my post about whether sustainability reports actually report what people what to know or not. See also this post from AccountAbility which covers five misconceptions about GRI Reporting, the first relating to this very point about Application Levels.

The role of assurance Not much has changed since I referred to Assurance as the Wild West of Sustainability Reporting. I recently came across another article about the poor quality of Sustainability Report Assurance in 2011, based on research conducted by Carbon Smart. This research shows that "the level of sustainability assurance provided by FTSE 350 companies remains pitifully low. Just 79 of the 350 companies included some kind of assurance comment for their 2010 CSR reports, only 66 of which were independent assurance statements. Even where assurance is provided, many of the statements fail to meet minimum requirements that would render them accessible and useful to readers." Add to this the fact that reports parade as "assured" when only a very small proportion of the data has actually been verified or only a small part of a corporation's global data is actually disclosed. For Sustainability Reporting to be both more useful and more credible, assurance practices need to change. Surely this impacts the mission of the GRI in a material way?

The GRI relationships with financial services stakeholders
Two of GRI's five largest donors are financial services institutions (PWC and KMG). The USA Focal Point was established through the financing of the Big Four Accounting companies. Integrated Reporting efforts are primarily focused on investor needs. The GRI EFC has two out of five members from the financial services community. The weight of the financial services community on the development of the GRI cannot go unnoticed. But, as I have often said, sustainability should not only address financial stakeholders. If the purpose of sustainability (and reporting) is to help investors make more money, then I

think something has gone astray somewhere along this journey. I believe a material issue for the GRI has to be the maintenance of a broader perspective - an appeal to all stakeholders, including those who are looking for a better future, not necessarily defined as having more money in the bank. See my Heretical thoughts on Integrated Reporting.

The GRI's management of its operations in a social and environmentally responsible manner

This is the area to which the GRI has given the most detail in its report, as in previous years. I concur with the External Feedback Committee (EFC) which wrote: "The report could be improved by providing a consistent and clear link between the DMAs and the performance results and by including performance-related data in the main body of the report, rather than the Annex or Content Index sections." Dumping data into a report add-on is usually indicative of a lack of integration of performance into core operations and often a way to conveniently skip over delivering full accountability for results. However, the GRI does provide good narrative around the data, with clear explanations (except, perhaps, for the fact that the GRI Board of Directors is only 21% female, when the Secretariat is 70% female and total workforce is around 45% female).

Back, then, to the GRI's own GRI Report.

I support the GRI (as an Organizational Stakeholder) and believe that its value is far greater than the impression which readers of this report will take away. The GRI has made efforts to be more responsive this time around and has reflected a more rounded picture of the organization's activities and areas of impact. Attempts to include feedback are better than last time. My ability to write this post is facilitated by the GRI's commitment to transparent reporting. The GRI is still on its own reporting journey and this report shows progress.

In future, I would like to see the GRI take a less mechanical approach towards the use of the GRI Framework and see the GRI get beneath the skin of reporting to where real impact is created - in the hearts and minds of corporate leadership, in the daily practice of organizations, in the interplay between all stakeholders and in the engagement around the issues that bubble below the surface of sustainability reporting. In short, around the issues that companies do not (yet) report. I would like the GRI report to be an account of outcome as well as action, a story as well as a checklist, a delight as well as an obligation.

Anyone for ice-cream?

elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict.Author of CSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (Beyond Business, an inspired CSR consulting and Sustainability Reporting firm)

Editing Sustainability

Wednesday, March 07, 2012

How do you edit sustainability? What's relevant when you are the editor of a sustainability publication?

One person that confronts these questions every day is Tom Idle, a writer, journalist, editor and commentator in the field of corporate sustainability, climate change policy, environmental protection, clean energy and renewables, and corporate social responsibility. Currently, Tom is Editor of Sustainable Business, a climate change and sustainability magazine. I will be meeting up with Tom at the Smart Sustainability

Reporting Conference which I will be chairing on 15th May in London, so I asked Tom about what goes through his mind as editor.

Here are a few of the things that Tom told me: "I am constantly asking myself the question: What is a sustainable business? The answer is, of course, that a truly sustainable business does not yet exist. The challenge for me is sorting the wheat from the chaff. A growing number of companies are taking it incredibly seriously; shifting their business models to prepare for the new paradigm. Many others are making incremental changes, which ought to be applauded. It's important that the two sets of companies are not treated the same from an editorial point of view."

"We are living in interesting times. The challenges posed by the dire economic state of the West, potentially catastrophic climate change, a growing population, suspected peak oil, emerging economies, etc, etc. call for a revolution in the way in which we live, buy, sell and behave. To be writing about sustainability issues right here, right now, makes me feel alive. I am part of the debate and, hopefully, my magazine offers part of the solution. I happened upon this agenda by chance not long after graduating as a journalist. Now I'm here, I won't be leaving."

"I am keen to get away from the term 'corporate sustainability' and to talk more about smarter business. Adopting green practices and processes is sustainable. But it's also about being smart. A lot of this stuff is about doing business better. "

"I want everybody that books a place at the conference to have a good time. I want them to learn something new and to teach the person sitting next to them something new. This is not just a listening exercise - this is a chance to meet new people, learn new ways of doing things and to have fun. From the stage, I want to hear some great stories. That is what journalism is: storytelling. And stories, told well, make great editorial for the magazine."

"I want the Smart Sustainability Reporting Conference to rip up the rule book that has been built over the years, telling companies how they should put their annual CSR report together. I want businesses to question the objective of sustainability reporting and find smarter ways of doing it - with the 'how', 'why' and 'what' centre of mind."

Tom tends to skim-read many Sustainability Reports and uses them to grab the headlines on any company that he might be writing about. What does ripping up the rule book mean? What does he consider to be a "smart" report?

"For me, it's got to be about materiality. What's the point in companies spending lots of energy reporting on things that are of no interest to their stakeholders? Companies need to find value in the activity of sustainability reporting. It's not just about the final document and communication. It's about devising methods for extracting the key data that is vital to assessing the company's sustainability credentials and using that in creative, informative and interesting ways that will help drive value across the business and in the supply chain. I feel for reporters, though. It must be a tough job, especially if they are sitting in the midst of an unhelpful workforce that views them as merely a pain in the backside."

Yes, it's true. As a Sustainability Reporter, with broad contact within companies, often interviewing tens of managers for stories and chasing tens of others for data, the feeling of being a "pain in the backside" is not entirely foreign to me. Reporting is a tough job, and doing it well is even tougher. The focus on materiality is key and a fundamental assessment of material issues as the basis for Sustainability Reporting is certainly a smart start-point.

Editing sustainability, therefore, is giving critical voice to the material impacts for which companies are accountable, and their consequent outcomes. Using relevant and meaningful case studies to illustrate how all this happens is part of the editorial skill. Editing Sustainability and Sustainability Reporting, apparently, have a lot in common. Tom's insights led me to wonder if Sustainability Editors are just as much a pain in the backside as Sustainability Reporters? I didn't ask him that question.

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Dr Sustainability is back again again!

Tuesday, March 06, 2012

What an exciting event it is when Dr. Sustainability comes to town! Her last visit was a resounding success, and many sustainability practitioners, academics, consultants and worldwide opinion leaders can now be found quoting Dr. Sustainability's insights in keynotes, books, journal articles and PhD research papers. Dr. Sustainability enjoys having a positive impact and, once again, graced us with her presence and agreed to respond to more questions from CSR-Reporting Blog readers. Here are some of the questions you asked Dr. Sustainability, and her responses:

Dear Dr. Sustainability: How do I know when my company is sustainable? **Dear Clueless:** When investment analysts tell you so, of course.

Dear Dr. Sustainability: We did an employee engagement survey this year. It showed that most of our employees are not engaged. What should we do? **Dear Awful Employer:** Ask them to lie. It will look better in your Sustainability Report.

Dear Dr. Sustainability: I received feedback that our Sustainability Report was excellent this year. The feedback was from my mother. Is it ethical to post this to Facebook? **Dear Mommy's Boy:** Yes, of course. If you don't, your mother will.

Dear Dr. Sustainability: I hear talk that new regulation will raise the bar for all public and private sector companies to develop strategies to advance a low-carbon economy. Should I include our strategy in our Sustainability Report? **Dear Strategist:** Only if there is a GRI Indicator for that. Otherwise, wait for G4.

Dear Dr. Sustainability: I read somewhere that Sustainability Reports are full of data that people don't want to read. How do I know which data to include? **Dear Data-Based:** Ask your stakeholders what they don't want to know, and leave it out.

Dear Dr. Sustainability: Sustainability Reporting is driving me nuts. Every time I think I have a final draft, someone else in the company objects and we have to remove another section. The report is now reduced to 14 pages. I started with a draft of 132 pages. What should I do? **Dear Verbose:** Next time, start with a draft report of 5 pages, and then everyone will want to add sections. You will soon be back to 132 pages.

Dear Dr. Sustainability: How is it that you know so much about sustainability? **Dear Skeptic:** I have Google+.

Dear Dr. Sustainability: Where can I find cheaper paper to print my Sustainability Report? Everyone keeps telling me that our report isn't worth the paper it is printed on. I think that is because of the high price of FSC Certified 99% post and pre-consumer waste paper. What do you suggest? **Dear Paper-Waster:** I suggest you replace your Procurement Manager and negotiate a discount.

Dear Dr. Sustainability: I have been a Chief Sustainability Officer for some years now, but I am getting disillusioned because, despite the fact that we are acting to solve all the world's problems, the world keeps having problems. Should I resign or add more members to my team? **Dear Problem-Solver:** My advice is to think positive. Take the half-filled glass approach. **At least the world is now half-sustainable.**

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The P.R.I.C.E. of CSR

Monday, March 05, 2012

A few weeks back, I participated in a panel on the theme of CSR: The Way Forward at World CSR Day in India. The panel was headed up by one of the most prominent pro-CSR thought-leaders in India, Dr. Bhaskar Chatterjee, Director – General & CEO, Indian Institute of Corporate Affairs. Dr Chatterjee has a long and illustrious career, having held several positions of importance in the Indian government, and as Secretary in the Department of Public Enterprises (DPE), he led game-changing reform and change among Indian State Owned Enterprises laying special emphasis on Corporate Governance, revitalization of the MOU system, Human Resource Management, Sustainable Development and CSR.

The DPE released CSR Guidelines for Public Sector Enterprises and run workshops to assist companies in implementation, which includes an allocation of net profit of up to 5% for small companies and 2% for larger companies. Although CSR in this context refers to "CSR activities" which "may be planned *in parallel* to the business plan, looking at every possible opportunity to link and integrate business plans with the need based social and environmental concerns", rather than a more integrative model whereby CSR becomes the way of doing business, the heightened awareness and contribution to sustainability is important in this fast-growing economy and no doubt has a positive impact.

In the few minutes I had to present my own views on **CSR: The Way Forward**, I listed five key points: (you might call this **The P.R.I.C.E. of CSR** :-))

P is for Partnerships: The world's problems extend beyond the capabilities of any single company to solve. Supporting global or regional solutions to sustainability issues is important for businesses which wish to thrive for the long term. Partnership across sectors, and within industry sectors, offers a collective way forward which benefits companies and their stakeholders. The level of partnership activity is increasing - and this will continue.

R is for Reporting: Paul Scott, MD of CorporateRegister.com expects, after all the 2011 reports are logged, to see between 6,000 and 6,500 CSR/Sustainability Reports covering the year 2011 on a global basis. This doesn't include reports written in non-latin languages, of which there are also many (Chinese, Japanese reports etc), so, in reality, there are far more reports. Several countries are including sustainability disclosure in regulation (such as Denmark) and Stock Exchanges are starting to demand disclosure as a condition of listing (such as South Africa JEC). Reporting - business transparency - is here to stay and will become even more important as part of the way forward. While there numerous Indian companies now reporting on sustainability performance (watch out for the India Transparency Index 2012 - coming soon!), reporting as a way of life for Indian corporations will need to move into a higher gear.

I is for Integrate: CSR can no longer be a "project" based activity. It is no longer about philanthropy. CSR means creating sustainable business strategy in which CSR is embedded as part of the organizational culture and drives all activities. CSR is relating to the needs and aspirations of stakeholders and identifying business risks and opportunities in a holistic and fully integrated way. Indian business needs to make this shift as part of its way forward.

C is for Creating Shared Value: While the now ubitquitous notion of CSV is gaining ground - some say, too much ground, (see Dr Sustainability's opinion on CSV), because the concept is being diluted to mean almost anything that a corporation sells that people want to buy, CSV can offer win-win's for business and society. Kevin Moss of BT wrote an interesting piece about what CSV is and what it is not. However, CSV at its core is an outcome of integration of CSR principles into business strategy, and offers a positive prism through which to drive sustainable business practices. Take a look at the Nestle CSV case study website for practical examples.

E is (of course) for Employees: With employee engagement in sustainability having gone viral, and for good reason, corporations today must understand that CSR begins at home. Companies which invest in the compensation, safety, diversity and inclusion, wellbeing, development, environmental awareness and community involvement of their employees are winning the War for Talent, the War on Climate Change and the War for Long Term Sustainable Growth and Profit. As they win, we all benefit. CSR is not just about being good to employees; it's the development and systematic adoption of Human Resources policies and practices which lead to the transformation of corporate impacts ON employees to the sustainability impacts OF employees on all stakeholders. Read more about this at CSRforHR.com.

So that's **The P.R.I.C.E of CSR**. However, it's not a one-way road. A corporation that pays the P.R.I.C.E. of CSR delivers many dividends - and not only for the corporation. In fact, the P.R.I.C.E. of CSR has positive returns beyond standard investment ROI approaches. An article in Marketing Week quotes Marks and Spencer as having contributed an additional GBP 50 million to profit in 2010 as a result of Plan A, while Coca Cola made $100 million savings due to packaging reductions.

CSR: The Way Forward also includes attention to many other important aspects of doing business sustainably - such as good governance, the use of technology, especially in the race to a low-carbon economy, implications of regulation, investor demands, supply chain outsourcing, disaster and emergency relief and even the way CSR is managed in organizations. The fascinating presentations by my co-panelists and ensuing discussion highlighted many of these issues.

World CSR Day in Mumbai was a welcome opportunity to continue spreading the message. I get the feeling that with people like Dr. Baskhar Chatterjee, and Dr R.L. Bhatia, founder of World CSR Day, at the helm, India may just be finding The Way Forward.

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Transparency is an asset

Saturday, March 03, 2012

Transparency is an asset. That's what we believe here at Beyond Business and at the CSR-Reporting Blog. That's why, back in 2009, we developed the Transparency Index of leading publicly traded companies, analyzing the quality of sustainability transparency on their corporate websites. In 2009, 2010 and 2011, we analyzed the top 100 companies in our home market, Israel. However, the Transparency Index is a globally applicable index, which is equally valid for all companies in all sectors, providing complete comparability on what matters **equally as much** as what companies are doing to advance their own sustainability and that of the planet: **how effectively their corporate websites make this information available and accessible to their local and global stakeholders.** Therefore, in 2011, we formed a partnership with the Center for CSR Development in Ukraine, and, after updating the methodology to include some modifications reflecting our experience of performing the analyses over several years, we have started to analyze the leading companies in several additional countries around the globe. We are on our way to developing the first truly **Global Transparency Index.**
In 2011, we published The Transparency Index for the largest publicly traded companies in South Africa and in the UK. This year, 2012, after slightly modifying the methodology to reflect an improved balance of the Transparency Index four dimensions (reporting, content, navigation, accessibility), we have published a Transparency Index for the largest publicly traded companies in two countries: Denmark and the U.S.

In Denmark, Novo Nordisk takes the trophy with a leading 92% transparency, reflecting top level reporting on sustainability issues and great performance in the other three transparency dimensions on the Novo Nordisk website. A Twitter stream, with a clearly explained policy, video content and even sustainability games in business ethics, climate change and economics and health. Novo Nordisk is way ahead of the average transparency of the top 25 companies in Denmark which ranks at **57.3%**.

Here is how the top ten in Denmark looks:

Rank	Company	Percentage Transparency
1	Novo Nordisk	92
2	Danske Bank	83.5
3	Nordea	80
4	TDC	78
5	Novozymes	77
6	Maersk	71.5
7	Coloplast	66.5
8	Lundbeck	64.5
9	Carlsberg Group	64
10	Chr. Hansen Holding	63.5

The full report of the Transparency Index in Denmark can be downloaded here.

In the U.S. our findings are that companies are a little more transparent. **Average transparency for the top 25 in the U.S. is 69%** . Intel takes the trophy here with **91.5%** transparency, reflecting sustainability reporting, a highly informative sustainability website, video content, a great CSR at Intel blog , a report builder and an online feedback form.

Here is the top ten in the U.S.:

The Top Ten		
Score	Company	Rank
91.5	Intel	1
89	IBM	2
82	Johnson & Johnson	3
81	Pfizer	4
79.5	General Electric	5
76	AT&T	6
73.5	Coca-Cola	7
73	Microsoft	8
72	PepsiCo	9
71	Bank of America	10
71	Citigroup	10

The full Transparency Index Report for the U.S. can be downloaded here.

The full methodology is transparently (!) described in each report.

While it is true that transparency is only half the picture - it's an important half of the picture. Transparency does not substitute for good performance, but it is necessary as a tool to inform about performance. Transparency is a public statement of commitment to sustainability, encapsulating both a declaration and a promise, a demonstration of serious intent and most importantly, an invitation to stakeholders to read, review and react. As the world embraces digital formats and interactions, web-based sustainability transparency has an important place in the shaping of sustainability practices.

Watch this space for more countries to follow in the Global Transparency Index (and for news of the launch of our new GTI website) and for further analyses as the more countries are added to the mix.

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Comments

- BushraAzhar March 05, 2012

This is a great post and although I am still reading through the very transparent methodology, I just love the concept and the effort you guys have put into this. Now, If only we had something like this in Saudi Arabia!!

- elaine March 05, 2012

hi Bushra, thank you for reading and for your great comments. We will see if our partners at the Center for CSR Development in Ukraine will be able to develop a Transparency Index for the 25 largest companies in Saudi Arabia as part of our global TI roll-out :) Watch this space!
elaine

Is Sustainability Reporting off-target?

Friday, March 02, 2012

Sustainability information, research and survey-results overload is one of the greatest challenges of the sustainability profession! It seems that every day, another informative and insightful report plops into my inbox or miraculously appears in my Twitter Stream or Google Alert. Just scanning most reports is a full time job, so being selective is a key skill. One current report that I have selectively read end-to-end is worth reviewing. Here goes:
Finding Common Ground on the Metrics that Matter

This report, published by The Investor Responsibility Research Center Institute (IRRC), a not-for-profit organization established in 2006, working at the intersection of corporate responsibility and the informational needs of investors, and authored by Peter A. Soyka President, Soyka & Company, LLC and Mark E. Bateman President, Segue Point, LLC, describes three major findings, based on analysis of corporate data from the results of a recent "Green Metrics that Matter" survey conducted by the National Association for Environmental Management (NAEM), ESG researcher/investor data from company web sites and interviews with corporate execs and investment researchers.

The Metrics that Matter Report explores and documents the extent to which corporate environmental, social, and governance (ESG) information tracked and managed internally by companies is consistent with information sought by external parties, in particular, by ESG investors and the research companies that serve them.

In other words, are companies reporting what (investor) stakeholders want to know and are they doing it effectively? Great question. As Sustainability Reporting expands - CorporateRegister.com confirms 5,700 reports published in their database for 2010 and Mike Wallace of the GRI confirms roughly a 35 percent increase in GRI reporters in the U.S. from 2010 to 2011 - so the importance of the effectiveness of reporting becomes more acute. Add this to the fact that "virtually all publicly traded mid-cap to large-cap firms in the U.S. and in many other countries typically are included" in investment-focused analyses, and you can see that ESG disclosures are key to driving market impact.

The report covers five main aspects of this complex topic:
1: Background and context of reporting and investor requirements
2: Commonly used ESG metrics and why they are important
3: Analysis of metrics approach by leading rating frameworks
4: Commonalities and differences of ratings
5: Recommendations for the way forward
The major findings are:#1 : No agreement on number of ESG metrics required There is general agreement about the key corporate sustainability issues, but not necessarily on the specific form and number of metrics used to measure them. There is also a fundamental difference in the purpose(s) to be served by examining corporate ESG information between corporate executives and ESG researchers/investors. The IRRC report claims that there may be a "mismatch along several relevant dimensions between what ESG information companies claim they are developing and using and the information requested by external parties." **#2 : ESG is still about risk, not about value** Both ESG researchers / investors and corporate EHS managers and executives approach ESG issues from a risk mitigation perspective, not a value creation perspective. **#3 : More dialogue is need to improve disclosure effectiveness** Future improvements in corporate disclosure quality and in efficient and adroit collection and use of these data in investment analysis will require improved clarity and more effective and consistent communication between companies, researchers, and the consumers of information. **The crux of the metrics** The real issue of this report, however, addresses the mismatch between what investors want to analyze and what companies track and disclose in terms of ESG metrics, and why the mismatch exists. With typical companies tracking and disclosing on 37 ESG metrics, with some tracking more than 50, and sustainability performance being reported to C-level executives or Boards of Directors at numerous companies, as well as the rise in use of the GRI guidelines, one might be forgiven for thinking that alignment between investor interest and corporate disclosure would be more consistent. Surely, all the stakeholder engagement that the increasing number of

companies is now attesting to would lead to a common denominator of interests, right? Wrong. First, different investors look for different metrics. Second, dialogue is not really dialogue. Third, all that drives ESG tracking and disclosure is not wrapped up in $ bills. The Metrics that Matter Report shows that **accountability** and **decision-making** are the key drivers for the tracking of metrics within companies.

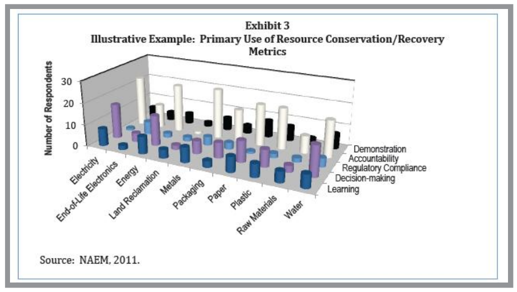

Table reproduced from the IRRC Report :
Finding Common Ground on the Metrics that Matter, February 2012
In other words, ESG data is used to help businesses manage themselves more sustainably for the long term. Isn't that great? It's not only about presenting ESG risks to investors. And here we circle back to my heretical thoughts on Integrated Reporting. Despite the fact that "ESG evaluation is all about assessing management quality, which raters believe is a key determinant of future financial outperformance", all that matters in sustainability metrics should not be investor driven. Happily, the way companies are using metrics seems to support this view. This being said, there is some correlation between demand and supply:

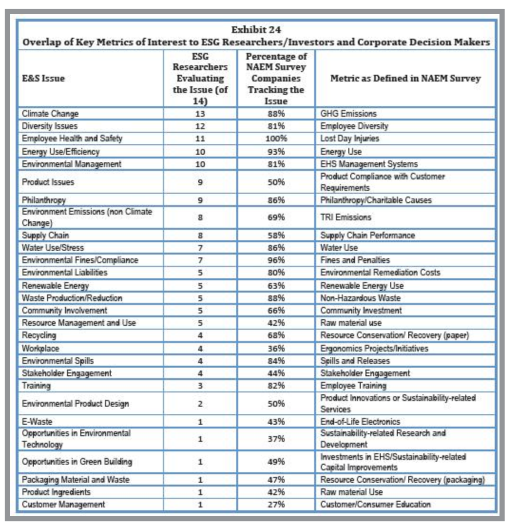

Exhibit 24
Overlap of Key Metrics of Interest to ESG Researchers/Investors and Corporate Decision Makers

E&S Issue	ESG Researchers Evaluating the Issue (of 14)	Percentage of NAEM Survey Companies Tracking the Issue	Metric as Defined in NAEM Survey
Climate Change	13	88%	GHG Emissions
Diversity Issues	12	81%	Employee Diversity
Employee Health and Safety	11	100%	Lost Day Injuries
Energy Use/Efficiency	10	93%	Energy Use
Environmental Management	10	81%	EHS Management Systems
Product Issues	9	50%	Product Compliance with Customer Requirements
Philanthropy	9	86%	Philanthropy/Charitable Causes
Environment Emissions (non Climate Change)	8	69%	TRI Emissions
Supply Chain	8	58%	Supply Chain Performance
Water Use/Stress	7	86%	Water Use
Environmental Fines/Compliance	7	96%	Fines and Penalties
Environmental Liabilities	5	80%	Environmental Remediation Costs
Renewable Energy	5	63%	Renewable Energy Use
Waste Production/Reduction	5	88%	Non-Hazardous Waste
Community Involvement	5	66%	Community Investment
Resource Management and Use	5	42%	Raw material use
Recycling	4	68%	Resource Conservation/ Recovery (paper)
Workplace	4	36%	Ergonomics Projects/Initiatives
Environmental Spills	4	84%	Spills and Releases
Stakeholder Engagement	4	44%	Stakeholder Engagement
Training	3	82%	Employee Training
Environmental Product Design	2	50%	Product Innovations or Sustainability-related Services
E-Waste	1	43%	End-of-Life Electronics
Opportunities in Environmental Technology	1	37%	Sustainability-related Research and Development
Opportunities in Green Building	1	49%	Investments in EHS/Sustainability-related Capital Improvements
Packaging Material and Waste	1	47%	Resource Conservation/ Recovery (packaging)
Product Ingredients	1	42%	Raw material Use
Customer Management	1	27%	Customer/Consumer Education

Table reproduced from the IRRC report - from the NAEM survey -
showing the level of analyst interest versus the number of companies that track related metrics
Most ESG researchers want disclosures on climate change, most companies provide them. Most analysts want information about diversity, most companies provide it. Most ESG researchers want health and safety data, everyone supplies it (influenced possibly, by regulation, not just voluntary disclosure). Going down the list, however, you can see the mismatch - mainly on the side of greater disclosure about things that most analysts do not (yet) consider all that important. However, the IRRC goes on to indicate that there are several other issues that ESG researchers look for which were not covered by the

NAEM survey for which disclosures by corporations are less common.
Of course, companies should not ignore investor demands, and no-one (I assume) would argue against the need for greater consistency, comparability, and even correlation to financial impacts of ESG data. However, a broader perspective needs to be retained when considering what companies should track in terms of metrics and what they should disclose. This should also be informed by a company-specific materiality analysis, something which is not always present in many Sustainability Reports.
The role of the GRI The Metrics that Matter Report maintains that "the GRI has been very helpful, but contains too many questions and imposes burdens on responding companies that may limit its uptake." The interviews conducted with various experts indicate that they generally support the concept of GRI, and believe that it has substantially improved the ESG research space. "But there was also widespread recognition that GRI may ask for too much and make it too difficult for companies to disclose important information...and..that companies that report based on the GRI guidelines put significant effort into generating these reports. One interviewee described the process as like the 'Bataan Death March [for companies] to do a report.' As a result, relatively small numbers of companies issue such reports compared to the universe of companies ESG researchers must evaluate." This is important insight, but, in my view, it is not the reporting process that presents the largest burden, but the data management processes within companies. It is not the GRI Framework that is preventing companies from reporting - after all, many companies manage to report without the GRI Framework.

I work on many Sustainability Reports for companies, and there is no doubt that the most challenging parts of the process are (1) gaining genuine stakeholder input (2) assessing material issues and (3) gathering sustainability performance data that is consistent, comprehensive and accurate. Turning this into a Sustainability Report is the easier part of the process. If investors want the data, companies need to do the work whether **or not** they produce a Sustainability Report which fully conforms to GRI Guidelines at whatever level. Let's not forget that the GRI Framework is extensive but not mandatory - data points which are not relevant for companies can be (and are) skipped. I have found that, for companies that are serious about sustainability, and are prepared to make the effort to put in place good data management systems for key metrics, GRI reporting is not a barrier but a beneficial tool.
The (sensible) recommendations made by the IRRC report include:#1 : More clarity (or at least, more transparency) is needed regarding the relationships between ESG management and performance improvements and corporate financial performance. **#2 : Additional research** is required to determine how closely disclosure reflects ESG management quality and performance. **#3 : Understand link to value creation** - gaps remain in our understanding of the linkages and research illuminates a number of key issues and questions that speak to corporate value creation through adroit management of ESG issues. **#4 : Greater dialogue and sharing of informationand perspectives** is essential for both sides to understand the other’s needs and constraints, and to forge communication mechanisms that are more effective and less burdensome.
My view is that in an ideal world, there would be 30 core indicators (agreed by the main body of ESG researchers, analysts, regulators, where relevant, and corporations), that are material to all companies in any sector that every company would disclose, on a regular basis, using the same methodology, for all global operations, in a way which makes a causative link between sustainability impacts and economic performance. This would achieve greater clarity, comparability and act as a basis for meaningful assessment of relative risk and opportunity. These indicators might even be the prime indicators for inclusion in Integrated Reports. Beyond the 30 core indicators, there may be another 50 - 100 sustainability performance metrics that are in the pickn'mix category,

with higher or lower material relevance to different companies in different sectors and geographies. Companies could choose if, and how, to disclose against these indicators, in line with their stakeholder interest. I wonder if the revision of the GRI Framework to G4 will move in this direction?
Finally, I stress that there is much more insight and valuable information in the Metrics that Matter Report, whatever side of the equation you are on, and it is well worth the investment of time to read it in full. It contains a wealth of perspective, it's intelligently written and addresses many questions which are at the core of sustainability reporting efforts. It will certainly be useful material at the Smart Sustainability Reporting Conference in May.

Of course, I did a PDF search for "ice cream" and found none in this Report. This post, then, is a testimony to my impartial and magnanimous nature. I recommend the report anyway!
elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me via www.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

45 reasons to attend the Smart Sustainabilty Reporting Conference

Wednesday, February 22, 2012

One-Day Conference15th May 2012, 76 Portland Place, Londonwww.sb-reporting.net
And here are the reasons to attend...

45: You can get a discount from the CSR-Reporting Blog. **email me** for discount code.
44: You don't have any other plans for the 15th of May, 2012.
43: You might learn something.
42: You might teach something.
41: You will hear great speakers.
40: You can heckle great speakers.
39: You get to give the Conference Chair a hard time (ahem, I can take it)
38: You will be able to ask sustainability reporting experts loads of questions.
37: You get to hear about the "most read sustainability report". Which is that? Oh, Marks and Spencer. Read it yet?
36: You will at long last understand everything there is to understand about Sustainability Reporting.
35: Attendance will count as 16 credit points in the CSR Reporting Blog Sustainability Reporting Study Program.
34: You can do lots of networking in the breaks. Or lots of breaking in the networks.

33: You get to hear how **ArcelorMittal** increases transparency and drives performance.
32: You will learn about strategic communication at the Royal Bank of Scotland.
31. You will be able to avoid the stress of real work for a full day.
30: You will be able to impress all your friends with acronyms such as the **IIRC,DEFRA,GRI** and more.
29: You will never think about your own Sustainability Report in the same way again.
28: You will hear me answer the question: Is Integrated Reporting really the **Holy Grail**? Hint: Err.
27: You will learn all about segmented data sets at the **BBC**.
26: You will be able to hear **John Elkington**, the guru of sustainability.
25: You will find out where integrated reporting is likely to go from **Paul Druckman** of the IIRC.
24: You will hear Paul Scott of **CorporateRegister.com** debating where companies should draw the line on transparency.
23: You will be able to do some shopping in London **after** the conference.
22: You will hear from **the most sustainable company in the world** about pioneering integrated reporting. Guessed who? Novo Nordisk.
21: You will learn how to account for indirect ecological impacts in a complex supply chain. From **Danisco**.
20: You will be able to do some shopping in London **before** the conference.
19: You will be able to impress the **Twitter CSR community** with live tweets from the conference.
18: You will be able to list 45 reasons you attended the conference.
17: You will be able to **slip out in the lunch break** and do some shopping in London.
16: You will be able to compare this conference with the next Smart Sustainability Reporting Conference.
15: You will be able to answer the question: Is Sustainability Reporting Smart?
14: You will be able to brief your in-house reporting team on all the ways they can improve your company's Sustainability Report.
13: You will be able to check out **76 Portland Place** as a conference venue.
12: You will be able to post a picture of yourself at the conference on your Facebook page.
11: This line is intentionally left blank.
10: This line is unintentionally left blank.
9: You will be able to make intelligent comments about Sustainability Reporting.
8: You will be able to hear about the role of sustainability reporting in building a green economy.
7: You will be able to hear how **Wyndham** created their first integrated report.
6: Dare I leave another line blank?
5: You will be able to enjoy the conference refreshments (hope they have ice cream).
4: You will meet lots of people interested in Sustainability Reporting. Doesn't that sound like fun?
3: You will enhance your reputation as a Sustainability Reporting Conference Go-er.
2: I will be able to meet you.
1: I want you to attend.

So, if that's not enough, here's a bonus reason for attending: you will not regret it.

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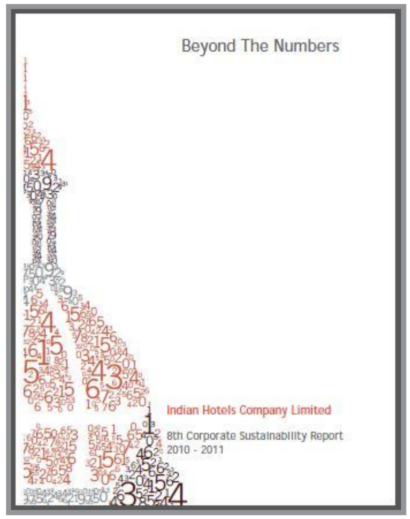
En route to the Taj

Saturday, February 11, 2012



In honor of my forthcoming trip to Mumbai in India this week for the **World HRD Congress**, where I will be presenting on one of my favorite subjects, **CSR for HR**, and attending the **World CSR Day** ceremonies as a panelist on the subject of **CSR- TheWay Forward**, chaired by **Dr Baskhar Chatterjee**, the Director General and CEO of the **Indian Institute of Corporate Affairs**, I thought I would take a look at the Sustainability Report of the Taj Hotels, as I will be staying at the **Taj Lands End.** (I have fond memories of staying at the Taj Mahal Palace several years ago, so I have high expectations!- the Taj Mahal, as you may recall, made headlines in 2008 as the site of a brutal terrorist attack in which 175 people lost their lives, and the staff was subsequently commended for outstanding service beyond the call of duty, protecting guests and remaining loyal to their employer. **Terror at the Taj** has even become an HBS case study. Following the terror attack, the India Hotels Company set up the Taj Public Service Welfare Trust to assist the families affected).
The Taj Hotel Group recently released its **eighth Sustainability Report**, entitled "Beyond the Numbers". Beyond The Numbers is a way of expressing, for the Indian Hotels Company, owner of the Taj Hotel and other hotel brands, that doing business with CSR at the core is what defines the company as an organization and shapes its journey in responsible tourism by influencing every life that it touches. The Indian Hotels Company is the largest hotel chain in South Asia, with a portfolio of 107 hotels and 12,795 rooms across 12 countries on 5 continents, selling almost 3 million room nights per year. The Company is owned by the **Tata Group**, one of the highly respected names in Indian industry.

The report is GRI Application Level A+, 88 pages long, with a clever design and a personal, inviting style. Each section begins with an anecdote or almost poetic story, such as how the turtle retreats to its shell for safety, as an introduction to the safety section, or the way workers spent hours fuelling a furnace or 12 hours bending over a conveyor in former times, as the backdrop to the section on how India Hotels is a great workplace, dating back to 1912 when the Tata Group introduced 8 hour shifts, the precursor to a productive work-life balance approach for employees.

This is a thorough report covering governance, compliance and risk management, with a discussion of key risks. The report does not contain a Materiality Matrix, but it does cover stakeholder engagement and offers a list of priority issues:

• Optimizing revenues
• Focusing on customer delight
• Ensuring safety
• Developing human capital
• Ensuring environmental excellence
• Creating sustainable livelihoods

The Indian Hotels Company places a strong focus on environmental protection and records energy, GHG emissions and water consumption per hotel room per night. It is interesting to note the gap between the luxury segment (with 202 kh CO2e emissions per night) and the lower-cost hotel options (18 kg CO2e emissions at the lower end). 23 hotels are ISO14001 certified. The group maintains a "War on Waste" with 16% of hotel organic waste being composted, and much of other types of waste are recycled. 3% of the Company's energy needs are met through renewable sources and 25% of water consumption is recycled water, with several hotels achieving zero water discharge.

Oddly, one thing I might have expected to read in this report does not gain air time: the whole question of human rights, child labor, human trafficking, prostitution and child sex exploitation. Just recently I caught a headline "**Sex racket out of star hotels in Tamil Nadu busted**", referring to arrests of pimps using local hotels to conduct their dealings. **An internet report** states that there are "estimated to be over 900,000 sex workers in India. 30% are believed to be children and that the number of children involved in prostitution is increasing at an estimated 8 to10% per annum. About 15% of the prostitutes in Mumbai, Delhi, Madras, Calcutta, Hyderabad and Bangalore are children and nearly half of them became commercial sex workers when they were minors. Conservative estimates state that around 300 000 children in India are suffering commercial sexual abuse."

One thing a responsible tourism player in India could do would be to become a signatory of **The Code.org** and establish a specific ethical code and policy regarding commercial exploitation of children, institute other measures to prevent such issues and report fully about the procedures in place. While the hotel and tourism industry may not be responsible for these issues, they certainly can be part of a solution which raises awareness, educates and ensures there is no degree of complicity in any of their activities.

In the meantime, I look forward to returning to India. It's been a while since I tasted Indian ice-cream :)

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10 ways to liberate the sustainability report

Wednesday, January 25, 2012

Yesterday saw the publication of the **SMI-Wizness Social Media Sustainability Index**, a must-read for anyone who wants to know who are the corporate movers and shakers of the social media cypermap and what they are doing and why. According to the report, authored by the social-media master Matthew Yeomans, "a new landscape of social media sustainability has emerged. Today, at least 250 major corporates are engaged in some form of social media sustainability comms and more than 100 have a blog, YouTube, Facebook or Twitter channel dedicated to talking about sustainability." The report ranks the social media practices of 100 top rated sustainable companies (selected from existing listings and green rankings) provided they have a blog, Facebook page, Twitter account or YouTube channel.. If you are serious about socmed, then at least one of these options is a must-have.

Companies today are using social media "to not just communicate their sustainability stance but also to involve the public in building a better world". The main ways in which they do this include hiring experienced filmmakers, writers and reporters to tell a complicated story well, crowdsourcing, crowdfunding, creating alliances with NGOs, charities and conservation watchdogs to support common goals and raise awareness, leveraging the public through campaigns and contests, and more. Twitter is the main platform used by corporates, followed by Facebook, YouTube and a Company blog. See the full report to see who does what best. But here's a hint. The top ten in social media.

The methodology of calculating the ranking for the 100 companies in the sample is based on a score of a maximum 100 points which include the following parameters:

• Useful communication: possible 20 points
• Commitment to community: possible 20 points
• Transparency (allowing comments and replying) - 10 points
• Communicating actions not beliefs - possible 10 points
• Social media shareable CR/Sustainability Report - possible 10 points
• Regular updates of social media communication - possible 10 points
• Creative storytelling - possible 20 points

GE came out as the overall best with a score of 93 points, retaining its first place from last year because of consistent leverage of social media channels to advance the **Ecomagination** and **Healthimagination** agendas, and also because of its "App". There are actually several companies who are using Apps to make their reports accessible to a wider audience, as **I mentioned in my CSRwire.com article earlier this month**. Apps will become commonplace for Sustainability Reports, I have no doubt. Pretty soon we will need an App to track the Sustainability Report Apps. VF corporation made it into 7th place with 84 points (from nowhere **last year**) , mainly because of its Timberland acquisition. The Top Ten SocMed Swingers' best practices are profiled in the report which makes for fascinating reading and offers inspiration for companies which haven't yet staked their claim.

One thing that was of particular interest to reporting geeks like me was Matthew Yeoman's analysis entitled "10 ways to liberate the sustainability report". This year, 36% of the 100 companies reviewed in the index have used social media to "liberate their reports from the dungeons of disinterest" (wow, a little harsh, maybe? Remind me to take a look in my local dungeon for the 64% which have apparently stayed there). Anyway, 36% is more more than double the number of companies which were reported to be dungeon-free **last year**. The ones who are picked out for commendation are:

- **GE** : for their iTunes App
- **Alstom** : with a shareable microsite
- **Timberland:** for use of social channels
- **SAP**: for an interactive materiality matrix
- **North Face**: for use of video
- **Alcatel Lucent:** for publishing their report on Scribd
- **Danisco**: for publishing on Slideshare
- **UPS** and **McDonald's:** for use of infographics
- **Ford:** for a sharable digital map

Finally, the report also lists the top 100 Sustainability Twitterers (among which I am proud to be counted) and I will now happily call myself a member of the Wizness Green Twitterati. 22 of the 100 are company twitter handles and 20 are NGO's. A good a #CSR #FF list as ever there was.

By now it is clear that Sustainability without Social Media is like Ice Cream without a Spoon. It's all in the delivery. The **SMI-Wizness Social Media Sustainability Index** will help you think about what companies are doing today to leverage their sustainability platforms through all the social media possibilities that are available. The author even offers a checklist to help companies get thinking about telling their social stories. The only thing that's missing is what flavor ice-cream the corporate bloggers prefer.

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Comments

- DavidDarmawan February 02, 2012

sustainability getting more support from social media and the corporate may used it to "brain wash" their audience. For sure the CSR commuity may create a netrics for that!

21 ways to make your Sustainability Report stand out from the crowd

Tuesday, January 17, 2012

Inspired by this post on Geenbiz.com entitled **"I published my CSR Report. Where's my media coverage?",** in which Elin Nosewski offers some tips about how to get noticed by reporters and bloggers - mainly focusing on the report content, I thought I would offer some tips of my own on how to make your Sustainability Report stand out from the crowd. Here they are:

1. Call it iReport 4s. Everyone will queue for one.
2. Write it in Latin or Ancient Greek. You will easily capture all the very very very old people who read Sustainability Reports.
3. Include pornographic pictures. Porno is the most viewed content on the internet. **Every second, 28,528 internet users are viewing pornography.**
4. Have your CEO present it to Financial Analysts and Investors over breakfast in a London Hotel. They won't understand but they will enjoy the croissants.
5. Have your VP for Human Resources write the introduction. Now, ***that's*** original. **That's how Lloyd's Bank did it in 2009.**
6. Have the CSR Reporting Blog mention it in **The Top Ten Reports** of the year. (No-one one has been able to afford this, yet, but you could be the first.)
7. Print your report on virgin paper, destroying 347 Amazon Forest trees, and send it using the postal service to thousands of stakeholders. **Greenpeace** will make such a campaign about this that no-one will fail to notice your report.
8. Win a CSR Reporting award. That's how **Vodafone** does it.
9. Gamify it. That's how **BT** does it.
10. Write it in Braille. **39 million blind people** will love you.
11. Turn it into multiple-choice test. It will be used in school syllabuses all around the world.
12. Offer an iPad to those who provide feedback. That's how **OneSteel** does it.
13. Offer a luxury weekend in Hawaii to all those who are prepared to use the weekend to read your report. Don't worry, only 4 people will respond. Your mom, your dad and your 2 kids.
14. Send out a Presss Release saying you have published a Sustainability Report. (OK, this is not a serious entry.)
15. Add disposal instructions on the back cover. Something like: Please dispose of this report in an environmentally responsible manner before you read it.
16. Fit it all into one webpage. This is how **AHA!** does it.
17. Use a sexy waitress to deliver it to male executives. See how **Heinz does it with Ketchup.**
18. Publish it on the web, then Digg it, Stumble Upon it, Slideshare it, Facebook it,

Google+ it and Tweet it. Again. Once more. And again.

19. Employ a blogger relations specialist and create a bloggers corner blog. This is how **SAP** does it.
20. Make it all in videos. This is how **Burt's Bees** does it.
21. Accidentally on-purpose, call it your Annual Report. The entire financial world will love it! And financial journalists will rush to scrutinize it.

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Responsible Marketing ? Heinz #Fail

Sunday, January 15, 2012

An interesting thing happened last week. I was in a client meeting and we were discussing sustainability strategy. At one point, the conversation turned to responsible marketing. We started to talk about examples of responsible marketing and I couldn't help but blurt out: "Have you seen the new Heinz Ketchup TV Ads?"

Before you could say "Heinz Ketchup Irresponsible Marketing", EVERYBODY around the table reacted in loud tones of indignation and disapproval. Their response was so immediate that it even took me aback. Most people don't get so enraged by inappropriate marketing, accepting it as an inevitable side-effect of branding and promotional activity.

The current Heinz Ketchup "Be Original" Ads showing in Israel are a far cry from the wholesome, clean, family, humorous and entertaining ads we have been used to from Heinz. In the ad below, two guys have the brainwave-like idea for a new TV Show - isolating a group of people in a house for a couple of months and evicting one, or two, of them every week - a reference to the Big Brother reality show - a totally depressing TV program that I personally would not want my brand associated with in any way or form. The guys are apparently suggesting something "original" - hence the tie-in with the campaign tag-line - "Be Original". However, Big Brother is not the issue. The issue is that these two guys, in mid-bite of their hot-dog, are suddenly entranced by a sexy blonde waitress in a red uniform, who mysteriously appears to bring them a bottle of Ketchup. See for yourself:

Heinz states in the Company's **Communication and Marketing Guidelines**, part of the Heinz' Global Code of Conduct, that "*Heinz has established guidelines for all of its units and affiliates worldwide related to the marketing of its products..........It is important that all of the Company's communications reflect Heinz's commitment to family-oriented values and its long-standing commitment to proper nutrition and consumer well-being. Heinz must convey these commitments through responsible advertising and messages which promote the healthful consumption of the Company's products."*

Is this the family-oriented values face of Heinz Ketchup?

Photo from grey.co.il

I personally think it's a big responsible marketing #FAIL for Heinz, showing disrespect to women, using inappropriate sexual connotations to promote a family food aired on prime time TV when kids of all ages are viewing. Is this really the only way to sell Ketchup? Perhaps it's time I changed brands.

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Ten examples of Carbon Footprint Reporting

Sunday, January 15, 2012

There are just 7 days to go until close of voting in the **CorporateRegister.com CRRA '12 fifth annual online reporting awards.** While you are finalizing your votes, please consider voting for my own **Sustainability Report - How a little consulting firm makes a big impact** - which is entered in four categories: Best Report, Best First Time Report, Best SME Report and Best Creativity in Communications. Additionally, you might also please consider reviewing and voting for the **Baran Group Report** - which I worked on - which is entered in two categories: Best Relevance and Materiality and Best Openness and Honesty.

If you want a recap of the awards this year and the reports entered, you could look at the three posts I have written about CRRA '12:

- **The CRRA Navigation Guide**
- **25 examples of creativity in Sustainability Reports**
- **18 examples of (not so) integrated Sustainability Reports**

Today, I thought I would see how companies are reporting on carbon, by reviewing the **Best Carbon Disclosure Category.** The Awards guidelines ask us to consider: ***Which report gives the best disclosure of the company's carbon emissions, the implications for climate change, and the mitigation measures taken? Check for policy, quantified data, targets.***

There are just 10 entries this time around in this category, three from the U.S., two from

Brazil and the UK, and one each from the Netherlands, Austria and Finland. Here they all are in alfa order:

Amcor Limited - global packaging manufacturer **Banco Bradesco SA** - bank **Banco Santander Brasil SA** - bank **Bank of America** - bank **British Sky Broadcasting Group plc** - TV entertainment **Coca-Cola Enterprises Inc** - beverages **Royal Dutch Shell** plc - energy **Tieto Corporation** - IT and product engineering services company **Vodafone Group plc** - telecoms **Wyndham Worldwide Corporation** - hotels and leisure

You might think it would be quite straightforward to report on Carbon Emissions. After all, it's one of the most measurable and trackable areas of sustainability performance.

The GRI Indicators covering carbon emissions are simply stated (all the reports in this category in CRRA '12 are written in accordance with the GRI Framework): **EN16:** Total direct and indirect greenhouse gas emissions by weight. **EN18:** Initiatives to reduce greenhouse gas emissions and reductions achieved.

Calculation of carbon emissions often uses the framework of the Greenhouse Gas Protocol which defines three scopes. The **GHG Protocol** further categorizes these direct and indirect emissions into three broad scopes:

Scope 1: All direct GHG emissions from sources that are owned or controlled by the reporting entity. **Scope 2:** Indirect GHG emissions from consumption of purchased electricity, heat or steam. **Scope 3:** Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. Transmission & Distribution losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

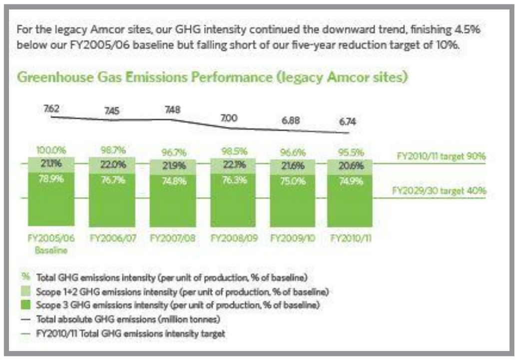
However, in addition to these indicators, each company can choose to disclose a host of information which puts the data into a certain context relative to the organization's overall impacts and performance, explains the sources of carbon emissions and actions taken to control carbon emission impacts. What we actually find is that companies tend to report in very different ways. Some more detailed, some less. Some clearer, some less. Some barely giving more than a single number, some offering long stories and explanations. Some also refer to their carbon impacts on third parties - indirect impacts - which are often greater than the directly generated impacts of doing their business. All in all, reporting on carbon is as diverse as the carbon performance of companies itself. Looking at the ten companies which entered their reports in this category, aspiring to be the Best Carbon Disclosure reporters, I found this to be true.

What would I expect the best carbon disclosure to include?

- Overall absolute emissions - the scope (Scope 1, Scope 2 and Scope 3) and their sources.
- The scope of the reporting - covering all operation or just a selection.
- Performance versus prior years and performance versus targets with explanations.
- The way carbon reductions have been achieved.
- How employees have been engaged in the carbon emission reduction efforts.
- How external stakeholders (customers/suppliers) have been engaged in carbon emission reduction efforts.
- Future plans/targets to reduce the emissions burden and the way these will be achieved.

What did I find ?

Overall absolute emissions - the scope (Scope 1, Scope 2 and Scope 3) and their sources.Amcor provides details of carbon intensity (per unit of production) by Scope over 6 years for Amcor "legacy" sites, representing Amcor prior to its Alcan Packaging acquisition.



Amcor also discloses the level of total absolute carbon emissions.
Banco Bradesco does not include details of carbon emissions in their 61 page report, but refers to the website, which is all in a foreign language - Portuguese ? with no English option. The emissions numbers - in toneladas - are stated as part of the GRI Index.

EN16. Total de emissões diretas e indiretas de gases causadores do efeito estufa, por peso		24.784 toneladas de CO2
EN17. Outras emissões indiretas relevantes de gases causadores do efeito estufa, por peso		135.012 toneladas de CO2

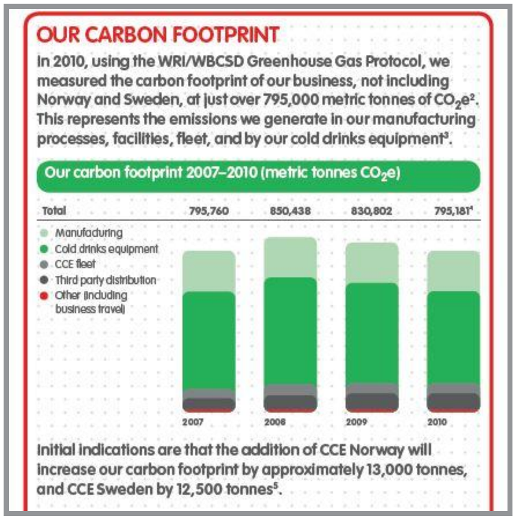
Banco Santander shows Scope 1, 2 and 3 emissions for the reporting year:

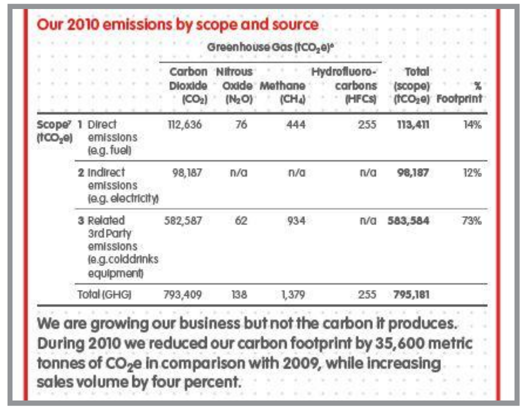
Greenhouse Gas Inventory EN16, EN17 AND EN29

CO_2 emissions (t) in 2010	Total
Scope 1 (refrigerating gases, generators and vehicle fleet)	5,542
Scope 2 (purchase of electrical energy)	14,021
Scope 3 (aircraft trips, third party organic waste, battery collection points, third party electrical energy consumption and transportation of goods and freight)	82,283

The Bank also confirms that emissions ***per employee*** dropped 76% between 2005 and 2010.
Bank of America details Scope 1, 2 and 3 emissions for 2010 and prior year 2009, by source, including details of Renewable Energy Credits.
British Sky Broadcasting provides details data for Scope 1, 2 and 3 emissions since 2008 baseline tracking. Data is shown for absolute emissions and per GBP million turnover. Even the Sky News Helicopter is detailed as generating 183 tons of (Scope 3) carbon emissions in 2010/2011.

Coca Cola Enterprises reports in detail against all three Scope emissions, explaining methodology, sources, and even an estimation of the likely effect of new additional territories:



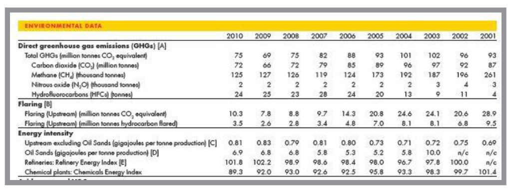


Our 2010 emissions by scope and source

		Greenhouse Gas (tCO2e)					
		Carbon Dioxide (CO2)	Nitrous Oxide (N2O)	Methane (CH4)	Hydrofluoro-carbons (HFCs)	Total (scope) (tCO2e)	% Footprint
Scope (tCO2e)	1 Direct emissions (e.g. fuel)	112,636	76	444	255	**113,411**	14%
	2 Indirect emissions (e.g. electricity)	98,187	n/a	n/a	n/a	**98,187**	12%
	3 Related 3rd Party emissions (e.g. colddrinks equipment)	582,587	62	934	n/a	**583,584**	73%
	Total (GHG)	793,409	138	1,379	255	**795,181**	

We are growing our business but not the carbon it produces. During 2010 we reduced our carbon footprint by 35,600 metric tonnes of CO_2e in comparison with 2009, while increasing sales volume by four percent.

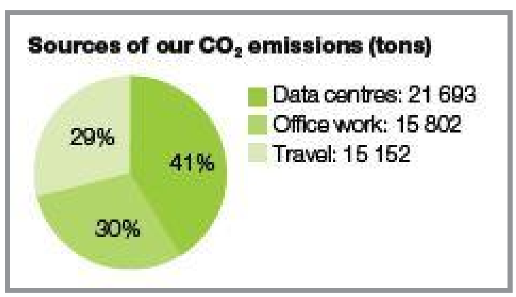
Royal Dutch Shell provides 10 years of carbon emission data in a concentrated data table separate from the report narrative. The narrative states that higher emissions were due to higher production, especially in Nigeria because of an improved security situation. Shell makes a distinction in the report narrative between Scope 1 and 2 emissions (also splits emissions between production operations and flaring). It is not clear whether Scope 3 emissions are included.



ENVIRONMENTAL DATA

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Direct greenhouse gas emissions (GHGs) [A]										
Total GHGs (million tonnes CO_2 equivalent)	75	69	75	82	88	93	101	102	96	93
Carbon dioxide (CO_2) (million tonnes)	72	66	72	79	85	89	96	97	92	87
Methane (CH_4) (thousand tonnes)	125	127	126	119	124	173	192	187	196	261
Nitrous oxide (N_2O) (thousand tonnes)	2	2	2	2	2	2	2	3	4	3
Hydrofluorocarbons (HFCs) (tonnes)	24	25	23	28	24	20	13	9	11	4
Flaring [B]										
Flaring (Upstream) (million tonnes CO_2 equivalent)	10.3	7.8	8.8	9.7	14.3	20.8	24.6	24.1	20.6	28.9
Flaring (Upstream) (million tonnes hydrocarbon flared)	3.5	2.6	2.8	3.4	4.8	7.0	8.1	8.1	6.8	9.5
Energy intensity										
Upstream excluding Oil Sands (gigajoules per tonne production) [C]	0.81	0.83	0.79	0.81	0.80	0.73	0.71	0.72	0.75	0.69
Oil Sands (gigajoules per tonne production) [D]	6.9	6.8	6.8	5.8	5.3	5.2	5.8	10.0	n/c	n/c
Refineries: Refinery Energy Index [E]	101.8	102.2	98.9	98.6	98.4	98.0	96.7	97.8	100.0	n/c
Chemical plants: Chemicals Energy Index	89.3	92.0	93.0	92.6	92.5	95.8	93.3	98.3	99.7	101.4

Tieto explains the sources of carbon emissions, mainly generated through data center consumption plus employee work and travel.



Tieto provides details for all Scope 1, 2 and 3 for the year 2010.

Energy consumption and emissions of greenhouse gases, 2010

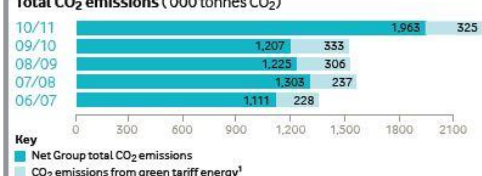
1 Litre = 0.2642 US Gallons
1 MWh = 3.6 GJ

Emission class	Description/sources	Unit	Value	Per person
EN 16 direct and indirect GHG emissions				
Diesel	Back up in data centres	tCO_2	93	<0.005
Electricity	Officies and data centres	tCO_2	28 870	1.55
Heating	Officies	tCO_2	6 119	0.33
Cooling	Data centres	tCO_2	2 413	0.13
GHG protocol scopes 1 & 2 total		tCO_2	**37 495**	**2.02**
EN 17 other indirect GHG emissions				
Taxi	Business travel	tCO_2	1 076	0.06
Flights	Business travel	tCO_2	11 588	0.62
Own cars	Business travel	tCO_2	2 488	0.13
GHG protocol scope 3 total		tCO_2	**15 151**	**0.82**
EN3 direct energy consumption				
Diesel	Back up for data centres	litres	352 687	18.98
Total		**litres**	**352 687**	**18.98**
EN4 indirect energy consumption				
Electricity	Officies and data centres	kWh	141 337 369	7 606.14
Cooling	Officies	kWh	6 633 519	356.99
Heating	Data centres	kWh	32 149 293	1 730.13
Total		**kWh**	**180 120 181**	**9 693.26**
Total CO_2 emissons 2010		tCO_2	**52 646**	**2.83**

Between 2009 and 2010, Tieto has increased the scope of its reporting from 7 offices in Sweden and Finland to 58 offices - a significant achievement- but rendering an absolute comparison with prior year data not relevant. As you might imagine, total CO2 emissions increased significantly with increased business activity. However, while Scope 1 and 2 emissions ***per person*** decreased in 2010 vs 2009, Scope 3 emissions ***per person*** increased from 0.7 tons to 0.82 tons in 2010, this, despite a stated decrease in travel expenses per person by 3% (Scope 3 emissions, as can be seen, is primarily business travel). This is not explained.

Vodafone reports absolute emissions in the printed report, supplemented by significant detail on the **Vodafone Sustainability Report website.**

Total CO_2 emissions ('000 tonnes CO_2)



1 Green energy purchased from the grid is rated as Zero emissions in the reported total, but we also report emissions separately at the prevailing national rate due to the external uncertainty about carbon accounting for green tariff energy.

Wyndham Worldwide Corporation reports total Scope 1 and Scope 2 carbon emissions and sources.

The scope of the reporting - covering all operations or just a selection.Amcor's reporting covers all manufacturing sites. **Banco Bradesco's** report covers all the Bank's operations. **Banco Santander's** report covers all the Bank's operations. **Bank of America's** report covers the entire activities of the Bank. **British Sky Broadcasting** covers all sites except joint ventures and is annualized data based on 11 months operations. **Coca Cola Enterprises** reports on all the business with some omissions for newly acquired territories in 2010/2011.**Royal Dutch Shell** reports on all operations. **Tieto's** carbon reporting covers between 73% and 90% of employees (18,000 employees). **Vodafone's** report includes all operations with the exception of joint ventures. **Wyndham Worldwide Corporation** reports on all facilities over which the company has direct control.

Performance versus prior years and performance versus targets with explanations.

Amcor reports a 2.4% carbon emission reduction in intensity (per unit of production) over 5 years for Scope 1 and 2 but did not meet the 10% 5-year target. No explanation for falling short of targets is provided.

Banco Bradesco does not refer to prior year performance or express any carbon targets.

Banco Santander does not disclose targets and does not explain performance versus prior years beyond a passing reference.

Bank of America shows a big increase in Scope 3 emissions. However, 2010 data now includes all forms of business travel, not just air travel which was the only element reported in the 2009 report - a good example of how reporting scope improves from year to year. BoA also reports emissions from waste disposal and negative emissions from recycling and composting (232,171 tons).

British Sky Broadcasting clearly shows performance against targets over two reporting periods.

Performance against environment targets

	Target	09/10 performance[11]	10/11 performance[11]
25% reduction in gross CO_2e emissions[1]	-25%	-7%	-19%
20% increase in energy efficiency[2]	20%	10%	25%
Sky owned sites to obtain 20% of their energy requirements from the use of on-site renewable energy[3]	20%	In progress	In progress
25% reduction in CO_2e emissions per van in our fleet[4]	-25%	3%	14%
20% reduction in CO_2e emissions per FTE from employee business travel[5]	-20%	-5%	-8%
Divert 90% of waste from landfill[6]	90%	64%	80%
Reuse or recycle 70% of waste[7]	70%	63%	66%
Ensure that water consumption remains +/- $1m^3$ from $10m^3$/FTE[8]	$9\text{-}11m^3$	$8m^3$	$9m^3$
Cut the total energy consumption of Sky+HD boxes by 30%[9]	30%	29%	29%
Engage with 50 of our most carbon intensive suppliers[10]	50	50 of our most carbon intensive suppliers identified	50 engaged 58% agreed to submit data by August 2011

Coca Cola Enterprises provides data for prior years, showing improvements in absolute performance while increasing sales.

Royal Dutch Shell makes general comments about performance relating to manufacturing efficiency.

Tieto Corporation of Sweden makes no secret of their carbon vision - though it is not clear by when this is scheduled to be achieved.

Vision: **100% CO_2 neutral**

Vodafone provides good, clear detail relating to performance versus objectives:

Tackling our carbon footprint

Ongoing · Achieved · Partial · Not achieved

Objective	Our performance in 2010/11	
Reduce CO_2 emissions by 50% against the 2006/07 baseline by March 2020 for mature markets[1]	CO_2 emissions in mature markets have decreased by 9% from the 2006/07 baseline. This remains the same as last year.	Ongoing
Trial a new carbon offset programme by March 2011	We commissioned ClimateCare to offset air travel emissions from UK-based Group employees, through projects that meet recognised verification standards.	Achieved
Set a new CO_2 intensity target for emerging markets[2] during 2010/11	We have set a target to reduce CO_2 per network node[3] in our emerging markets by 20% from the 2010/11 baseline by March 2015.	Achieved
Develop joint CO_2 reduction strategies with suppliers accounting for 50% of procurement spend by March 2012	We are working on joint CO_2 reduction projects with 12 suppliers, representing over 22% of relevant[4] procurement spend, including supplier commitments to improve the energy efficiency of new network equipment to help reduce our carbon footprint. We are identifying other suppliers to work with on similar projects. Our latest supplier scorecard encourages and rewards suppliers that work with us on this (see page 18).	Ongoing

1 Mature markets as defined by obligations under Kyoto Protocol: Czech Republic, Germany, Greece, Hungary, Ireland, Italy, the Netherlands, New Zealand, Portugal, Romania, Spain and the UK.
2 Emerging markets as defined by obligations under Kyoto Protocol: Albania, Egypt, Ghana, Vodafone Essar in India, Malta, Qatar, South Africa and Turkey.
3 A single base station site may contain more than one node for each type of network served (eg 2G, 3G or LTE).
4 Relevant spend excludes items such as taxes, interconnections and accruals.

Wyndham Worldwide Corporation does not provide details of past performance (this is a first Sustainability Report).

The way carbon reductions have been achieved.

Amcor refers to "a range of procedural and technical improvements" including lighting replacement, improving boiler efficiencies, insulating steam pipes and replacing inefficient heating with infrared space heating.

Banco Bradesco offers no information. In fact, it is not clear whether there have been any carbon reductions.

Banco Santander advances construction or maintenance of branches to reduce the use of natural resources and raw materials that contribute to the Bank´s direct and indirect GHG emissions. It also compensates its emissions through the Projeto Floresta Real. 2010 emissions will be offset by March 2011 by planting 60,000 native forest trees in degraded areas with low Human Development Index (HDI) levels.

Bank of America achieved a 7.5% reduction in Scope 1 and 2 emissions in 2010 by improving energy efficiency in its retail banking centers, office buildings, and data centers and optimizing real estate portfolio to make the most efficient use of space. The Bank also discloses that there was a reduction in the GHG intensity of the U.S. electricity grid, which also contributed to their improved performance.

British Sky Broadcasting refers to building efficiency improvements including lighting, increased air sensors and air conditioning chiller units. Energy at UK Sites is purchased at renewable tariffs. The British Sky report also includes a page entitled "30 things we have done to reduce our environmental impact", many of which relate to energy consumption and carbon emissions.

Coca Cola Enterprises provides data for prior years and detailed explanations of what carbon emissions are generated where and what actions have been taken through energy-efficient technologies in manufacturing (compressed air, lighting and heating), renewable energy use, transportation efficiencies and cooling equipment for soft drinks (which are 62% of Coca Cola's core business emissions) and vending machines. Also, plant production lines are equipped with energy meters which show energy consumption performance in real-time and can be used to make adjustments which affect resulting carbon emissions.

Royal Dutch Shell does not give details about specific actions taken to reduce carbon emissions.

Tieto's main advance has been the opening of "one of the most environmentally efficient" data centers in Sweden, called "Tieto Cave", with 20 meter rock solid walls. Wow. Sounds like a good setting for Mission Impossible 6. I can just see Tom Cruise tunneling through that. When fully utilized, the data center will supply 1,000 homes with heat and warm water.

Vodafone discloses great detail about the way carbon efficiencies have been achieved including using fresh air to cool equipment instead of air conditioning, increasing temperature at which base stations can operate, thereby reducing cooling requirements, remote shutdown of base stations, installing more energy efficient base stations, reducing number of computer servers, using alternative energy (solar and wind) for part of the operations and reducing operating time of generators through technology improvements.

Wyndham Worldwide Corporation provides a long list of carbon-reducing activities relating to lighting, heating, Energy Star appliances and the company purchases 100% of its energy usage from wind power at the corporate HQ.

How employees have been engaged in the carbon emission reduction efforts.

Amcor does not refer to employee engagement in carbon emission reductions. Amcor refers only to an EMS, using ISO18000.

Banco Bradesco offers no information.

Banco Santander lays on 85 free daily chartered buses between subway stations and the organization's administrative buildings. The service is used by 1,662 employees. Santander also provides bicycle parks and changing rooms with showers, towels and

shampoo.
Bank of America engages "thousands" of employees in environmental issues through workshops and other activities. Employees saved 2,268 tons of carbon savings and 350 employees became Environment Ambassadors. Bank of America also offers a subsidy to employees to purchase hybrid electric (and now also, compressed natural gas) vehicles - over 3,700 employees have bought hybrids since 2007. This is important as Scope 3 emissions, which are mainly employee commuting and business travel, increased in 2010. Business travel emissions increased by over 150%.
British Sky Broadcasting ran a second Flight Challenge for employees focusing on minimising flights between Scotland and London by raising awareness of alternatives.
Coca Cola Enterprises does not specifically refer to employee engagement in environmental performance though there is one short employee story.
Royal Dutch Shell does not mention employees.
Tieto does not specifically refer to employee engagement in Green activities, though much of the company's carbon performance will be affected by reducing business travel which clearly requires employees to collaborate.
Vodafone does not specifically refer to employees in relation to carbon emission activities.
Wyndham Worldwide Corporation runs a Wyndham Green Council with representatives from across the Company, including over 200 associates from cross-functional departments in each business unit in over 20 countries. Innovations, experiences, and best practices are regularly shared across the Company and published annually in a Global Best Practices document.

In addition, Wyndham offers Sustainability 101 training in 10 languages, and has already trained 35% of the company's employees. This is supplemented by educational efforts reaching 76% of the workforce on Earth Day and around other events. Wyndham also has a Green Kids program, designed to teach children about sustainability and the best of all, a **Caught Green Handed program**, to recognize positive environmental performance of employees.

How external stakeholders (customers/suppliers) have been engaged in carbon emission reduction efforts.

Amcor does not disclose information on how Amcor engages with customers or suppliers with regard to carbon reduction efforts, except in the area of future targets.
Banco Bradesco is a signatory to the Equator Principles and reports on how they apply environmental thinking to credit decisions. The bank offers four environmentally positive investment funds. However, aspects related to carbon disclosure are not specifically discussed.
Banco Santander participates in the Sectoral Forum for the Management of GHG Emissions – Engagement of Suppliers. The objective is to persuade suppliers to adopt a systematic inventory process, establishing activities for mitigating and offsetting emissions.

Through its core business, the **Bank of America** is committed to advancing a low-carbon economy and has generated low-carbon business worth $11.6 billion between 2007 and 2010 including more than $1.9 billion in "green" commercial real estate debt and equity transactions, $1 billion in debt and equity for green affordable housing in 23 states, $476 million in financing for energy efficiency upgrades and retrofitting for K–12 schools, colleges and universities and acted as underwriter on four IPOs, raising $3.7 billion in capital for renewable energy, clean technology and energy efficiency companies. Bank of America also held a supplier conference, encouraging disclosure to the Carbon Disclosure Project - 75 of the Bank's largest suppliers responded to the CDP.

British Sky Broadcasting asked 50 most carbon intensive suppliers to measure their carbon footprint and further reduce emissions using the Carbon Disclosure Project reporting framework. 25 agreed to participate so far. Through the Sky Rainforest Rescue campaign, in partnership with WWF, British Sky involves customers in a campaign to help save one billion trees in the Amazon rainforest.

Coca Cola Enterprises does not specifically refer to customers though the section on sustainable packaging and carbon footprint throughout the lifecycle of Coca Cola products involves consumers and requires their participation in responsible environmental behavior such as recycling.

Royal Dutch Shell describes in detail what the company is doing to develop produce cleaner energy and advanced biofuels and lubricants developed to help customers use less energy.

Tieto confirms that their core business offering, data centers and IT solutions, can help customers reduce their carbon footprints.

Vodafone reports on offerings of low-carbon solutions including smart metering for customers. "Combined with innovative technology from our partners – such as Isotrak's Active Transport Management System or AMS' smart metering solutions – more than 5 million Vodafone M2M connections are providing access to data that help businesses improve efficiency and cut costs. We believe that at least 4 million of these connections also help to reduce energy use and related carbon emissions."

Wyndham Worldwide Corporation operates a vacation ownership program with certification programs reaching over 800,000 timeshare owners, focusing on reduction of energy, water and waste. At Wyndham Hotel Group, the Green Franchisee Hotel Advisory Board was formed in 2010 in which 12 cross-brand hotel owners and general managers showcased and shared green practices to advance sustainability in the hotel group portfolio. Also, Wyndham has a Green Supplier initiative to partner with suppliers and vendors who have a similar commitment to protecting the environment.

Future plans/targets to reduce the emissions burden and the way these will be achieved.

Amcor announces a new target of an additional 10% reduction in carbon intensity by FY 2015/2016. This will be achieved through engaging suppliers, working with customers to make packaging more environmentally friendly and continuing internal efficiency drives.

Banco Bradesco established an Eco-efficiency Working Group which developed a Master Plan that aims to establish an environmental management structure in line with the Bank's activities, including actions to be developed over the next five years. What this space, as they say.

Banco Santander is not explicit about future plans to achieve carbon reductions.

Bank of America has declared a goal to reduce carbon emissions by 15% in the next 5 years. They will do this by increasing LEED certified space to 20% by end 2015 and will offer monetary rewards and career advancement for employees who contribute to achieving environmental goals.

British Sky Broadcasting includes a narrative relating to next steps, in which the company

will continue to do what it has already been doing in terms of carbon management.
Coca Cola Enterprises: "We are reviewing our carbon reduction goal in 2011, looking at our carbon impacts beyond our immediate operations and the demands of our stakeholders and policy makers." Watch this space, too.
Royal Dutch Shell does not specify future targets.
Tieto explains how the company will work towards carbon neutrality: reduced business travel, lower data-center energy consumption, lower office energy consumption etc.
Vodafone offers a detailed program for future carbon emissions reduction, the only reporter in this category to do so at this level of detail:

Next steps

Reduce CO_2 emissions by 50% against the 2006/07 baseline by March 2020 for mature markets

Reduce CO_2 per network node by 20% against a 2010/11 baseline by March 2015 for emerging markets

Engage with stakeholders to gauge their reaction to our carbon offset pilot by March 2012

Develop joint CO_2 reduction strategies with suppliers accounting for 50% of procurement spend by March 2012

Pilot base stations that provide power to communities as well as our network by March 2012

Wyndham Worldwide Corporation also give some specific through not quantifiable targets, indicating positive intention.

OVERARCHING OBJECTIVES	GOALS
Quantify Wyndham's global environmental footprint for owned, managed, and leased properties.	Gather accurate and complete information for global footprint.
Establish a baseline that can be improved over time to generate cost savings and environmental leadership.	Report a robust carbon footprint that encompasses Scope 1 & 2.
Set a Corporate sustainability performance target	Reduce CO_2e by 20% by 2020 with interim goal of 12% by 2016 by energy per square foot using 2010 as a baseline.

So, any conclusions about which report **YOU** will **VOTE** for in this category? (if you got this far, **CONGRATULATIONS**!!!)
My votes go to Vodafone, Coca Cola Enterprises, Wyndham and British Sky. I especially like Wyndham's employee practices.
So remember, carbon is carbon is carbon but reporting is not reporting is not reporting is not reporting. **Help the best reporters gain recognition and raise the bar through yourVOTES >>>;.**

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A Sustainability Reporting Quiz for 2012

Tuesday, January 03, 2012

This is a quiz to test your knowledge about Sustainability Reporting. Answers at bottom of page.

How can you tell a real Sustainability Report from a fake Sustainability Report?

1. Check to see if it was written by Jackie Collins. If Jackie Collins is the CSO, it's real.
2. Read the first page. If you want to continue to the second page, it's fake.
3. Check to see if it contains the words "This is a real Sustainability Report". If yes, it's real.
4. Subscribe to the CSR Reporting Blog - if the CSR Reporting Blog says it's real, it's real.

What's the ideal number of pages for a Sustainability Report?

1. 20 pages: 1 page introduction, 15 pages of brand info, 4 pages of GRI Index.
2. 150 pages: 10 pages introduction, 100 page of brand info, 40 pages of GRI Index.
3. Depends on whether each page contains content.
4. 365 pages. One for each day of the year.

What value does assurance add to a Sustainability Report?

1. People instantly believe everything that's written.
2. Accounting firms earn tons of money.
3. It stops people actually reading the report while they are trying to figure out what the assurance statement actually means.
4. It's a great excuse for not taking responsibility for errors and omissions.

Where is the best place to display your Sustainability Report?

1. Next to the medicine cabinet (stocked with Advil).
2. In the dentist's waiting room (it will make toothache seem like heaven).
3. On your bookshelf along with great classics like Alice in Wonderland. There are similarities.
4. Next to the rest of your company's marketing brochures.

Should you report using the GRI Framework?

1. Yes. Why stand out from the crowd?
2. Yes. The GRI stats need a boost.
3. Yes. People will think your report is impressive even before they read it.
4. No. Why make it easy for stakeholders to navigate the report?

Which Sustainability Reports start with the words "Sustainability is in our DNA"?

1. All of them. It means **D**efinitely **N**ot **A**ccountable.
2. All the ones written by PR companies.
3. All the ones who know what DNA stands for.
4. All the ones who have imposed genetic testing on all employees as part of their Sustainability Strategy.

What's the best way to write a Sustainability Report?

1. Plagiarize. **Only Crane and Matten will notice.**
2. Use a pencil. Easier for erasing all the stuff the lawyers tell you to take out.
3. Copy-paste from last year. But don't forget to change the dates and add new photos.
4. Hire the best Sustainability Report writer available. Hint. Me.

How much money should you invest in producing your Sustainability Report?

1. $100,000 to produce it. $100,000 to pay people not to read it.
2. Check the ROI. How much additional sales revenue do you expect to generate as a result of people reading your Sustainability Report?

3. More than last year. Even Sustainability Reporting is subject to inflation.
4. Less. Find a fabulous Sustainability Reporter who will give you a very reasonable price. Hint. Me.

Is an Integrated Report better than a separate Sustainability Report?

1. Yes. It will make you instantly popular in global financial and investment circles.
2. No. Sustainability information will be overshadowed by financials. OK. Make that a Yes.
3. Yes. Putting all your eggs in one basket saves baskets.
4. No. Integrated reporting is the result of integrated thinking. This means you will have to think.

What is the main benefit of Sustainability Reporting?

1. Ice cream sales increase when people write reports.
2. Sustainability Reporters have lots of fun. Hint. Me.
3. Sustainability Reporting has become a prominent industry sector contributing to global financial prosperity. This is your opportunity to make a contribution.
4. Sustainability Reporting ensures that your business is totally transparent, which means that all stakeholders are able to make informed decisions and can decide to criticize, boycott or tell Greenpeace about your company.

Happy Sustainability Reporting in 2012 :-)Quiz answers: Please send a check payable to the CSR Reporting Blog in order to receive the quiz answers. Please leave your email so that we can send you marketing junk forever.

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Comments

- JordiMorrsRibera — January 05, 2012

A lot of thanks for the fun about sustainability, perhaps a too much seriously field.

- WilliamNewman — January 06, 2012

Pretty funny Elaine! Happy 20-12!

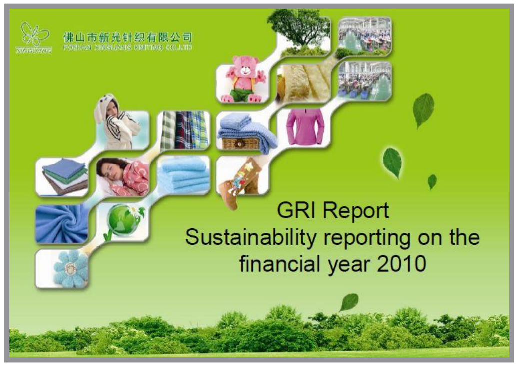
Speeky Engleesh 2

Friday, December 30, 2011

Last year, I wrote a post about the **English errors in translated Sustainability Reports**. I know that the content counts, and errors in translation are not always easy to avoid. I try not to judge a company's report on the quality of its English translation and I am appreciative of companies who make the effort to produce their report in English, enabling me to read it. Most reports which contain translation errors have a certain charm. I can't help but chuckle.

Here is my pick of 2011:

The Xinguang Knitting Company Ltd from Guangdong, China
Sustainability Report 2010



- Our sustainability report publishes once a year.
- During the period of selecting indicators, Xinguang mainly thought about the relevance, materiality and availability of different concrete indicators.
- When enterprise performs its role of corporate social responsibility, it focus on the responsibility to employees, environment and society,
- Certainly, our performance of social responsibility has a wide range of contents. We make donation, obey the law and help low income groups. And we also try our best to make more contribution in different respects. All in all, figuring out our minds, we put the work into practice and create a system characterized by corporate social responsibility.
- Nowadays, because of the shortage of cotton, the instability of petroleum byproducts and labor shortage, the cost of raw materials has been rising at the rate of 10% to 15% per year. Within 5 years, this trend will not change. And here comes a question---how to cope with these unbeneficial factors?
- For the company, staff is the most important stakeholder.
- In 2010, Xinguang added plenty of fitness facilities and entertainment equipment, such as Bing-bong ball and Billiard equipments, so that employees can increase the range of leisure activities
- In order to eliminate discrimination and race conflicts, Xinguang has developed some employment policies.
- From the charts above that picture the proportion of female and male, we can discover that there is not much difference between the number of female and male employees. Consequently there wasn't any case of discrimination reported in 2010.
- The consumption of domestic water forms the lion's share of Xinguang's total consumption.
- We promise to keep doing improvement and with this we crate a workplace which helps our staff to play to their respective strengths.

8. Corporation foreground

We promise to keep doing improvement and with this we crate a workplace which helps our staff to play to their respective strengths.. As a result, we increase our stakeholders interest, go on with the idea of "quality priority" and enhance customer satisfaction. Moreover, we spare no effort to reduce emission, increase utilization ratio of resources, and finally create our brand in terms of corporate social responsibility.

Bing-bong ball? Crate a workplace ? Chuckle away..... Seriously, though, I commend Xinguang, a privately-owned 400 people garment manufacturer in China for producing a report and taking CSR seriously. If ever I visit Guangdong, I will buy them all ice-cream! And while we are on the subject, here is another one:

Ambuja Cements Ltd Corporate Sustainable Development Report 2010

- We were facing a lot of problem in maintaining the day to day quality and in turn our whole operational efficiency was getting affected be it blasting efficiency, loading efficiency or hauling efficiency.
- While these activities are carried out, the impact could be upbeat as well as downbeat.
- At Ambuja, we recognize community as one of our prime stakeholders and we endeavor to reach out to it to accomplish our social responsibilities. The surrounding communities are our partners in our march to progress.
- Those involved in successful micro enterprises are able to generate income that has given them a degree of power hitherto unheard of.
- The cultivation of wadis or orchards has been beneficial to several economically backward families, especially tribals.
- These efforts strive to improve the quality of education and make schools child-friendly.
- The Company has adopted structured benefit schemes to ensure wellbeing of employees in case of both post-retiral life and similar eventualities.

In fairness, Ambuja Cements have produced a great report and demonstrate some very interesting and impressive sustainable practices. The company is a publicly traded company in India, employing over 5,700 people. A few chuckles here and there do not detract from the positive reporting of this company. In fact, I quite enjoyed it. Almost as much as ice-cream.

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The Top Ten CSR Reports of 2011

Monday, December 26, 2011

How can I not write this post? Any respectable blogger has to write a post about the best of 2011. It's part of our license to operate. It's about professional integrity. It's in our job description. Even though I did cover **2011 in Retrospect** in a post for CSRwire, CSR Reporting is in a class all of its own. **The Top Ten CSR Reports of 2010** got quite a lot of hits - in fact it was the fourth most popular post of all time on this blog.

During 2011, I have written about hundreds of CSR Reports (and not written about thousands more). I have formally reviewed reports on **CorporateRegister.com**, **Ethical Corporation** and **Sustainable Business Forum**. **Here's the list of all my reviews** - it's almost up to date :).

What makes a report an outstanding report, for me?

I look for three things. I call it the **AIM Reporting Model** (hah, just invented that, sounds considered, right?) AIM for **A**uthenticity, **I**mpacts and **M**ateriality.

Authenticity: I look for whether the company has reported in an honest way, using stakeholder voices to supplement performance data. Authenticity for me includes balance, accuracy and completeness. I look for targets and progress against stated targets. **Materiality:** I look for whether the company has clearly defined the most important issues for the company and its stakeholders and defined the way in which those issues have been identified and prioritized. Reporting materiality should also include a certain amount of contextual information which can assist us in understanding the issues and why they are material. **Impacts:** I look for whether the company identified impacts rather than just presenting a shopping list of activities. This means discussing the outcomes of what was achieved. The outcomes are the achevement, not the activities. This is by far the most difficult thing for companies to address and very few, if any, do it well.

So, with **AIM** in mind, here are the reports that stand out for me in 2011, in no particular order:

WPP Corporate Responsibility Report 2010/2011 WPP reports get better and better. This one is the best yet, I think. A wonderful online presentation, creative, clear, easy-to-read, covers all bases and provides good data. It has one of the most Authentic **CEO Introductions** that I have read for a while ("Sustainability is a slow motion crisis. More pressing issues intervene"). Materiality is represented under the heading **"How we manage risk and opportunity"**, in a nice table which reports how WPP are addressing each issue. This is one of the few reports that actually mention Impacts head-on - there is a section called **Impact of our Work**. This section showcases WPP's client projects, some of which are quite fascinating. Authenticity is the aspect of this report which I might consider as an opportunity for additional work in coming years. There is very little in this report except good news (except, perhaps for the **Employee Infringements** section). No stakeholder voices provide additional credibility and the report is not assured. Overall, however, a great fun-serious report.

BT 2011 Sustainability Report BT's printed report is compact but packed (the **website** offers more case studies). It covers a broad spectrum of BT's Impacts on society and environment and the thing I especially like about BT's reporting is the way they match "non-financial" performance indicators to financial performance indicators. Lost time injuries, for example is recorded as Injury Rate and also as a financial cost to the business in terms of the cost of time lost through injury. The number of days lost to sickness are also converted to BT sick pay costs. Waste management and recycling performance is translated into the financial net waste savings. Overall sustainability performance is also converted into the number of customer bids that BT won that contain a sustainability component (GBP 2.1bn in 2010). (BT has still not been able to develop an "appropriate financial measure" for the value of good diversity performance - this is something I find a little strange, **as I have mentioned before**). Nevertheless, the report includes examples of practice and in most cases, some form of result or outcome, for example. BT has conducted carbon impact assessments at customers showing how BT helps them reduce energy consumption and carbon emissions. While BT could go further in assessing and reporting Impacts in other areas, this is in the right direction. A Materiality Assessment is provided and is nicely specific to BT's current business issues, including as a most material issue, for example, support for the London Olympic and Paraolympic Games. Internal and external stakeholder voices are present in this report. All in all, it passes my **AIM** test reasonably well.

Kuoni Travel Holding Corporate Responsibility Report 2010 I picked up this report when researching my post on **25 examples of creativity in Sustainability Reports**, and it stayed in my mind, primarily because of its spectacular design. It's a great read, as well, includes a Materiality assessment, and some assessment of impacts is included in external stakeholder commentaries. A thoughtful, interesting and attractive report.

Ford's 2010-2011 Blueprint for Sustainability Report Ford's approach to Materiality is world-class and disclosures are comprehensive. Although a little light in the Impact area, this is an Authentic Report which covers complex issues such as **business restructuring**, **health care provisions**, **vehicle safety**, and **lifecycle sustainability design.**

Hauska and Partners Sustainability Report 09/10 Hauska and Partners is a privately owned Corporate Relations consulting business employing 37 people. The company is developing impressively on its sustainability journey, and this year reports at GRI B+ level, moving up from the C level report of last year. This is Hauska's third report and its's well presented online. While there is no materiality matrix, there is a **list of key issues** which broadly serves the same purpose. It's an Authentically written report (for example, 81% of employees received performance evaluations and this, says Hauska, was one of the areas the company was "least satisfied with".) It's a short, compact, report but makes a positive impression, though here again, Impacts are under-presenced. It would be nice to see this company reporting in the future on the kind of impacts it makes through its consulting work. In the meantime, kudos to a private, small business that advancing responsible business practices.

Avon Corporate Responsibility Report 2010 This report just made in time, having been published just last month. However, Avon makes its mark well as a company that does big things that make a big difference. With a very clear focus on three core pillars - empowering women, (environmental) sustainability and philanthropy - Avon shows how consistent actions deliver results. **Personal stories of Avon Representatives** do give a glimpse into the transformation that the Avon framework can achieve for women, while Avon's deforestation campaign shows the measure of Impact Avon is generating. Avon's **Materiality issues are listed**. While Avon is on the right track with this GRI B level report, I would like to see more focus on Impacts in the future - both from the standpoint of economic empowerment of Avon Reps and actual results of Avon's social and environmental campaigns, but also from the perspective of the products that Avon sells and the women who buy them. I believe a fascinating discussion could be developed about the way that Avon is making an Impact in the beauty market and how the unique selling proposition that Avon has perfected make a difference in the lives of Avon's customers.

Delhaize Corporate Responsibility Review 2010

I reviewed this report in the context of Materiality during 2011, and it stuck in my mind as a well prepared, well-presented and interesting report to read, even for the lay reader. It covers Materiality well, includes internal and external stakeholder voices, good reporting on progress against targets and a nice mix of case studies. Impacts of a retail supermarket on healthy eating habits or other behaviors of consumers are covered in this report, which means that I can find some level of Authenticity, Materiality and Impacts, though, of course, there is still room for more.

Vestas Sustainability Report 2010

I used this report as an **example of good reporting against waste management performance indicators**. However, beyond this, it's an authentically written report which presents the case and impacts of wind power in a coherent and insightful manner. The report lacks a Materiality Analysis - something the company should consider in future years to demonstrate its responsiveness to stakeholders as well as focusing on the four priorities which Vestas has defined for itself - Cost of Energy, Safety and Citizenship, Partnership and Business Case Certainty. Case studies illustrate Vestas approach in an appropriate way and targets are clearly stated. Not **AIM**, but getting there.

Intel 2010 Corporate Responsibility Report

Intel's reporting is professional, direct, intelligent and pretty intense. The complexities of reporting for such a large global corporation are tremendous and I think Intel pulls it together pretty well. Intel reports on economic impacts, which is a bit of a number crunching exercise, but an interesting way of looking at how a company contributes to economic development beyond the direct sales of its products. Intel also includes a detailed water footprint analysis, and also describes a range of ways in which technology is used to solve environmental challenges. Intel's handling of the $1.45bn fine imposed for anti-competitive activities in Europe is directly hit on the head in the report, but it's there and one can sense Intel's indignation. Intel discloses its Materiality Matrix and includes some stakeholder voices, supplemented by videos which can be accessed from the interactive PDF. One difficult balance to achieve is to what extent annual sustainability reporting continues to trot out the same texts which relate to policies and management approaches which largely remain the same year after year. Intel could do a better job at identifying what I call the Delta, the things that have specifically changed from one year to the next, while cutting back on some of the policy statements which could be hosted for reference on the Intel website. While some Authenticity is lost because of the factual and punchy style of this report, comprehensive reporting, consistency and clarity make up for this. A reasonably **AIM** report.

Federacion Nacional de Cafeteros de Colombia Sustainability Report 1927-2010

Yes, you did read the dates correctly. This report covers 83 years, and all in only 175 pages. **I reviewed this report earlier this year and even included a little coffee quiz**, so now's your chance to go back and see if you do any better at a second attempt. It's hard to review this sort of report in the same light as single company reports, as the focus of an industry association is somewhat different, **as I have also blogged about.** However, the impact of industry associations can be very important, especially as sustainability is trending towards sectoriality, so this is as important a report as it is an interesting one. There's a good chunk of PR content in there, so Authenticity is a little diluted, but Materiality is addressed and key issues listed. Impacts are described both at the level of how member coffee growers have been supported by the Federacion's work and also at the level of advancing the sustainability of Colombian coffee. I like this report - I just hope we don't have to wait another 83 years for the next one!

De Beers Sustainability Report 2010

I reviewed this report as part of my **"Reporting: How they do it" series on Sustainable**

Business Forum, and the report lodged with me as a clear, clean and progressive disclosure. This is a part of what I wrote: "The De Beers report is a delight to read, it is intelligently structured, well-cut, polished and completely aligned with the report's title "Living up to Diamonds". Reading the statements by the Chairman and Joint Acting CEO's is rewarding – both are focused, factual, forward-looking and frame the report content in a relevant way - a far cry from most of the platitude-ridden clichéd report-speak that features in most opening messages from company leaders." Impacts on diamond-delivering communities are also addressed to a certain extent. This report broadly meets my **AIM** threshold and is an impressive piece of work.

******

Of course, it is most difficult to select 10 reports out of the hundreds I read each year and the thousands that are available. There are several strong reports which I haven't mentioned here, which would appear in my Top 20, 50 or even Top 100 list. But all good things are better in small doses (except ice cream), so I have contented myself with ten reports this time around. Apologies to all those other fabulous reports that I have loved reading, learning from, reviewing, talking and writing about this year.

Note: Just to be fair, I didn't include four Sustainability Reports I worked on this year, even through all of those are my favorites too....**Ellbit Systems Report**, **Baran Group's Report**, **Novus International Report** and of course, my own **Beyond Business Report**.

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Santa's 1,747th Annual CSR Report

Friday, December 23, 2011

True to form, Santa has sent me her 1747th CSR Report. (See prior reports here: **1,746** and **1,745**). But yes, you did read that correctly. This year, Santa is a WOMAN. She was appointed after a nomination by the Santa Claus Inc. (SCI) Board of Directors Nominating Committee and approved at the SCI AGM. This is a first for SCI. Not only is Santa a woman, but she is a single mom, she's of Chinese origin, has a personal disability (a wooden leg) and was abandoned by her parents at birth, only to be found in a garbage dump by concerned citizens who prayed for her welfare. After finding home in a series of orphanages, Miss Santa applied to the Vocation Elf Training Academy in Lapland, believing that distributing gifts to children would make the world a better place. From Day One she was mentored by senior SCI Managers, offered several leadership development programs, provided with flexible working options so that she could be home for her children in the afternoons. Miss Santa is paid exactly the same as her male counterparts. Graduating from the elf program with distinction, Miss Santa quickly rose through the elf ranks and became a significant influence at SCI. When it was time to appoint a new Santa, she was not considered as a leading candidate because she is a woman. Santa has never been a woman. However, Miss Santa did a good thing. She personally talked at all the members of the SCI Board of Directors and promised to behave like a man. They accepted, and the rest is history. Follow Santa on Twitter at **@Santa** or visit Santa's **Facebook page**.
As I usually do, with permission, I will share with you the CEO statement.

Santa ClausThe Shared Values Report 2011

Dear Stakeholders,

As you all approach Christmas 2011, I urge you to be conscious consumers. I know how tempting toy stores are at this time of the year. Blinking lights, massive colorful displays, new improved versions of all your favorite toys, all screaming at you "Buy ME, Buy ME, Buy ME!" I say to you, conscious citizens of the world. UNITE! Join together in a spirit of sustainability. Don't buy! Instead, donate the money you would have spent to the Retired Santa Foundation, which ensures that all prior Santa's can continue to live in a way to which they have not yet become accustomed.

2011 has been a year of ups and downs. Yes, we reached new heights and experienced new lows. In this 1,747th CSR Report, I will share with you the heights. You can work out the lows for yourself. The theme of this report is how Santa creates Shared Value. We do this by continuing to do what we have always done, but calling it Shared Value. In sustainability terms, we have made notable progress and have been accepted by the Dow Jones Sustainability Index as a Super Sector Leader for the very first time. (Actually, there is no other company in our sector, so leadership is a POC). We have also joined the United Nations Global Compact, mainly because of the problems of corruption we see in our industry. We have already started a campaign to prevent local in-store Santas promoting toys from sponsored links.

Reinforcing our Values: One of my first acts as CEO was to review our Santa Claus value statement and bring it into line with our modern world. When Santa started out over 1,700 years ago, the world was a very different place. No internet. No cell-phones. No Chunky Monkey. No electric sleighs. No robot elves. Today, the world is full of technology and people have become addicted to Facebook and iPhones, leaving little time to experience the true meaning of relationships, the love of nature or the optimism of the human spirit. Our new values at SCI aim to reinforce our contribution to this modern world. Following a process of consultation with our Board of Directors, the Elf Representation Committee and selected external stakeholders (reindeer farmers, toy manufacturers, Greenpeace, children and moms, chimney sweeps), we believe this now best represents our core:

Mission To perpetuate the love of Santa

Values Faith in Santa Disabled-Access Chimneys Elf Emancipation Reindeer Rights Children's Universal Right to Gifts Santa World Domination

Sleigh Energy Efficiency: As reported last year, we were considering moving to electric-powered sleighs, but we delayed this program due to lack of sleigh charging stations. We are disappointed to report no progress in global electric sleigh infrastructure, but we have commenced a pilot with solar power. We charge up our sleighs all summer in sunny Lapland and this provides enough energy to run the sleighs during the Christmas period, provided we use power-saving driving techniques. This saves over 463,000 tons of carbon emissions every Christmas season. The downside is that some sleighs run out of power before returning to base. If anyone has identified the whereabouts of 473 sleighs which have been lost somewhere over Iran, Ivory Coast, Philippines and New Zealand, please contact the SCI Sleigh Recovery Department.

Transportation Safety: All sleighs have now been fitted with tachometers, global GPS tracking and safety devices that monitor the driving techniques of elves and report problems online. In 2011, there were 225 sleigh accidents, mostly due to elves tweeting and texting while sleigh-driving. These resulted in only one fatality: a life-size inflatable Marilyn Monroe doll, destined for a home for motherless children. Instead, we supplied a life-size Powderpuff Girl. We have issued a new policy that forbids distractions when sleigh-driving and any elves which cause more than 3 accidents are demoted to toy-sorters in the Lapland warehouse.

Toys Sourcing, Packaging and Recycling: This year, Santa is distributing toys which have certified conflict-free mineral content, contain reduced levels of packaging materials and only paper and carton from sustainable sources. Every toy is recyclable because it contains a special label: **"Recycle this Toy - give it to a friend".** Our experiment two years ago of distributing only recycled toys was not sustainable. Children rejected used toys due to missing parts, torn-off doll limbs and protruding nails and screws, despite our rigorous QA process. When children complained of having received a horse on a stick without the horse, a BeyBlade without the blade and a Justin Bieber doll which sings out of tune, we felt it was time to review this policy. (We are still checking whether the Justin Bieber issue is actually a fault).

We have also banned certain toys from our distribution list this year:

- **Swearing policeman toys** - we value plain speaking but not bad language.
- **Jo-Ann Stores Rubber Ducky Garden Collection** - toxic levels of lead paint are not in line with our safety policy
- **Paintball Guns** - unintentionally flying paint cartridges are not pretty
- **Barbie** - due to rainforest destruction - even Ken couldn't stomach it

Elf Freedom of Association: This year, we have made significant progress by acceding to elves' demand for representation, collective bargaining and freedom of association. Of the 342,400 elves in our employ, 17 have joined the Help Elves Live Longer (HELL) Union. HELL ensures a living wage for elves and protects their pension rights. The reason that only 17 elves have joined HELL is that unauthorized union-busting activity has apparently been more successful that we are able to admit.

Impact Evaluation Program: This year, for the first time, we concluded our first Impact Evaluation Study, aiming to show what value Santa adds to social cohesion all over the world during the holiday season. It took us quite some time to figure out how to measure this, but ultimately, with the support of the Toys for Global Spiritual Growth Association, we undertook the widest survey ever of children between the ages of 6 and 9, and parents between the ages of 23 and 24. This is what we found:

99.3% of children confirmed that receiving a toy from Santa contributes to their motivation to achieve higher grades in school. The 0.7% who disagreed are employed year-round, cotton picking in Uzbekistan and making tablecloths in factories in Guangzhou.

78.9% of children confirmed that playing with toys helps them form positive relationships with siblings. Those who did not, have no siblings. Those who confirmed positive relationships say this is due to the fact that, when they are playing with their toys, they are not interacting with their siblings and therefore have no time to quarrel.

100% of children confirmed that receiving toys helps them understand important social issues such as global warming, global poverty and gender equality. We think this is probably because the questionnaire did not have a negative response option.

93% of parents confirmed that their children love them more after they have received a toy at Christmas time. Quite how parents measure this is not clear. However, in parallel, records show a reduction of parental violence and child-beating in many countries. We can only conclude that our toys are contributing to strengthening positive bonds between parents and children.

99% of parents confirmed that children received toys from Santa that they would otherwise not have bought. This is because most parents prefer to spend on food, education and medical care. By reducing the burden on parents to budget for Christmas toys, our impact is undeniable: happier, healthier, better educated children who will save our planet from enironmental destruction.

As a result of this highly positive Impact Evaluation, we re-launched our Support Santa Fund. Please support us. Donations are welcome via the CSR Reporting Blog (who takes only a small percentage handling fee. Not more than 42.5%).

A+ Level Report: Finally, we are proud to announce that this is a self-declared A+ Level report, prepared in accordance with Santa's very own Reporting Framework. Actually, there is only an A+ Level. We prefer not to confuse people. We decided not to have our report assured this year in order to ensure that no-one picks up on our errors. However, we will consider making fewer errors in future years.

Wishing Everyone A Merry Christmas, Happy Holidays and A Happy New Year !

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A COP can be a good thing

Thursday, December 22, 2011

Some people think of the **UN Global Compact Communication on Progress (COP)** as a lightweight entry into the world of transparency. In some cases, they would be right. To submit an Active level COP, all you need to do is describe how you uphold the **10 Principles** of the UNGC, describe the positive things your company is doing and sit back and wait for next year's deadline. However, in November 2011, 106 companies were delisted for not communicating, bringing the total delistings to 2,953 companies, so maybe it's a little more challenging.

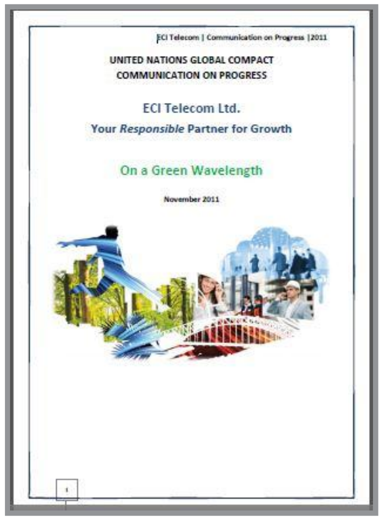
Last year, the UNGC made a change to the COP structure, introducing what the UNGC calls the "**Differentiation Programme**". This gives companies two choices: **Active Level** and **Advanced Level**. Basically, "Active" means the old-style COP, in which companies do the Good News thing, saying how good they have been in advancing the 10 Principles. This could be compared to an Application Level C Report using the GRI Framework, though it doesn't quite require the same degree of rigor in terms of Management Disclosures. "Advanced" is another affair, requiring companies to report on how they meet **24 criteria** of responsible and sustainable business practice, grouped in 5 broad categories:

- strategy, governance and engagement
- UN goals and issues
- implementation of Global Compact principles
- value chain implementation
- verification and disclosure

Essentially, anyone aiming for an Advanced level COP is working at the level of a GRI Application Level A Report. But, as anyone who has ever written an A Level report knows, this is no small task. If you have the capability of producing an Advanced Level COP, in practice, you are capable of writing a Sustainability Report and posting it on the UNGC Website, thereby also fulfilling the UNGC COP requirements. The Sustainability Report will include a reconfirmation of the CEO commitment to the UNGC and a cross-reference index of UNGC principles to GRI Indicators. In practice, this is what most companies who report at GRI B or A Level do.

For companies which are not quite ready to report at this advanced level, an Active COP could be a positive alternative. It provides an opportunity for transparency in a globally recognized context and allows some flexibility regarding what to disclose. In some cases, companies invest quite a significant amount of effort to deliver an Active Level COP.

Take a look at this (Active Level) COP by (my client) , ECI Telecom.



ECI Telecom is a global provider of telecommunications networking solutions and this is the Company's second COP. Beyond confirming the Company's commitment to the 10 principles of the UNGC, ECI discloses how the company makes a Green Impact with ICT Technology. If you don't know your DSL from your VDSL, ADSL and HDSL, or the environmental significance of Vectoring, you can learn a lot from reading ECI's COP. ECI is a champion in low-power applications and E-band technologies. If this is all gibberish to you, don't worry. It was to me until I started to learn what it all means. It's actually surprisingly simple, once you get the letters in the right place, and confirms that ICT is one of the most significant opportunities for companies to provide services which improve their environmental footprint and those of consumers.

Additionally, ECI makes many environmental disclosures relating to its own environmental impacts. With an **E-TASC (Electronic Tool for Accountable Supply Chains)** score of 96%, the company's best to date, ECI demonstrates a commitment to managing, measuring and reporting. The company achieved a 20% reduction in paper consumption in 2010, a 20% reduction in electricity consumption per employee, a 12% reduction in water consumption and a 9.75% reduction in waste. Great progress.

However, my favorite part of this COP is the description of the Green Camera project that ECI Telecom's CSR Manager, Eynat Rotfeld, organized in 2010. Employees were invited to submit their "green" photographs and the three winning photos were selected from around the ECI globe. The photos were breathtaking. Here are the winning photos:

My Green Life in Huangzhou by Tony Xu (China) Tony Xu said about this photo: "Bicycle is a green, healthy and convenient choice for me. In Hangzhou, the government purchased a mass of bicycles and offer free use for residents in order to improve the condition of traffic and reduce the usage of cars. You can borrow near the home and return at your destination. It is very convenient, saves money and good for health for everyone. That is my reason for choosing this picture."

Harvesting the power of nature by Glenn Leis (ECI Philippines) Glenn said about this photo: "I was amazed when I saw those windmills up-close and personal and wonder how the force of nature, which is the wind, drives those giants to produce electricity without any bi-products / pollutants. I've been to some power plants during my college day field trips and I have compared it to those diesel-fed engines that are very dependent in oil in which we do not have here (yet) in our country. The power of nature is everywhere, we just need to harvest it in a way we do not destroy it in the end because it's FREE...."

The ECI Biking Team in Georgia by Amit Singer (Israel) Amit said about this photo: "This picture was taken during our "green" sporting activity, an ECI team bike ride, which doesn’t cause any form of pollution. The team also gets involved in a lot of volunteering activity, including making donations to hospitals, supporting underprivileged children and more. The photo itself represents the spirit of the group – riding in an atmosphere of calmness and blending with the green of nature."
ECI Telecom's 2011 COP is a comprehensive document of 65 pages covering a wide range of social and environmental disclosures, demonstrating year on year progress in advancing sustainable practices. Not a lightweight entry by any means.

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Seasons Greetings from the CSR Reporting Blog

Wednesday, December 21, 2011

About this time of the year, no prizes for guessing why, I always wish my readers a **Happy Christmas** or a Cool Yule or **Seasons Greetings**.

so:

to all my spice-loving readers: **Seasonings Greetings**
to all my readers planning a family gathering: **See Sons Greetings**
to all my farming readers: **Seize Hens Greetings**
to all my curious readers: **Reasons Greetings**
to all my rebellious readers: **Treasons Greetings**
to all my sailing readers: **Seamen's Greetings**
to all my hungry readers: **Cheese Buns Greetings**
to all my cold readers: **Seasons Heatings**
to all my bedcothes manufacturing readers: **Seasons Sheetings**
to all my workaholic readers: **Seasons Meetings**
to all my violent readers: **Seasons Beatings**
and to everyone else: **Seasons Greetings with a double triple helping of Ice Cream !!**

Wishing everyone a great end-of-2011 and a fabulous .... ok, have to say it ... sustainable ... 2012, plus lots of strength to get through (approximately) 534,327 posts and articles which all extol the Top Ten Things of 2011 and predict the Top Ten Things of 2012.
(Haha - that's my next post. Watch this space!)

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18 Examples of (Not-So) Integrated Sustainability Reports

Tuesday, December 20, 2011

Last week, I dutifully submitted my feedback to the **International Integrated Reporting Committee on their discussion paper.** It was an interesting exercise. Here are a few of my responses:

Do you believe that action is needed to help improve how organizations represent their value-creation process?**Me:** I believe companies need to take responsibility and be held accountable for their impacts on society. Action is needed to improve the number of companies who do this and the way in which they do it. This includes value companies create for society, but it is also about negative impacts on society and accounting for them.

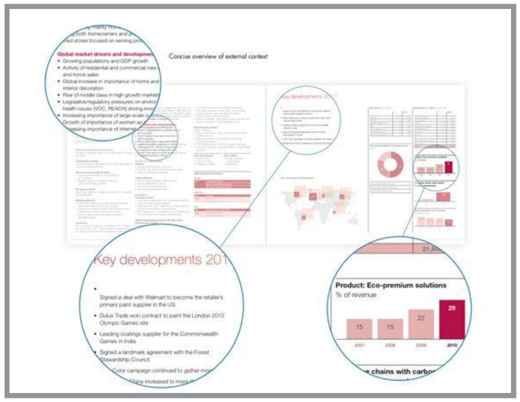
Do you support the development of an International Integrated Reporting Framework?**Me:** In principle yes, but on page 8, the Discussion Paper says that the IR framework will provide "high-level" guidance - I think it should provide very detailed guidance. Similarly, the approach states that it is focused on the needs of investors in the initial stages. I believe this is absolutely wrong. Integrated Reporting should AT THE VERY OUTSET focus on the needs of all stakeholders, otherwise it misses the point. Clearly, financial stakeholders are looking for tools to quantify the social/environmental risks and impacts in terms of shareholder value, but if this is the prime direction of Integrated Reporting, we are back to Square One, where sustainability is relegated to almost no influence on financial decisions and shareholder considerations. Once the framework has been developed for investors, there will be zero motivation to change or enhance it for all stakeholders.

Do you agree that Integrated Reporting will drive the disclosure of information that is useful for integrated analysis (from the perspective of investors)?**Me:** Yes. In fact, that's pretty much all it will do. I don't think that's enough.

So, as I am having an integrated thinking week, I thought I would take a look at what's really happening out there and scan the **18 Integrated Reports that are contestants in the largest online annual Corporate Responsibility Reporting Awards - CRRA12.**

Ultimately, a truly integrated report would show connectivity between the sustainability parts and the financial parts. Ultimately, a truly integrated report would make linkages between business strategy and sustainability strategy and define financial and social/environmental impacts of both in a seamless way. As I review the 18 reports entered in the Best Integrated Category, this is primarily what I am looking for. Connectivity. Linkage. Causality. Integration.

The IIRC discussion paper contains a couple of examples, including this one from Akzo Nobel:



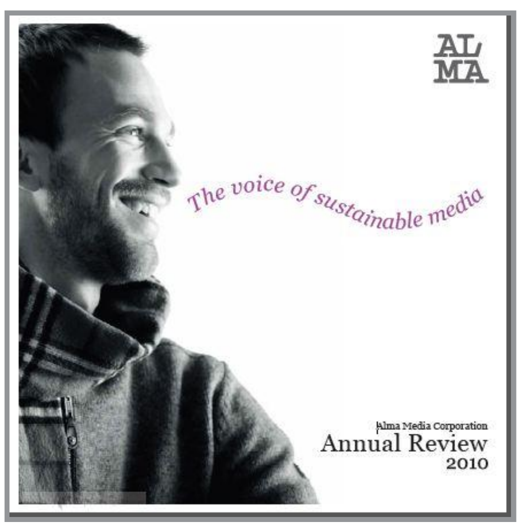
Here we can an example of demonstrating financial value generated through response to global (green) market drivers.

As you will discover, in most reports, I don't find this degree of linkage. Most integrated reports today are a juxtapositioning of two separate reports. In the better cases, some of the narrative is blended so that business strategy appears to take financial, social and environmental aspects into account. Finding a report that actually considers the financial implications of sustainability actions is more difficult, though in some cases, the opportunities of sustainability strategy are discussed - sometimes using the **Porter Creation of Shared Value Concept** as inspiration.

One thing that puzzles me, for example, is why the cost of energy or other environmental or social factors are not considered. Only one company in this Integrated Reporting Category reports the cost impact of energy - all others report only the KWH consumed and the GHG's emitted. Surely, energy conservation is both a sustainability and a financial risk/opportunity? Why would companies not wish to understand (and disclose) the financial impacts of their energy practices? This seems obvious to me but no-one does it. Yet.

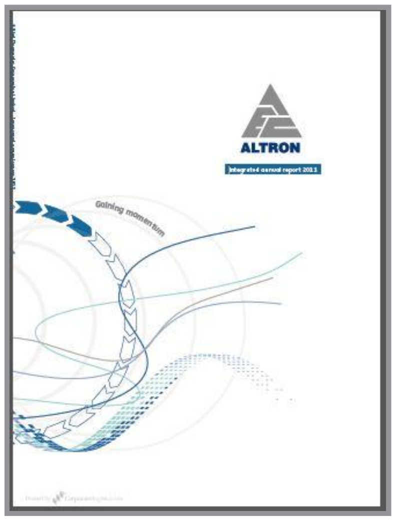
Here are the 18 reports in the Best Integrated Report category (in alpha order):

Alma Media Oy, Annual Review 2010, Finland, 43 pages, GRI B



This is the first integrated report of Alma Media Oy, "the voice of sustainable media", a company whose reporting I have always loved, and this integrated version is great. It looks and feels like a Sustainability Report while ensuring the financials are included and well presented. There is a good deal of contextual information about markets and sustainability considerations. While it doesn't go quite as far as to truly integrate CSR issues into financial and business strategy, and lacks a materiality analysis (though it does include top subjects raised by stakeholders), this report is so well written that it almost make me want to read newspapers again!

Altron - Allied Electronics Corporation, Integrated Annual Report 2011, South Africa, 259 pages, GRI B+



This is Altron Group's second integrated report prepared in line with the King Report on Governance for South Africa (King III). It's a very official looking sort of report, not something you would want to enjoy reading, though it does provide a good range of data. The Company has identified 11 Strategic Themes and a set of Material Issues which are analyzed in the report in detail. There is a clear financial flavor to this report - although consolidated financials start only on page 143, in the early part of the report, much space is devoted to financial impacts and market reviews, including a CFO review and results highlights.

A material issue for Altron, energy consumption, shows a massive increase, from a total of 113,000 Mkwh to 218,000 Mkwh in one year, more than double:

MI: IMPROVING ENERGY EFFICIENCY			
Altech	Total electricity use (MWh)	32 300	13 200
Powertech	Total electricity use (MWh)	168 052	81 311
Bytes	Total electricity use (MWh)	18 551	18 582

In fairness, there is some discussion of this in the report, and Altron is committing to improving measurement procedures and initiatives to reduce the Group's carbon footprint. However, I couldn't help wondering what the financial impact of this single environmental indicator had on Altron's overall budgets and exactly what Altron is planning to do to to make a change, and how this will impact operations and people.

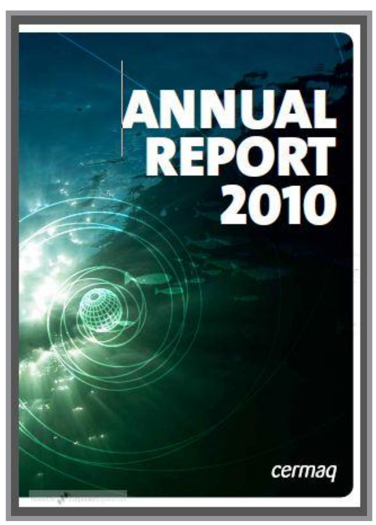
Cebu Holdings Incorporated Integrated Annual and Sustainability Report 2010, Philippines, 174 pages, GRI B

This real estate company in the Philippines has been an integrated reporter now for 4 years, and although the Chairman's review opens with Dear Stockholders (and not Stakeholders), the company has a nice sustainability framework and the report is quite a pleasant read. Sustainability issues are dealt with well, and include external stakeholder commentaries. The Financial part of this report begins officially on page 123.
One of the things this company integrates alongside financial, social and environmental performance is its core values - Cebu is one of the only companies I have seen whose core values include the Love of God. I wonder if this is a condition of hiring?


CORE VALUES

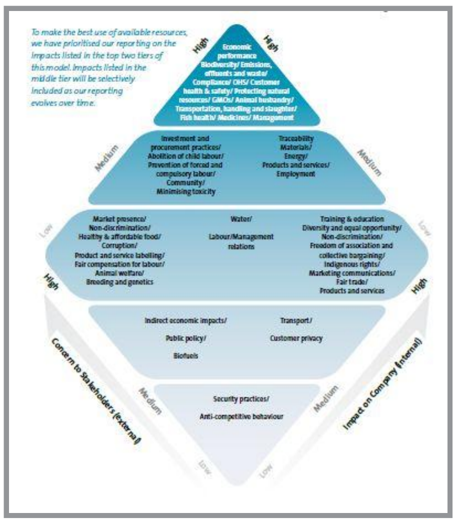
Love of God ■ Bias for Results ■ Focus on Customer ■ Entrepreneurial Drive ■ Concern for People ■ Pursuit of Excellence ■ Responsibility to the Community ■ Enhancement of the Quality of Life ■ Empowerment of People ■ Teamwork

Cermaq ASA Annual Report, Norway, 131 pages, GRI B+



This is a fascinating report about a company who makes a living from salmon farming and making salmon feed. Did you know that 70% more salmon was consumed in Norway in 2010 versus 2009? Rising salmon eating trends is due to more sushi and sashimi consumption by younger people in the West, emulating Japanese fish eating habits. As salmon demand increases and supply falls behind, salmon is getting much more expensive. This is good news for Cermaq who made more profits than ever before in 2010. Another fascinating aspect of fish farming is the monitoring of salmon stress levels. Did you know that salmon could be in stress? Did you ever think about how much that salmon fillet you ate for dinner last week was stressed-out during its lifetime? Cermaq is able to identify stress levels in salmon and in 2010, was able to reduce stress levels by 60%. Wow. (Perhaps they could do the same for Sustainability Consultants?) Another fun fact is that Cermaq have 46 million fish in the sea as part of their farming effort and not one managed to escape. Hey, I bet prison services around the globe would be interested in Cermaq's methodologies.

Cermaq's Integrated Report is really a joined Sustainability Report and an Annual (Financial) Report. The Sustainability part takes up the first 55 pages and pages 61-131 are in the form of a traditional Annual Report. There are separate Auditor's Reviews for the Sustainability content and the Financial content. The Sustainability part contains a nice Materiality Matrix:



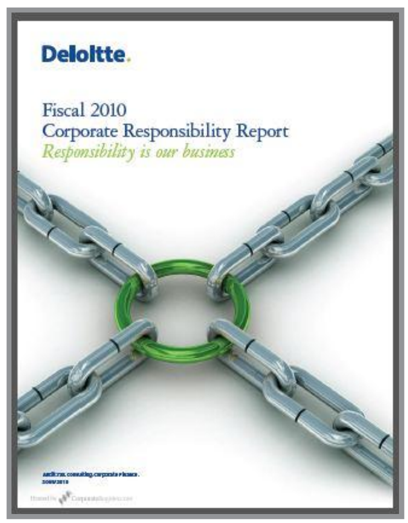
Cermaq - nice Materiality Matrix presentation

Cermaq have even created customized indicators for reporting on their own kind of sustainable aquaculture:

CUSTOMISED INDICATORS	
CEQ 01	Fish Mortality
CEQ 02	Sea Lice
CEQ 03	Fallow Time
CEQ 04	Medicine Use
CEQ 05	Vaccination Program
CEQ 06	Area Management Agreements
CEQ 07	Escapes
CEQ 08	Marine Index and Nutrient Ratios
CEQ 09	Functional Feeds
CEQ 10	Supply Chain Auditing
CEQ 11	Local Community Complaints
CEQ 12	Whistle Blower Incidents
CEQ 13	International Management Standards

Cermaq's propietary reporting indicators

Deloitte LLP USA Fiscal Corporate Responsibility Report, 50 pages, GRI B

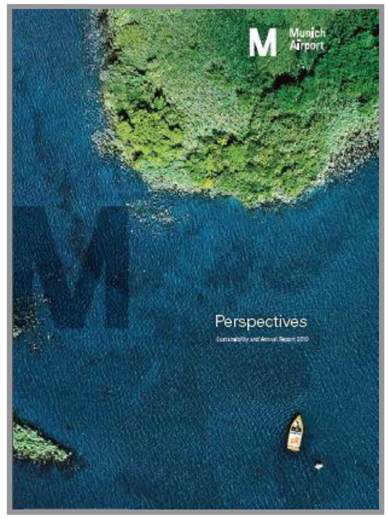


Oops! What' this doing here? This is a CSR Report and not an Integrated Report. How come it snuck into the Integrated Reporting category:). If this report wins, the IIRC will go a little crazy, I suspect :)

Clearly Deloitte are a little confused :). Perhaps their involvement in **the IIRC Pilot program** may help.

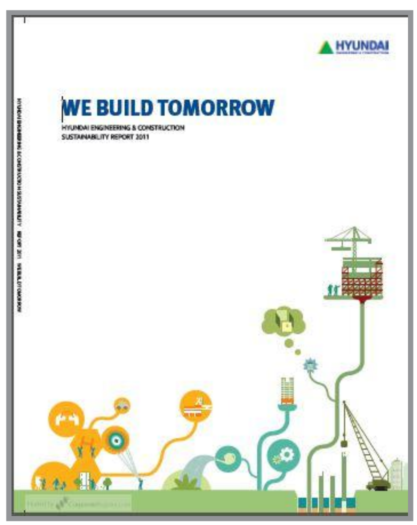
NOTE: UPDATE 23 December: Following my comments above, Deloitte has now confirmed that this report entry in the Integrated Category was an error and it has now been removed. However, Deloitte's report is still in the running in the **Best Creativity Category**. Clearly, Deloitte is not confused. Just a small error. These things happen. Thanks, Deloitte, for the clarification.

Flughafen Muenchen Sustainability and Annual Report 2010, Germany, 194 pages, GRI A+



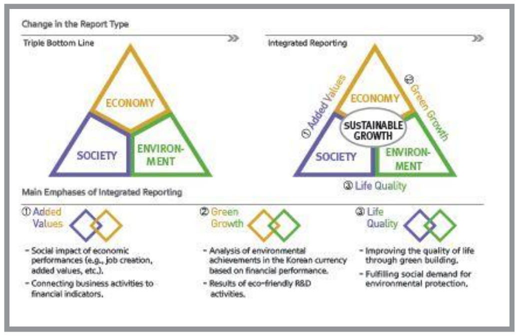
The Munich Airport Sustainability and Annual Report is a fascinating look at the full scope of sustainability issues which are relevant to airport operations which are complex and cover a wide range of social and environmental impacts. This report nicely discloses on workplace, climate change and environment activities, community engagement and stakeholder interests, and includes a full Materiality Matrix. The consolidated management report, beginning on page 130, contains financials as well as sustainability risks. As far as integration goes, it does a good job, though as with all other reports in the integrated category, financial impacts and sustainability impacts are handled as separate entities and the connectivity between them is not clearly articulated.

Hyundai Engigeering & Construction Co, Korea, Sustainability Report, 88 pages, GRI A+

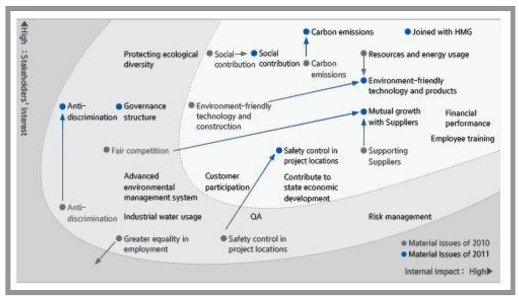


The Hyundai Report also seems to be misplaced in this category. There are two pages of headline economic or financial data in a total report of 88 pages. Hardly an Annual Report and hardly an integrated one. Hyundai should have read the fine print more carefully!

The report does include an explanation of the difference between a Triple Bottom Line Report and an Integrated Report and includes economic impact discussion and targets, though there is no direct linkage between these and other ESG performance areas.



The Hyundai Report includes a thoughtful Materiality Matrix which shows how issues have moved between one year to the next. This is a nice touch which most companies fail to consider.



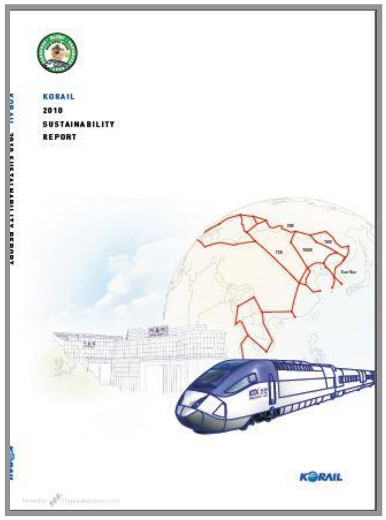
The Hyundai report also features several external stakeholders and their responses to business and sustainability issues which are important to them as they consider their relationship with Hyundai. Overall, this is a great Sustainability Report showing consideration of social and environmental performance. The fact that some economic factors are mentioned and discussed does not make this a truly integrated report.

Indra Sistemas SA Annual Report 2010, Spain, 148 pages, GRI A+

Indra Sistemas offer a report which provides me with an opportunity to check out how much Spanish I don't know. I did try to use Google Translate, but when it converted a piece in Spanish to *"The accountability that is presented below was carried out following the guidelines of the G3.1 Global Reporting Initiative application level A + and as AA1000 APS (2008), Accountability, including our behavior on the Global Compact principles with which we* ***compromised*** *...",* I decided to give up and let the Spanish speakers among us analyze the degree of integration of this report. (The GRI Index is in Spanish and

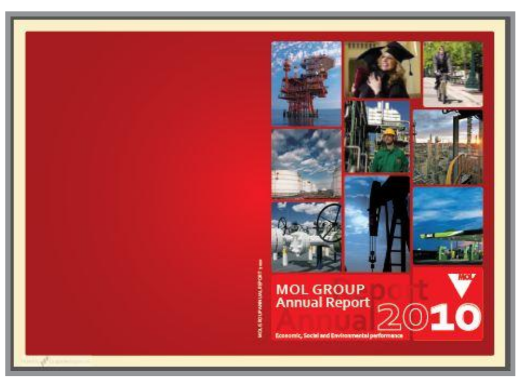
English). I did discover the **Indra Sustainability website** which is in English with an online report which is rather pleasant, including a **"Sustainability Balanced Scorecard"** which presents all sustainability data in great detail for a six year period. However, the website was not entered in the CRRA '12 competition so it is not really fair to comment on that.

Korea Railroad Corporation 2010 Sustainability Report, Korea, 105 pages, GRI A+



This report is called a Sustainability Report and follows a classic structure of sustainability reporting, with economic performance, social performance and environmental performance making up the core sections of the report. The economic section includes 7 pages of business descriptions and profiles, but not a full set of financials and there is no reference to any other report which does include the full financial data. Here again, this report doesn't fit the bill for what I believe constitutes an Integrated Report, even using the "light" definition which may indicate a "combined" report.

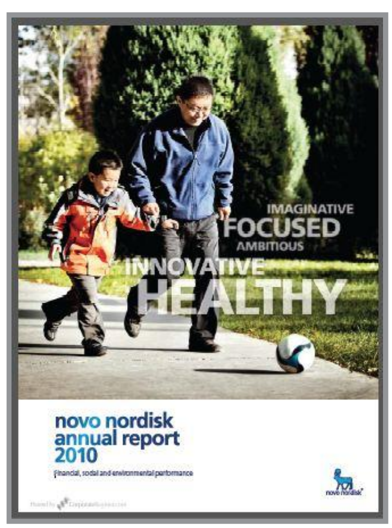
MOL Group 2010 Hungary, Annual Report, 251 pages, GRI A+



This mammoth report by MOL Group oil and gas producer in Hungary, Slovakia and Croatia, includes a separate section on Sustainability non-financial performance which starts at page 175 and runs through to page 210 - 14% of the total report. More if you include the separate governance section which is a further 23 pages - bringing total sustainabiilty and governance content to 22%. One of the disturbing things about this report is the title of the sustainability section - "non-financial performance". Surely, in an

integrated world, social and environmental performance can no longer be solely non-financial? MOL is not the only Integrated Reporter which uses this terminology which I think is misleading and not representative of integrated thinking. Aside from a mention of MOL's position in the Dow Jones Sustainability Index, sustainability issues are conspicuously absent from all discussion of MOL's business strategy and market performance. Sustainability data is assured separately from financial data.
The MOL sustainability component is very detailed and covers all transparency bases very well. However, the narrative is dry and factual and certainly not appealing to anybody other than those specifically searching for data and facts. In fact, MOL understands this, stating "While the Annual Report’s main audience is assumed to be our shareholders, investors and sustainability analysts, our **webpage** is tailored to answering the information needs of all stakeholders." The website is a little more friendly for us non-financial people - it has a few more photos and the language is a little friendlier, though the pages are long and very detailed.
One thing I have never seen before in a published report is a draft GRI Application Level Check statement!

MOL - getting ahead of themselves - confident of the GRI check! **Novo Nordisk Annual Report 2010, Denmark, 115 pages, GRI A+**



Novo Nordisk is often held up as the go-to-company for Integrated Reporting excellence, and has been a winner of the Best Integrated Report category in CRRA several times. Certainly, Novo has been doing this a lot longer than most companies (since 2004), so one might expect them to have developed a methodology which works for the company and for all stakeholders, not just financial stakeholders.

Novo says about their own report: "*We believe Novo Nordisk creates value in ways that are not captured on a balance sheet or income statement and this is one of the reasons we publish an integrated report. Managing a business sustainably involves looking at risks holistically and taking a long-term perspective. In our 2010 Annual Report we exemplify this in a number of ways: comparing our sales growth with CO2, emissions, water usage and waste to better reflect relative performance and setting and reporting on long-term targets for diversity and engaging corporate culture.*"

De-coupling business growth from environmental impacts, is excellent, though Novo Nordisk continues to refer to non-financial targets and does not make the direct linkage between business and sustainability issues.

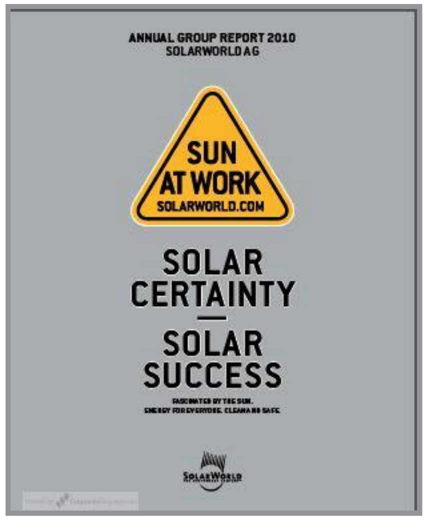
Non-financial performance				
Donations	DKK million	84	83	1.2%
Least developed countries where Novo Nordisk sells insulin according to the differential pricing policy[1]	%	67	73	
New patent families (first filings)	Number	62	55	12.7%
Employees (total)	Number	30,483	29,329	3.9%
Employee turnover	%	9.1	8.3	
Energy consumption	1,000 GJ	2,234	2,246	(0.5)%
Total waste	Tons	20,565	21,019	(2.2)%
Non-financial targets				
Maintain a level of engaging culture of 4.0 or above up to 2014[2]	Scale 1–5	4.3	4.3	
Diversity in all 28 senior management teams by 2014[3]	%	54	50	
Water consumption: 11% reduction by 2011 compared to 2007	%	(37)	(34)	
CO_2 emissions: 10% reduction by 2014 compared to 2004	%	(55)	(31)	

At the risk of becoming repetitive (yawn, zzzzzzzzzzzzzz), how can employee turnover, energy consumption, water consumption etc, not include an element of financial impact? Since 2007, Novo has achieved big reductions in water and energy consumption (37% and 28%) - I am sure this has made a significant financial contribution which is not specifically identified in Novo Nordisk's integrated reporting.

However, perhaps there is light at the end of the tunnel. I noted in an interview with Lise Kingo of Novo Nordisk, included in the report, that she says: "*Together with experts and with inputs from stakeholders we have developed a methodology that enables us to value the contribution of our Triple Bottom Line approach in a profit and loss perspective. We have called this initiative our Blueprint for Change programme, and we have conducted Triple Bottom Line reviews looking at our climate action strategy and our business approach in China.*" I found more about this **Blueprint for Change in China on the Novo Nordisk website** - this is indeed an excellent document showing how Novo built business while creating very positive social and environmental impact. Again, I miss seeing an assessment of the impact of significant environmental benefits on the profitability and affordability of diabetes healthcare as part of this initiative, but this report does go further than most in identifying economic, social and environmental impacts for value creation as an integrated strategy.

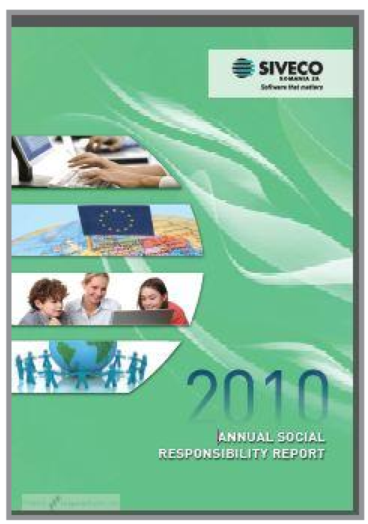
The consolidated financial and non-financial statements start in the Novo report at page 57, though both financial and "non-financial" figures remain separate, with 7 pages out of around 58 referring to social and environmental impacts.

Solar World AG Annual Group Report 2010, Germany, 327 pages, GRI A+



This report is very long - at 327 pages, it weighs in as the second longest report in the entire competition. The report structure goes from corporate background and profiles (often quite technical) and then to consolidated financial statements, followed by a sustainability section which is made up of the GRI Index, the UNGC Index and the **KPI's of EFFAS**, all of which take up a further 16 pages and is followed by some more detailed disclosures against performance indicators. There is little in the form of sustainability narrative - mainly data and while this is a business all about sustainability, I didn't detect too much overall integration in between financial and sustainability performance. It's quite a techy impersonal report in simple b/w design, making for a not terribly entertaining reading experience.

Siveco Romania SA, 2010 Annual Social Responsibility Report, Romania, 46 pages, not GRI



There is one page of economic narrative in this Sustainability Report. It's a Sustainability Report. Do Sustainability and Integrated sound so alike?

In fact, this report only barely qualifies as a Sustainability Report. It is so light on sustainability data that it would not make a GRI C Application Level. It's more of a marketing-oriented brochure that reflects Siveco's business performance with a couple of CSR themes thrown in for good measure.

While I commend Siveco for being one of the few Romanian sustainability reporters, and the only Romanian report entered in the entire CRRA competition, the Company needs to develop its understanding of what CSR and Sustainability really mean, and how this can be presented more effectively and transparently.

Syngenta International Annual Review 2010, Switzerland, 58 pages, GRI A+

Hah! This is the only report in this entire category which makes a connection between environmental impacts and financial results. Syngenta says: *"We monitor energy use to identify opportunities to improve efficiency. Our energy strategy encourages local teams to select the best ways to reduce energy at local sites. By 2012, we aim to decrease global greenhouse gas emissions by 40 percent relative to EBIT from the 2006 baseline."* Energy consumption, GHG and other air emissions and water consumption all carry a $ value and are measured in terms of their impact on financial results as well as environmental sustainability.

Energy	2010	2009	2008
Energy (TJ)	**8,031**	8,334	8,653
MJ/$EBIT	**4.08**	4.36	4.19
Gas (TJ)	**3,851**	3,675	4,074
Electricity (TJ)	**1,963**	2,096	2,262
Steam (TJ)	**935**	1,153	1,076
Others (TJ)	**652**	775	940
Oil (TJ)	**631**	635	301
Number of sites setting energy targets	**22**	19	20
Greenhouse gases			
Total CO_2e emissions (000's tonnes)	**1,304**	1,452	1,542
kg /$EBIT	**0.66**	0.76	0.75
Within direct control:			
CO_2e emissions from own operations (000's tonnes)	**616**	641	701
of which: CO_2 (000's tonnes)	**329**	426	467
CO_2 emissions from company vehicles (000's tonnes)	**68**	65	54
Within indirect control:			
CO_2e emissions from purchased energy (000's tonnes)	**301**	418	426
CO_2 emissions from business trips (000's tonnes)	**20**	25	32
CO_2 emissions from distribution (000's tonnes)	**299**	303	329

The nature of Syngenta's business, developing seeds for more sustainable agriculture, advancing food security, lends itself well to a blended business and sustainability discussion, which makes the narrative in this report readable, informative and quite enjoyable. (Check out also Syngenta's **Grow More from Less website**).The people section is light, and I would have welcomed more discussion about responsible workplace practices and a similar assessment and measurement of sustainable people practices in relation to cost efficiencies. Much of this can be quantified, and it would be an interesting next step for Syngenta to incorporate measurable people impacts in their next report.
In the meantime, given that Syngenta is the only report in this category which has made

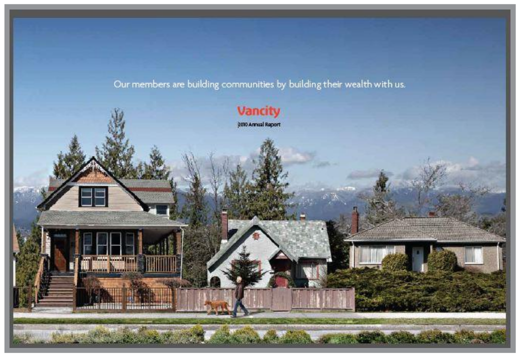
the connection I was looking for, as well as providing an integrated view of the business in a readable and accessible manner, without too much financial geek jargon and headaches, this report has my vote as the category winner!
(At this point, I will overlook the fact that this is a self-declared GRI A+ level report, and that several core indicators are not fully reported, which to me seems to fall below the A level threshold.)

Takeda Pharmaceutical Company Annual Report 2011, Japan, 150 pages, GRI A+

Takeda is a 230-old corporation so I guess they must be doing something right that supports their sustainability as an organization, although 2010 marks the first year of "Transformation into a New Takeda" strategy, driven by innovation, culture and growth. The reports looks and feels more like a Sustainability Report than an Annual Report, and includes extensive interviews with company people, and a thorough explanation of a significant acquisition, Nycomed, including aspects of culture and management style. (Most company reports do not examine in detail the basis for and impacts of acquisitions - this is a nice approach).
Financial results and discussion takes up 41 pages (27%) of this report, and some of the business and market disclosures in the body of the report are rather too detailed for the lay stakeholder to read and engage with, but overall, the report hangs together nicely, even though, as with other integrated reports, I could not find and direct connectivity between environmental or social performance and business results.
Takeda has adopted the seven core subjects of ISO26000 as a basis for CSR policy and reporting and structures disclosures around these themes. Takeda also publishes a **CSR Data Book** which replicates all the information in the Annual Report and adds some, and also includes the GRI Index. So if you are looking for a more traditional standalone CSR Report, this is the one to view.
As with most Japanese reports, many messages are formulated into charts and diagrams. I liked this one which explains Takeda-ism and Takeda stakeholders.

Vancouver City Credit Savings Union (Vancity) 2010 Annual Report, Canada, 94 pages,

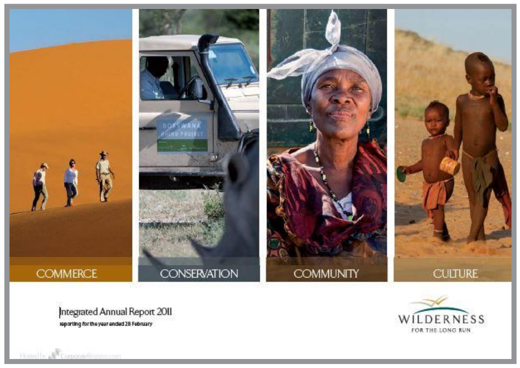
GRI A+



Vancity is a member-owned, community-based credit union seeking to develop member and community value through everything it does. Vancity is Canada's largest credit union, with $14.5 billion in assets, more than 417,000 members and 59 branches. Vancity calls this report "their first truly integrated Annual Report", and in my view, they have done a good job. Vancity's report gives a reasonably integrated business overview, with a financials taking up only 28 pages. One of the few integrated reports which has less bespoke financial content - and one of the few which is actually quite pleasant to read, with many nice visuals and a good storyline in the narrative. If you are wondering how Vancity manages to do this - I suspect I know why :) Take a look at the following shot of the Chair of the Board and the CEO! Women power is obviously the key!

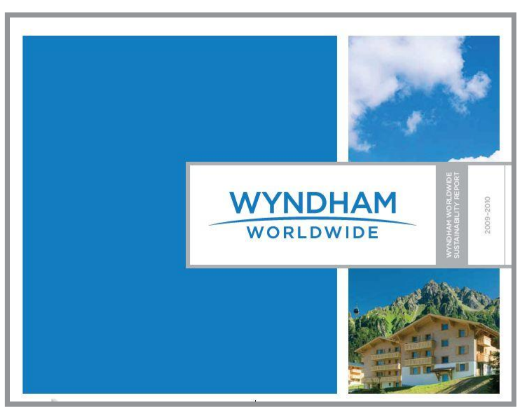
Vancity's reporting on Materiality is interesting. In fact, they produce a **whole separate report about it** - it's 4 pages long, and defines the materiality process undertaken and the specific priority responses received by stakeholders from different forms of engagement with them, and how these issues have been addressed in the Annual Report. While this is excellent practice and transparency, I do wonder about the decision to omit this, beyond a mention and referral to the separate report, from the Annual Report main document. Materiality process is so core to reporting, particularly integrated reporting - why push it out of the main document? Another nice touch I have always liked about Vancity's reporting is the way their targets are clearly laid out and the specific accountability for achieving each target is noted- once upon a time, Vancity included actual names of people but today, it's just the job title, such as VP Human Resources, CFO or other. Still, it's good to know who in the organization is accountable for what.

Wilderness Holdings Ltd, Integrated Annual Report, South Africa,
153 pages, GRI Undeclared level



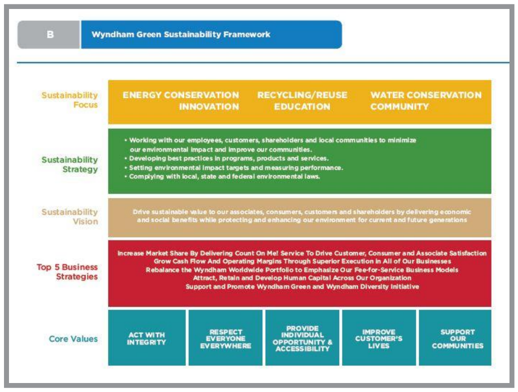
Wow. You have to look at this report, just to see the spectacularly breathtaking photography! It's just too beautiful for words. The second reason you need to look at this report is to learn about the intricate details of cultural and sustainable tourism - the high level of detail this report provides is also breathtaking - some might say overkill - but it has a certain authenticity and charm which makes you want to read more. The report includes a list of issues raised by stakeholders and Wilderness's response to them. Consolidated financial statements begin on page 108, however, so that is where I stopped :)

Wyndham Worldwide Corporation Sustainability Report 2009-2010, USA, 56 pages, GRI C



Oops! Another Sustainability Report. Not integrated. No vote in this category. It does include 2 pages about business performance and revenues, but this hardly constitutes a

full set of financials. This report belongs in the Best First Time Report category. Phew! It's there. And also in the Best Carbon Disclosure Category. So that's alright then.
I couldn't resist taking a little peek, though! Two things caught my eye. First, is the Wyndham has a **website dedicated entirely to women travelers.** I will have to see what that offers the next time I am off somewhere. I wonder if they supply people to pack and unpack my bags. That's by far the worst part of travelling.
The second thing I noticed is Wyndham's Sustainability structure, which seems highly slanted towards Environmental Sustainability.



Wyndham - green is it

Overall, the Report is a lightweight GRI level C report, responding to just 11 performance indicators in full. But a nice first time effort, all the same. Hmm. Wonder how it got into that Integrated Category, though!

And to round it all off...if you got this far ....

Of the 18 Reports entered in the Best Integrated Report category, there are five which I believe cannot be classified by any stretch of the imagination as integrated. Reporting companies should be more careful about how they define their entries in CRRA in future years. Also, some more specific guidance from CRRA might be helpful.
Of the remaining 13 reports, all go some way to presenting financial information blended, to a greater or lesser degree, with social and environmental impacts. However, very few manage to make a connection between business strategy and sustainability material issues in a way which shows how value is created or destroyed in both financial and sustainability terms. This shows the true nature of the leap that Integrated Reporting needs to drive. It is more than developing green products or delivering new drugs. It's about truly connecting all aspects of all business initiatives in which the sustainability impacts of business are represented in financial terms (where possible) and the business impacts of sustainability are represented in social and environmental terms (where possible). I fully recognize that 100% integration may be hard to achieve, but, based on my review of the Integrated Reports that are showcased here, even some first tentative steps would be significant.
Oh, and by the way, my own company Sustainability Report, which is not integrated (phew!) is entered in the Best Report, Best First Report, Best SME Report and Best Creativity categories in CRRA 12. I would be delighted if you would consider voting for **Beyond Business Sustainability Report. Check out the CRRA 12 Awards here**. **PLEASE** vote for your fave Integrated Reports **AND** for the **Beyond Business** report :))

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business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Are sustainability reports really that bad ?

Saturday, December 10, 2011

The shock-horror headline **"Howlers and omissions exposed in world of corporate social responsibility"** which first appeared in the Guardian on 24th November 2011, and then rapidly did the rounds of all online CSR news and information sites, morphing into **"Lies, damn lies and CSR"** by the time it got to Management-Issues.com the following day, alerted us to an important discussion which appears to have been somewhat sidelined in the efforts to mainstream sustainability reporting. The discussion about the quality of reports. Despite the fact that **sustainability reporting is now the "de facto" law for business**, as pronounced by KPMG in their 2011 survey of Corporate Responsibility Reporting, this is not an invitation to **rest on our laurels**. For mainstream reporting to become credible reporting, it needs to be ... well, credible. That means accurate, verifiable, consistent and clear.

The howler article, which claims to reveal "*irrelevant data, unsubstantiated claims, gaps in data and inaccurate figures*" after an examination of over 4,000 Sustainability Reports, certainly made a splash. The claim is "that every second company has major problems" which I assume to mean that 50% of reports include inaccurate or incomplete data. In general, I would not be surprised if there were some truth in this. In my (also fairly expensive experience) of analyzing Sustainability Reports, I would agree that there are serious errors, omissions and misrepresentations. Whether this is at the rate of 50% of reports, I couldn't say, so I will be interested to see the data when the full report is published in 2012.

So what should we make of this? Why would so many companies go to so much trouble to produce so many reports, only to do so in a sloppy or poor quality way?

I suspect that most companies do aim to deliver accurate data. There may be some which attempt to mislead in order to mask a problem, but in general, I believe reporters have a vested interest in accuracy. I can certainly say that all the companies I have ever worked with on sustainability reporting (hah, that doesn't come close to 4,000 ... yet :)), have earnestly tried to present accurate data. In some cases, sure, companies prefer not to disclose ALL data, i.e. they leave certain operations out of the report scope. This is acceptable as long as it is clearly stated. But I have never experienced working with a company which has knowingly reported inaccurate data.

The core issue for accuracy and fair representation of data and information in Sustainability Reporting goes back to the management of sustainability reporting and the degree of priority and professionalism it enjoys in the hierarchy of leadership decision making. Several factors contribute to reporting inaccuracies and misrepresentations:

Data collection processes in companies: Both for large global multi-nationals, and yes, even for smaller companies, sustainability data collection processes are challenging (note: euphemism for backbreakingly tough). Unless companies have invested in global ERP systems with built-in accuracy control mechanisms, the process for collecting data locally, transferring it to spreadsheets, aggregating and cutting, sorting, copying, pasting and charting is an invitation for error. To ensure the accuracy of global data, companies need check-steps at every step of the data collection process as well as consistency checks with prior reported data. Not all companies adopt this level of rigor. A small oversight, such as the loss of a zero (or two) in one of the aggregation steps, can make the difference between carbon neutral and carbon negative.

Conversion factors are complex: Most companies don't collect data in gigajoules. To report in gigajoules, you have to use conversion factors. To calculate carbon emissions, you need to use up-to-date emission factors. Reporting OSHA rates requires a lucid understanding of the methodology and what gets divided by what. Errors occur.

Speed reduces accuracy: Reporting is often a race against time. There is so much that needs to be done in order to get to that green go-to-print light, that consistent, rigorous checking of all datapoints may fall through the cracks in the rush to complete. Many companies will prefer to hit their deadline than to delay in the name of perfect accuracy.

Sustainability Reporting is just not that important: Yes, it has to be said. There are no mandatory auditors, no external regulations which require accuracy checks, no teams of accountants following audit trails until they fall from exhaustion. The Sustainability Report is not equivalent to the Annual (financial) Report. The CEO is not generally called to account for the quality of data in Sustainability Reports as s/he is with Financial Reports. There is no flurry of interest from external analysts who know how to dissect Sustainability Reports the minute they are published in the same way as there is when Annual Reports are published. The quality of Sustainability Reporting in organizations, whether internal or external, generally does not have the most senior leadership's full attention in the same way as Financial Reporting does. Often, the providing data for a Sustainability Report may be a necessary headache, relegated to a lesser level of importance than the reputational (marketing) value of the report which is narrative-based and easier to present. Until corporate leadership universally accepts that Sustainability Reporting is equal in stature and importance to Financial Reporting (and I don't believe that Integrated Reporting is the only answer - see below), assigns the right amount and quality of resources to produce the report and insists on the same degree of professionalism, then errors will continue to show up.

External assurance is inadequate: The **Wild West of external Sustainability Report assurance** has not yet reached the level of unequivocally adding to report credibility, in many cases. External assurance is often limited in scope and falls short of comprehensive verification of reported data. Despite assurance seeming to offer an additional stamp of approval for report quality and credibility, I suspect that there are more problems with the accuracy of assurance processes than there are with reports themselves. Assurance has to become **full** assurance and verification to be effective, and it needs to be performed by those who understand organizations and sustainability as well as audit processes and results.

There are not enough critical stakeholder voices: In the absence of regulation and comprehensive Sustainability Report auditing, those who pick up errors and misrepresentations are mainly academics, NGO's including environmental, labor representation and human rights organizations and CSR professionals. Consumers and members of the general public, even if many were to read Sustainability Reports, are not competent to understand the intricacies and the small print of reporting and make an informed assessment of whether 600,000 tons of CO2e is positive sustainability performance or not. At best, the lay reader gains an impression of a company's performance versus its own past disclosures or targets. Often, performance, even bad performance data, is so often shrouded in positive language (an increase in current carbon emissions may be presented as a reduction in overall emissions for the past five years, for example) so that it is easy for lay readers to be impressed by the words and showy report designs and less by the numbers. There are tools that are being developed to assist comparisons between company reporting, such as the **Justmeans Insights database** - see the following example of a comparison of Carbon Emmissions Intensity by four leading Computer and Peripherals manufacturers - Dell, IBM, HP and NEC - but even these tools rely on data supplied by corporations in their own Sustainability Reports and communications.

In a non-regulated Sustainability Reporting world, we need more people to become more competent at reading and analyzing reports, and more stakeholder voices to speak out.

NGO's often do this - **see my post about the Alternative Hershey report** - and **an article I wrote for CSRWire.com about Shadow Reporting.** Just this week, I was alerted to **a critical assessment of Deutsche Telekom's GRI-based A+ level externally assured CR Report**, produced by the **Trade Union Advisory Committee to the OECD (TUAC)** to coincide with **International Human Rights Day**.

A criticism of Deutsche Telekom's report : "D+"

The **UNI** General Secretary Philip Jennings made the comment: *"Deutsche Telekom gives itself an A+ on its corporate responsibility but with so many holes in the report, we'd give it a D+".* (**UNI Global Union** is the global union representing 20 million workers in the private service sector worldwide, including more than 3 million workers in the telecommunications and IT industries.) This is the sort of pressure that will drive more accurate Sustainability Reporting. But, with thousands of reports produced annually, and more to come given the drive to mainstream reporting, these isolated voices are not sufficient. The drive to **Integrated Reporting** may help to raise the bar if full verification and external assurance is applied to the **full** contents of Integrated Reports, but even so, it is not yet clear how this will play out as the IIRC is still debating the issue, and in any case, it will take several years to embed, and the scope of sustainability data in Integrated Reports is likely to be more limited than current best practice Sustainability Reporting.

Perhaps what we need is a global NGO that focuses on report accuracy. It could be called the **C**omplete **R**eporting **A**ccuracy and **P**recision **O**rganization for **U**niversal **T**ransparency (CRAP-OUT, for short). Now, there's a thought.

In the meantime, we shall have to continue to urge more companies to report while remaining vigilant regarding report completeness, accuracy and quality. Reporting companies should be more proactive in ensuring the integrity of their own reporting.

The howlers headline? Well, it may be just a little sensationalist, but if it's a Red-Alert for improving Sustainability Report quality, we could probably do with a few more like that.

elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict.Author of CSR for HR: A necessary partnership for advancing responsible

business practicesContact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- Riccardo_Wagner December 14, 2011

Hello Elaine, we asked Deutsche Telekom for a statement and received this morning a short but complete denial of responsibility. Instead DTE is pointing towards GRI.

http://csr-strategie.de/csr-kommunikation/deutsche-telekom-dissmises-tuac-critic-on-sustainability-report-points-to-gri/

Greetings from Cologne/Germany and thx again for your Twitter Support

Riccardo Wagner
BetterRelations

- elaine December 20, 2011

hi Riccardo, thanks for your comment, I have also responded on your post. Interesting to see how everyone is passing the buck!
elaine

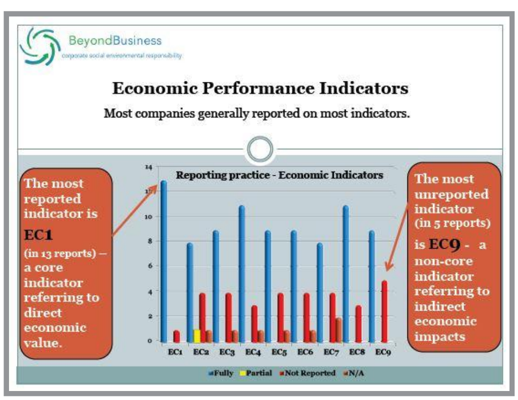
Sustainability for Breakfast

Friday, December 09, 2011

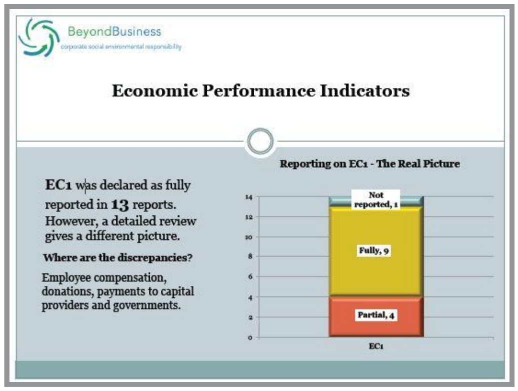
This morning, we had the pleasure and privilege of hosting the **Deputy CEO of the GRI, Teresa Fogelberg**, in Tel Aviv. It is a rare treat to have someone of such stature come and share insights and experience with a group of local CSR practitioners. Today, over breakfast, that's what happened.

Sustainability for Breakfast in Tel Aviv The meeting was hosted by the Embassy of the Netherlands in Israel, at the initiative of the Head of the Economic Section, Wendela Haringhuizen. The Embassy is no stranger to sustainability and has held several local conferences in recent years to raise awareness for sustainability issues such as green building, water conservation, waste and air quality, introducing Dutch technologies and offering practical advice. In general, the Government of the Netherlands is one of the more progressive on sustainability matters, as one might expect of the host government to the Global Reporting Initiative, based in Amsterdam. One interesting practice of the Netherlands Ministry of Economic Affairs, Agriculture and Innovation is the **Transparency Benchmark**, which analyzes in detail the quality of Dutch Sustainability Reports and awards prizes for the best quality reports.

Wendela Haringhuizen opens the meeting in the spirit of Netherlands' Sustainability
Following Wendela's welcoming remarks, and overview of the Embassy activities in Israel, I gave a review of the state of sustainability reporting in Israel. While reporting is always positive, and we should acknowledge some progress in recent years, the fact remains that only 25 reports were published by 23 companies during 2010-2011 in Israel. This is a very low count, given the size and state of development of our market. The reporting companies include local subsidiaries of global companies such as Motorola and Intel, large Israeli global companies such as Teva Pharmaceuticals, Delta Galil, Strauss Group and Elbit Systems, as well as local companies such as the leading banks and telecoms companies.
Of these 25 reports published, 14 were in accordance with the GRI Framework (with three being externally verified), all at Level A or B, demonstrating a certain competitiveness among local players who, it seems, perceive a higher GRI Application Level to be more important than the quality of the report itself. When analyzing the quality of the reports, we found wide variations. We analyzed section by section the disclosures against GRI-based performance indicators and without exception, found that there were serious omissions in the way companies reported on indicators they had declared to have fully reported against. For example, **EC1** is the most reported economic performance indicator of all the Israeli GRI-based reports.



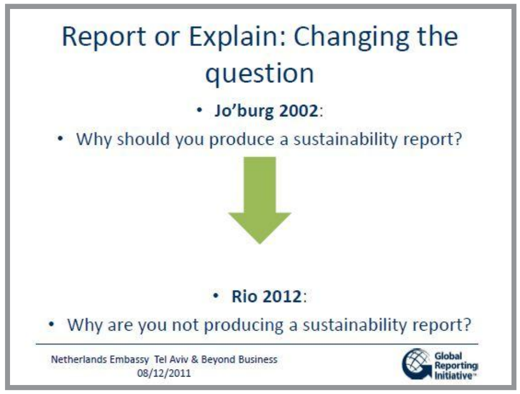
However, when drilling down to look at exactly how companies had reported on EC1, we found a different picture - i.e. that one company hadn't reported it at all, and four companies disclosed only partially. So, out of 13 reports declaring this indicator as fully reported - only nine (69%) made the grade.



Another interesting insight was the use of the famous N/A. How many indicators are truly Not Applicable to companies? One of the GRI-based B-level reports we examined noted in their GRI Index that 49 (out of a total 79 performance indicators) were not applicable. This included indicators such as EC7 - procedures for local hiring and LA7 - rates of injury and absenteeism. The company may not wish to disclose against these indicators, but stating that they are Not Applicable detracts from the report's credibility.
Concluding this presentation with the acknowledgement that sustainability reporting in Israel is both weak in quantity and patchy in quality, we recognized the massive opportunity that this represents for Israeli companies (gotta stay optimistic, right?).

This led nicely into the presentation of Teresa Fogelberg.

Teresa Fogelberg explains the global imperative of sustainability reporting Teresa focused on the global imperative of sustainability reporting and talked about the advances being made all around the world to incorporate reporting into regulation, such as in the case of Denmark, where the Report or Explain approach appears to have had significant results. **The Report on CSR and Reporting in Denmark which summarizes the Impact of the second year subject to the legal requirements for reporting on CSR in the Danish Financial Statements Act** informs us that **87%** of the top 1,100 Danish companies now report, and that: "There has been a significant improvement in the businesses' ability to translate policies into actions and to describe the achieved results. In the 2010 financial statements, more businesses report on policies at 71% (69%); on actions at 66% (60%); and on achieved results at 49% (37%)." Teresa also quoted additional studies which prove the value of mandatory reporting. But even without regulation, the reporting climate has changed, moving from "why should you produce a report?" to "why are you not producing a report?".



Finally, Teresa didn't fail to issue a wake-up call to the Israeli business community by reminding us that, of the 34 countries analyzed by the recent **KPMG International Survey of Corporate Responsibility Reporting Report**, Israel was at the **bottom of the list**. (and when you are at the bottom, the only way to go is up, right ?)
You can download Teresa's full presentation **HERE.**

Eli Abramov, CEO of Baran Group, committed to transparency Finally, Elhanan (Eli) Abramov, the CEO of **Baran Group**, one of Israel's few pioneering GRI-based Sustainability Reporting companies, provided his perspectives on how, as a CEO, he understands the value of sustainability practice and of transparency in business. In particular, Eli reinforced the necessity of personal leadership in sustainability issues and confirmed that: "Reporting is a participatory and interactive management process which teaches us much about ourselves and the way we do business, and reinforces the accountability of all Baran employees."
You can download Eli's full presentation **HERE**.
Finally, we were delighted to be joined by H.E. Mr. Caspar Veldkamp, Ambassador of the Kingdom of the Netherlands in Israel.

L>R:
Wendela Haringhuizen, Sohail Wahedi , Ambassador Veldkamp, Teresa Fogelberg, Elaine Cohen To round off the morning, taking us from breakfast to lunch, we continued our discussion in the **comme il faut restaurant in Tel Aviv port**, housed in the newly reconstructed **Bait Banamal**, the socially-responsible, alternative consumerism, pro-women hub of creativity, inspiration and pretty good food!

Sustainability for Lunch Participants at our morning conference included representatives from a wide range of companies including Teva Pharmaceuticals, Ormat Technologies, Israel Chemicals, Alon Holdings, Microsoft R&D in Israel, Intel Israel, Motorola Israel, Amdocs, Bank Leumi and more.
All in all, a worthwhile morning. I hope that Teresa comes back soon, as she threw down a challenge to Israeli business that by the time she returns, we should have **triple** the number of reports in Israel.

elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict.Author of CSR for HR: A necessary partnership for advancing responsible business practicesContact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

25 examples of Creativity in Sustainability Reports

Saturday, November 19, 2011

25 Sustainability Reports are entered in the Creativity in Communications category in **CRRA 12**, **the largest online annual Sustainability Reporting Awards.** To enter this category, one assumes the reporters believe their report is meaningfully creative. What's creative in terms of Sustainability Reports? Well, according to **CorporateRegister.com**, it's this:

Which report is a real pleasure to read, because the authors have given thought to both the content and the reader? Do you find the report engaging and informative, or boring and unimaginative? This award is for the report which best succeeds in getting its message across, using creativity as a defining factor.

What does **Merriam Webster** say about creativity?

The quality of being creative

The ability to create

Hmm, that didn't get us very far, did it ?

So what better way than to look at the reports entered in the Creativity in Communications category to see what we can find that make them elligible for a creativity award. Let's take 'em in alpha order.

(NB: All report links go to CorporateRegister.com Report Profiles - you need to be registered to view - but then - you need to be registered to vote :) And you are planning to vote, right?)

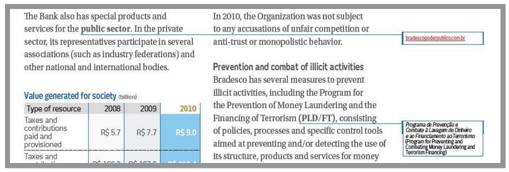
Aggregate Industries UK Ltd Sustainability Report 2010 (GRI A+)

This report is called the "Seven Ages of Aggregate Industries" and opens up with an introduction that starts like this: *" Having been part of the sustainability reporting process for around 10 years, we know that a corporate sustainability report isn't the sexiest of reads and yet here we are for another year. You have made it to the introduction and we would like you to keep reading. After all, we have so much that wewant to share. Many a sleepless night has been spent devising a way of turning 34 pages of information into a story that we hope will both inform and entertain.*" Yep. That's original, for sure. The report is structured around a kind of storyline that goes from Birth to a further six stages: Growth and Leading, Youth, Starting Out, Middle Age, Old Age and Retirement. In the Birth section, for example, Aggregate Industries talk about the birth of a pre-cast modular rail platform solution. I guess that explains why reporting isn't sexy. Ha-ha. The report is an entertaining read, and certainly is more creative than the standard marketplace, workplace, community and environment approach.

Birth from Aggregate Industries

Banco Bradesco Sustainability Report 2010 (GRI A+)

Banco Bradesco's 61 page report is packed with charts and figures and tables, so that your eyes jump around from narrative to visuals rather frequently. The different thing about this report is the way it handles glossary and links. Throughout the report, whenever there is something Banco Bradesco wants to explain, it has a call-out box which contains the information or link.


The Bank also has special products and services for the **public sector**. In the private sector, its representatives participate in several associations (such as industry federations) and other national and international bodies.

Value generated for society (billion)

Type of resource	2008	2009	2010
Taxes and contributions paid and provisioned	R$ 5.7	R$ 7.7	R$ 9.0
Taxes and [illegible]	[illegible]	[illegible]	[illegible]

In 2010, the Organization was not subject to any accusations of unfair competition or anti-trust or monopolistic behavior.

bradescopoderpublico.com.br

Prevention and combat of illicit activities
Bradesco has several measures to prevent illicit activities, including the Program for the Prevention of Money Laundering and the Financing of Terrorism **(PLD/FT)**, consisting of policies, processes and specific control tools aimed at preventing and/or detecting the use of its structure, products and services for money

Programa de Prevenção e Combate à Lavagem de Dinheiro e ao Financiamento ao Terrorismo (Program for Preventing and Combating Money Laundering and Terrorism Financing)

Calling out for more information at Banco Bradesco On page 19, there are almost more call-outs than narrative. That's pretty creative.

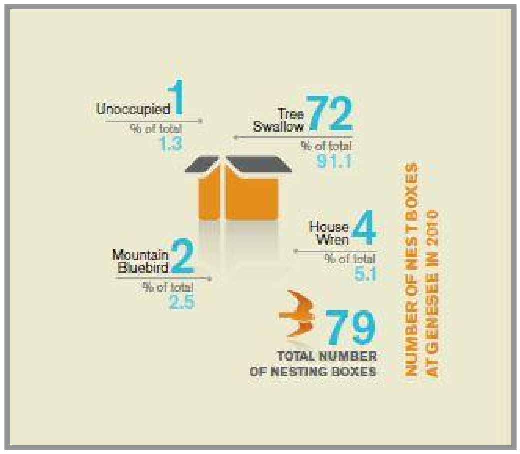
Bank Sarasin and Co Sustainability Report 2010 (GRI A+) This report is spectacular and stands out from the crowd. You can probably sense that it's going to be a different sustainability report experience when you see the cover - Michael Leibundgut holding the violin of a close friend that passed away. Not your standard hands-holding-a-globe, babies smiling or green pastures graphics.

The first 30 pages of this report is a magazine - a kind of cultural and environmental immersion with a sustainability flavor. Interesting pieces on art in Duesseldorf, pollinating bees, Switzerland's role in sustainability and electric cars, and more. The second 30-page section is the GRI report.

British American Tobacco Sustainability Report 2010 (GRI Undeclared)
BAT are by now seasoned reporters and aim to present another face of the tobacco industry than the one which gets all the hard hits. Some might say - ***that's*** creativity! However, one of the approaches in this 219 page report is Answering Challenging Stakeholder Questions, such as : # Should a tobacco company aim to be sustainable? # Do you engage with stakeholders who are most critical of the tobacco industry? # Isn't this all "PR spin"? # Do you concentrate on developing markets that have less tobacco regulation? # Can you be responsible when you need to compete? Maybe BAT's responses are also creative? However, sustainability reporting should be about responding to stakeholders and not just we-did-this-aren't-we-great brochures, so in that respect, BAT are doing what it takes. You can send them any question and they will consider responding to it in their next report.

British Sky Broadcasting Group plc The Bigger Picture Review 2011 (GRI C) This is a 118 page report which follows a repeat sequence of priorities and progress and next steps in each section. The interesting thing about this report which breaks the mold is the two sections devoted to Sport and the Arts, and the way broadcasting can empower sports and a range of festivals, art events, ballet, books and more. Short case studies illustrate the narrative. Arts has to be a creative thing, right ?

Capital Power Corporation Sustainability Report 2011 (GRI A+) This has to be the most creative report for use of icons. Everything has an icon. A reindeer for wildlife monitoring. A windtower for wind farms. A syringe for free flu-shots. A briefcase for long term debt. A pylon for electricity. A hard-hatted person for employees. A coal cart for a coal project. And what seems like hundreds more. Icons = creativity? I am sure there is a connection somewhere. Overall, the report is has an attractive design with some nice info-graphics. It's an example of how great design can turn sustainability narrative into a creative report.

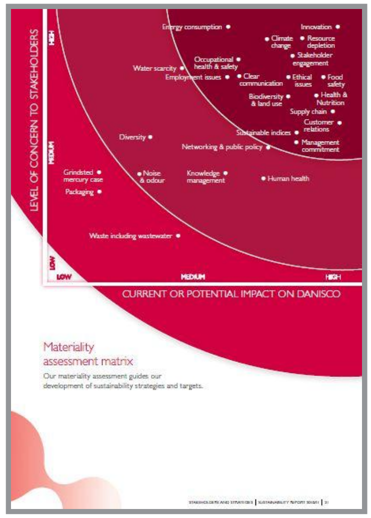


Creative presentation at Capital Power **Coca Cola Enterprises Inc. Corporate Responsibility and Sustainability Report (GRI B+)** This report is Creativity in Red. No points for guessing why red is the dominant color for Coca Cola reporting. The report is peppered with colored balloons with interesting data and facts.

Coca Cola Ent. balloons Of course, as far as I know, Coca Cola Enterprises is the only company to call CSR "CRS". Perhaps that should count for a creativity award.

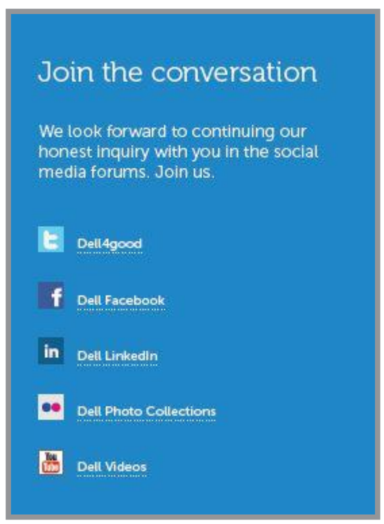
Danisco Sustainability Report 2010/2011 (GRI A+)

Following Danisco's acquisition by Du Pont last year, this is the last sustainability report to be published independently by Danisco. It's nice to see the company went ahead and published this report entitled "Ingredients for a Changing World" after the acquisition was announced. They could have taken the easy option to skip it. Danisco has a materiality matrix which takes up a whole page. Now, there's something creative!



Danisco's full page materiality matrix **Dell Corporate Responsibility and Report 2011 (GRI A)**

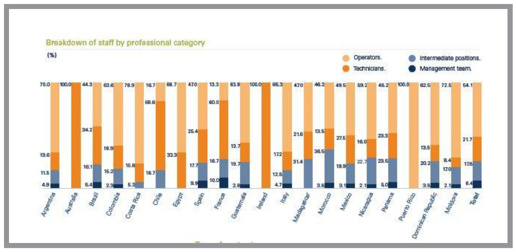
Over 55 team members throughout 12 departments within the Dell organization were engaged in the collaborative creation of this 60 page report. This report was created in-house, for the first time. Hmm, personally, I recommend **consultants** :) However, engaging staff in the writing of the report requires great process which I am sure involves a lot of creativity along the way. The conversation at Dell doesn't stay in house. They invite everyone to join the conversation.



Join Dell's sustainability conversation **Deloitte LLP Fiscal 2010 Corporate Responsibility Report (GRI B)**

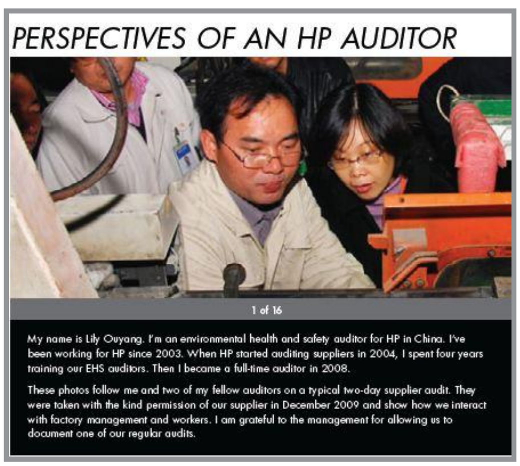
This is the third Deloitte report . It closes with a section called "Want to know more?" which pulls together all the relevant links to further information about issues highlighted in the report. This is the first time Deloitte uses the GRI framework and they cautiously claim to be the first among the “Big Four” organizations to issue a GRI report in the United States. They comment: *"As might be anticipated for a private organization whose customary approach to sharing information is on a “need-to-know” basis, the road toward transparency is not alwayscomfortable. As we move forward, we expect our GRI reporting to be more robust and comprehensive*." That's a good disclosure and a differentiating aspect of Deloitte's reporting.

Gas Natural SDG SA 2010 Corporate Responsibility Report (GRI A+)
This is a serious 212 page report with plenty of detail . Some of the charts are so detailed that they take a while to digest.

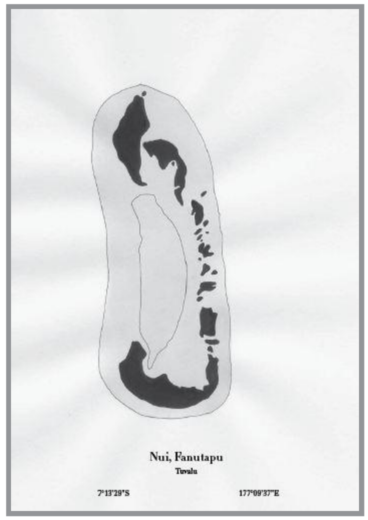


Digesting data at Gas Natural This 212 page report contains a special chapter entitled *"How to Read the Corporate Responsibility Report"* which serves as a reader guide. This is a nice touch, even though it appears only on page 40, by which time you have either worked it out or given up. The GRI Index is also cross linked with both the UNGC Principles and the Millennium Development Goals.

Hewlett-Packard Company A connected world. The impact of HP global citizenship in 2010-and beyond (GRI B) HP's 244 page report is not called a report at all. That's creative. It's also includes 17 pages of product descriptions - a kind of mini-product brochure inside the report. That's even more creative. However, no-one can fault HP on its comprehensive, intensive reporting for yet another year. It is clear that the company invests many resources into producing its sustainability report and my pick for the most creative innovation in this one is a 16-photo Day in the Life of a Factory Auditor, showing the process of an experienced environmental health and safety auditor and how she goes about her two-day audit. Great creativity for a Sustainability Report.



HP auditors at work in China **Kuoni Travel Holding Limited Corporate Responsibiltiy Report 2010 (GRI Undeclared)** This report will not fail to impress you with its creative design which contains illustrations from the Atlas des îles perdues, an artwork by Marie Velardi. "*The Atlas depicts islands that could one day sink into the ocean due to rising sea levels caused by climate change. It is a clear illustration of the vital role of mitigating the negative impacts of Kuoni's operations on the environment while at the same time enhancing the benefits of its actions at the destinations for now and the future. "*



One of the lost islands from Kuoni's report Created entirely in black and while, with pencil illustrations - aha! no photos at all in this report- and large white spaces and full page section introductions with quotable quotes, this report is certainly a uniquely styled presentation and well worth a look.

Quotable section heads from Kuoni Travel Holdings

The report also contains "webcodes". By inserting the webcode on the company's website, you can navigate directly to points of specific interest. A thoughtful report focusing on serious aspects of sustainability in the tourism industry in a striking way.

La Trobe University. Sustainability Report 2010. Responsible Futures (GRI B+)

Universities have a major role to play in sustainability and La Trobe University's inaugural sustainability report is one of only a few universities worldwide that have reported in accordance with the GRI framework and, La Trobe claims, is the world's first university sustainability report to be externally assured to AA1000 standards. This is one of the few reports I have seen that has responded adequately to GRI LA14 indicator by providing a ratio for male: female pay and confirming a gender gap. We all know that women are paid less than men for same work in almost every industry but somehow, thousands of sustainability reports don't disclose on this issue or simply spurt equality policy. La Trobe's approach is very creative - they admit they have an issue.

Male to female wage ratio

The 2010 female to male salary for continuing and fixed term staff sits at 0.89, indicating a gender pay gap. We further analysed the wage ratio by breaking the results down by level of employment. To view the results, see: latrobe.edu.au/sustainability

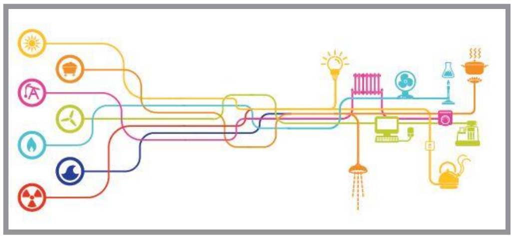
LA Trobe- it's so honest, it's creative

Loyalty One Inc. Accountability Report 2011 (GRI C) This is the only company in this category to call their report an Accountability Report. The creative difference in this report is the link to the corporate brand - at Loyalty One everything is one. One responsibility, one environment, one community, one culture. You get the picture. The report is called One Step Further.

Microsoft 2011 Citizenship Report (GRI undeclared) Microsoft's report (81 pages) is creativity in its simplicity. The report is structured section by section in four parts: Challenges, Opportunities, What we're doing, What's next. This is supplemented by "Spotlights" on specific issues and "Viewpoints" from external stakeholders. Pleasant visuals. Clean. Neat. Get's the job done. That's creative.

National Grid plc Social Purpose Report 2010 (GRI Undeclared)

This 38 page report is made up of full page images representing 26% of the report content, plus other visuals throughout the narrative pages. Someone at the National Grid is obviously very camera-happy. It's a first report so that's always something special. Focusing on social purpose (*Our job is to connect people to the energy they use, safely and reliably*) is a good way to express the sustainability motivations of this company. This is how it looks without words:



Creativity in connecting energy to people from the National Grid

Newalta Corp. Sustainability 2011 (Not GRI)

This is a 29 page report, the Company's second. But you don't have to take my word for it. You can take advantage of this company's creative innovation by checking it out via their QR code.

Sustainability on the Web

You will find all of the information contained in this report, as well as additional detail and stories related to our sustainability efforts, by following the link on the homepage of our website at www.newalta.com. Or simply capture the QR code with your smartphone.

QR straight to Newalta

Qualcomm 2010 Social Responsibility Report (GRI B+)

This 103 page download is an export of the **online report website** and is called **Sending a Strong Signal: Stepping up, reaching out and making responsibility quintessentially Qualcomm.** Any Sustainability Report which has a 16-letter word in the report title has to be a candidate for a creativity award.

Royal Dutch Shell plc Sustainability Report 2010 (GRI A+)

Not many companies have 10 years of sustainability data to boast of. Shell does. They present this data in a fascinating chart. Getting 30 different metrics year by year for 10 years onto one page is creative. And impressive.

ENVIRONMENTAL AND SOCIAL DATA

ENVIRONMENTAL DATA	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Direct greenhouse gas emissions (GHGs) [A]										
Total GHGs (million tonnes CO_2 equivalent)	75	69	75	82	88	93	101	102	96	93
Carbon dioxide (CO_2) (million tonnes)	72	66	72	79	85	89	96	97	92	87
Methane (CH_4) (thousand tonnes)	125	127	126	119	124	173	192	187	196	261
Nitrous oxide (N_2O) (thousand tonnes)	2	2	2	2	2	2	2	3	4	3
Hydrofluorocarbons (HFCs) (tonnes)	24	25	23	28	24	20	13	9	11	4
Flaring [B]										
Flaring (Upstream) (million tonnes CO_2 equivalent)	10.3	7.8	8.8	9.7	14.3	20.8	24.6	24.1	20.6	28.9
Flaring (Upstream) (million tonnes hydrocarbon flared)	3.5	2.6	2.8	3.4	4.8	7.0	8.1	8.1	6.8	9.5
Energy intensity										
Upstream excluding Oil Sands (gigajoules per tonne production) [C]	0.81	0.83	0.79	0.81	0.80	0.73	0.71	0.72	0.75	0.69
Oil Sands (gigajoules per tonne production) [D]	6.9	6.8	6.8	5.8	5.3	5.2	5.8	10.0	n/c	n/c
Refineries: Refinery Energy Index [E]	101.8	102.2	98.9	98.6	98.4	98.0	96.7	97.8	100.0	n/c
Chemical plants: Chemicals Energy Index	89.3	92.0	93.0	92.6	92.5	95.8	93.3	98.3	99.7	101.4
Acid gases and VOCs										
Sulphur dioxide (SO_2) (thousand tonnes)	139	141	175	212	233	226	247	257	240	236
Nitrogen oxides (NO_x) (thousand tonnes)	159	142	150	145	154	157	172	193	195	191
Volatile organic compounds (VOCs) (thousand tonnes)	133	126	130	148	185	199	213	226	324	309
Ozone-depleting emissions										
CFCs/halons/trichloroethane (tonnes)	0.0	0.4	1.4	0.6	0.3	0.8	2.3	3.0	7.7	4.5
Hydrochlorofluorocarbons (HCFCs) (tonnes)	20	24	26	27	35	35	42	44	57	45
Spills and discharges [F]										
Sabotage spills – volume (thousand tonnes) [G] [H]	3.0	14.0	6.5	3.4	1.9	1.5	1.1	0.9	2.5	5.2
Sabotage spills – number [H]	112	95	115	197	123	111	101	105	128	114
Operational spills – volume (thousand tonnes) [G]	2.9	1.4	8.8	3.5	3.9	3.4	3.4	5.0	4.2	9.6
Nigeria	0.7	0.3	7.1	1.6	1.4	0.1	0.0	0.4	0.2	5.2
Rest of world	2.2	1.1	1.7	1.9	2.5	3.3	3.4	4.6	4.0	4.4

10 years of sustainability data at Shell

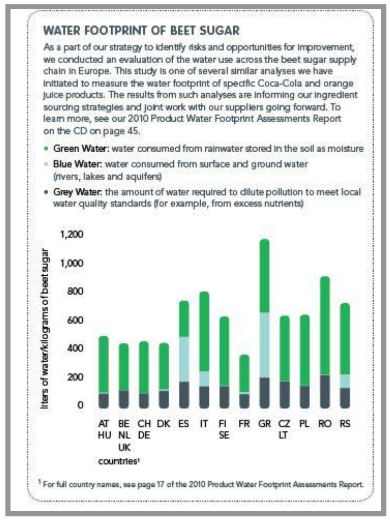
Teck Resources Ltd Sustainability Report 2011 (GRI A+)

Some companies go totally overboard with photos and design in sustainability reporting. Teck doesn't. This 96 page report has three photos, and one is the cover page. The rest is mainly narrative with some charts, with the exception of a nice visual showing the cycle of mineral use in a sustainable society.

Camping out after mine closure at Teck Teck Resources' report is very detailed and includes fascinating case studies. One of my favorites is how Sphinx Creek watershed was turned into a thriving habitat for rainbow and bull trout follwing reclamation of a mined pit.

The Coca-Cola Company 2009/2010 Sustainability Review (GRI undeclared)

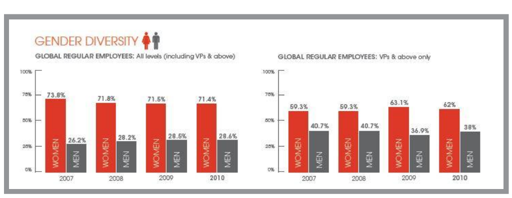
Coca Cola contains a lot of water, but you knew that. This report includes the water footprint of beet sugar as part of Coca-Cola's sustainable agriculture initiative. We have come a long way when downstream companies are disclosing such detail about upstream impacts. I haven't seen too many companies disclosing water footprints of single raw materials to date. I am sure we will see more. This is a differentiating factor in the Coca-Cola Company's report.



Coca-Cola's sustainable agriculture initiative

The Walt Disney Company Corporate Citizenship Report 2010 (GRI undeclared) The Disney report is a journey into the wondrous and magical world of wholesome and fun entertainment. The report contains many case studies about ways in which Disney uses the power of entertainment to advance sustainable lifestyles and improve environmental impacts. The World of Color, for example, is a water-conserving nighttime attraction. Looks pretty creative to me!

A sustainable water attraction from The Walt Disney Company **Waggener Edstrom Worldwide Inc: Corporate Citizenship Report 2010 (GRI B+)** This 81 page report has a great design and invites the reader to get stuck in. Use of infographics to introduce sections help to focus reader interest. But by far the biggest aspect of creativity has to be:



Women get to high places at Waggener Edstrom Any company with over 60% of VP level-and-above execs who are women just has to be great at creativity.

And one more So these are 24 examples of creativity in Sustainability Reporting. But I promised 25. Ah, well, you see, the remaining report in the Creativity in Communications category is my very own company's report - **Beyond Business Sustainability Report 2010 - How a little consulting firm makes a BIG impact (GRI A).** So, now that you know that my report is a contender, in competition with all these other creative reports, you can judge my comments accordingly. But I also invite you to take a look at my report and check out how mindbogglingly creative we have been. And if you would like to vote for the Beyond Business Sustainability Report, it would make me as happy as a very large helping of my favorite ice cream.

In any event, I urge you to reward this bunch of great reporters and use your five votes in this category to acknowledge those you think lead the pack in creativity. **Vote NOW (or until 21st January) here.**

elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Making Reporting Relevant: Two sustainability databases

Saturday, November 12, 2011

As businesses become more transparent, so databases populated with the information that businesses now disclose are becoming more sophisticated and opening up wondrous possibilities for discovery, comparison, benchmarking and all sorts of interesting facts and figures compilations. Hot off the press is the new **GRI Database of Sustainability Reports**, which is a repository of over 7,600 sustainability and integrated reports (GRI-based and non-GRI-based) which is searchable and offers possibilities for interesting benchmarking options. Another fascinating data base which drills right down to source ESG data, sector by sector, is the new **Justmeans Insights platform** which is a data visualization and performance dashboard. **(see the Press Release here).**

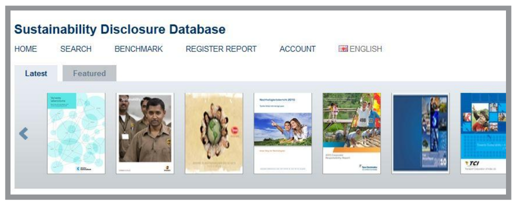
The new **GRI Sustainability Report Database** is the product of several years work and broad collaboration with the **GRI Data Consortium** (my company, **Beyond Business** is the Data Consortium Partner for Israel). It is still in pilot phase, but is looking pretty good. The Database site was launched officially this week with a **press release** and a **launch webinar which you can view here** (Webex recording). Many bloggers have already rushed to report on the key features of this new database, such as **Raz Godelnik on Triple Pundit**, and **Environmental Leader** and **Sustainable Planet**. Here is an extract from the GRI Press release:

"The new Sustainability Disclosure Database includes data on the sustainability and environmental, social and governance (ESG) transparency of over three thousand companies worldwide. Sustainability performance data is increasingly important to markets worldwide. **In 1975, on average 80 percent of a company's value came from tangible capital – finances and assets. Today, on average 80 percent of a company's value is intangible – for example customer trust, brand value and stakeholder relations.** The database is a hub for sustainability disclosure, featuring sustainability reports that use the GRI Guidelines and those that follow other guidance. The database includes references to sustainability guidance from different organizations, including the Carbon Disclosure Project, ISO, the OECD and the UN Global Compact. GRI plans to expand the scope and depth of its data collection and analytical functionality over time."

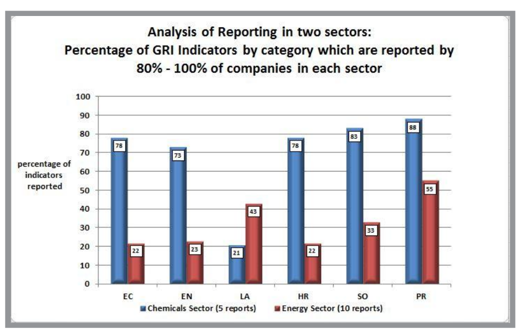
The GRI Reports Database

Here is an example of what you can do with the GRI database:

First, you can take an interest in the latest published reports or those which have been featured in the GRI communications service



Alternatively, using the search function, you can search for any report by organization name, report type, publication year, sector, region or country. Each organization and each report has its own profile page. This is currently still being populated (largely dependent on reporting companies completing their own data via own access), but most of the reports are already available to view. However, the benchmarking is where it has the potential to get most interesting ... so far, in the benchmark, only reports published since Jan 1st, 2011 AND which have been checked by the GRI as conforming with the GRI Application levels are included in the benchmark option - that's around 100 reports to date .. so a meaningful benchmark is still a little premature. However, as more reports are included, this could become quite useful. To give you an idea, I looked at 2 sectors which have a more than just a couple of reports : the Chemicals sector (5 reports) and the Energy sector (10 reports).



This chart shows that the Chemicals Sector reports are way ahead in reporting against more performance indicators. To make this clearer, 80% or more of companies report against 78% of the EC indicators, 73% of the EN indicators and only 21% of the LA indicators and so on. In the Energy Sector, overall reporting by most companies is much lower, showing that 80% or more of companies report against 22% of EC indicators, 23% of EN indicators but much more against LA indicators with 43%. What is it about the Chemical Sector that causes a dip in Labor Indicators, and the Energy Sector which makes that set of indicators more relevant? The GRI Database won't tell us that but it does allow reporters and report-readers to gain new insights and consider interesting questionsabout how companies report.

This basic analysis of just a small sample of the database took quite a lot of manual calculation. The data cannot be exported so analysis is manual. However, for companies looking to benchmark their sector, or country or region to see who is reporting what, the database could provide a very useful guide (once it is more fully populated). Companies wishing to do a deep-dive analysis can go back to the source reports for each indicator and check on who said what.

Useful Now but More Useful in the Future

The benchmarking database does have its limitations. It doesn't show actual performance data nor assess the quality of the disclosures against any indicator and despite the GRI Application Level Check, there remain great discrepancies in reporting quality, as we all know. The linkage of the benchmark data doesn't easily hook back to the level of the reports themselves - to know if the benchmarked group reported at GRI Level A, B or C requires going back to each of the individual report profiles in the benchmark and checking that out individually.

Therefore, in the initial stages, until more functionality is added, the main advantage of the database is the growing collection of reports in one place and a basic overview of what companies are reporting on most frequently. This has been a massive undertaking and congrats! to the GRI for coming so far. This is a database to watch in the coming months. I am sure it will become more relevant as it matures.

Justmeans Insights Platform - Another Layer of Transparency

The other database that is worth watching takes transparency a step further. Data Visualization from the Justmeans platform is quite spectacular. **Take a look at this blog post by Harry Stevens** to get an impression of what the platform can do. The Insights platform uses data collected by the **CRD Analytics Global 1000 Smartview (R) 360 methodology** (which powers the Nasdaq OMX Sustainability Index) for sustainability reporting companies with market capitalization of at least $1 billion. ***Insights*** makes a wide range of performance data available sector by sector, in comparable form with instant graphic visualization. So far, three sectors are available (Pharma, Computers and Peripherals and Semiconductors) and over time, more sectors will be added. This presupposes that analysis by sector is the way to go and there is some merit in comparing apples with apples, or in the case of the Pharma industry, drugs with drugs.

How Do Pharma Companies Compare?

There are 24 companies in the Pharma database, with Allergen shooting up to first place from seventh place in 2009, edging out Novartis from the top spot (now ranked 6).

Looking at the indirect energy consumption of 4 companies in this database, the figures show that in 2010, Merck actually used more total indirect energy that the other benchmarked companies, overtaking GlaxoSmithKline by a short measure.

Converting this to an intensity measure, gigajoules per $US million revenue, we get different picture. Merck and Glaxo are about equal in indirect energy intensity, while Allergen, who ranks number one overall in ESG performance, shows much higher in energy intensity, exceeding the much larger company, Roche.

Roche, Glaxo and Merck are all similar in terms of revenue size ($40-50 billion) while Allergen is much smaller with $US 5 billion.

Instant Relevant Benchmarking

This is a fascinating and instantly useful compilation of ESG data in a way which enables the perspective and context of relative performance accross different companies. Absolute energy consumption is affected by so many things beyond internal processes -

size of production facilities, acquisitions, growth in production etc. - though ultimately, it's absolute measures which make a difference to the sustainability of the planet. By looking at absolute figures, you can see how companies' impacts have changed over time. In the first chart above, for example, data shows that Glaxo has been slightly reducing consumption year on year while Merck took a big jump from 2008 to 2010 (probably due to acquisition of Schering Plough). The other data you can pick up is which companies are not reporting on certain ESG indicators- which also tells a story. The intensity comparison gives the picture of where companies are in their peer group - I selected to include only 4 companies in the charts above - but it is possible to benchmark all or any selection of the 24 companies in the sector for every single performance indicator. ESG areas covered include environmental, social (workforce, human rights etc.) and governance data.

Making Reporting Relevant

Taken together, the GRI Reporting Database (free) and the Justmeans Insights Dashboard (subscription) are a major step forward in our ability to make sense of the much broader sustainability transparency that we are experiencing these days. **The KPMG 2011 Reporting Survey,** published to coincide with the database release, confirms that sustainability reporting has become the "de facto law" with 95% of the G250 now reporting. Reporting quality aside, GRI and Justmeans are now offering tools to help us make sense of it all. And when it makes sense, it will be much, much more relevant.

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Dr Sustainability is back. Again.

Friday, November 11, 2011

Every so often, Dr Sustainability pays me a visit. **Her last visit** was many months ago, which is not surprising as she is a real globetrotter, flitting from C-suite to C-Suite, educating and inspiring executives about all aspects of sustainability. Once again, Dr Sustainability answers the CSR Reporting Blog's readers' questions in her inimitable way, sharing pearls of wisdom that will benefit our grandchildren's grandchildren and their great-grandchildren's great-grandchildren. Here goes:

Dear Dr Sustainability: Would you say that sustainability is a trend or is it here to stay?

Dear Trendy: I would say that it is a trend that is here to stay.

Dear Dr Sustainability: I really can't decide what to call my next Sustainability Report. My reporting team says it should be called "Sustainability Report" but I think that's too drab. I would rather call it: "Enhancing our Reputation while Reducing our Marketing Budget". What do you think? **Dear Reporter:** In my experience, the name of your sustainability report is crucial. First impressions are important. Saving money on marketing is certainly an attractive proposition but why give your competition the heads up? Call it "Sustainability Report". That will fool everyone!

Dear Dr Sustainability: I was trying to complete the G4 survey for the revision of the GRI Reporting Framework but the questionnaire is very long. I found myself wondering that, by the time I complete the G4 survey, they will already be on to G5. Do you think that's a risk? **Dear Survey-freak:** I understand this could be a problem but if you try to type with two fingers instead of one, it might just go a little faster. And look on the bright side. When G5 comes around, you won't have to add your input all over again.

Dear Dr Sustainability: I really wanted to attend the BSR conference this year but, due to budget limitations, I had to content myself with reading the session summaries and following tweets. The problem is that all the tweets seemed to be about Ofra Strauss. Do you think it's fair that one person should dominate a whole conference ? **Dear Jealous:** Honey, if you think life is fair, it's not the BSR conference you should be attending. I suggest you try the 2nd Bergen Conference on the treatment of psychopathy.

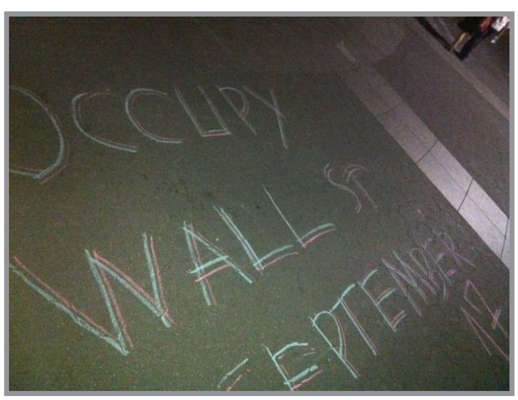
Dear Dr Sustainability: Can you please help? What does IIRC stand for? **Dear Puzzled:** Utopia

Dear Dr Sustainability: My company is starting a new sustainability program to reduce energy consumption while travelling to work. It is now prohibited to turn on the air conditioning in the car while driving. I think I will just stop taking my car to work and use my bicycle instead. Do you think this would be a problem? **Dear Air-conditioned:** Of course this would be a problem. Do you want to clog up our cities with bike congestion? Do you want to have car manufacturers go out of business? Do you want to injure your knees while cycling and cause our medical insurance to sky-rocket? Cycling to work is an idea whose time has not come. My advice would be to buy a Nano car - they have Nano air-conditioning. It's the next best thing to cycling.

Dear Dr Sustainability: My boss says that sustainability reports are going out of fashion and the latest fad is to produce quarterly disclosures and post them on our website. Do you agree? **Dear Follower-of-fashion:** A fad is a fashion that is taken up with ***great enthusiasm*** for a brief period of time. I hardly think quarterly disclosures could yet be termed a fad. It's the ***great enthusiasm*** part that gives it away. Tell your boss that if he is looking to be fashionable, I hear Burberry is making a comeback.

Dear Dr Sustainability: My 9 year old son has threatened to sue me if I don't use recycled washing powder to do the household laundry. I have checked at all the supermarkets in our town and I can't find biodegradable washing powder. Can you please advise? **Dear Parent:** Tell you son to get a group of friends together and turn it into a class action. That way you can form a parents' support group and you won't feel so alone as you stand trial.

Dear Dr Sustainablility: My cousin works as a Chief Executive on Wall Street and all the people campaigning in OccupyWallStreet are giving him one big headache. He told me that he won't get a bonus next year and he and his family have cancelled their vacation (Luxury Safari in Tanzania). I think it is right to campaign for greater economic equality, but why affect the lives of innocent people? Isn't there a way to reform Wall Street without affecting my cousin's bonus?



Dear Cousin: This is a very interesting point. Just think of the poor people in Tanzania whose tourist trade has plummeted due to cancelled vacations. How fair is that ? Perhaps you could use some sidewalk chalk to voice your opinion. Sidewalk chalk is the new Twitter. Perhaps you could invent a new hashtag: #owsbutleavebonusesalone. In any event, it's probably time to tell your cousin that his bonus is probably not the only thing that is going to be affected. It about time he started thinking of selling his yacht.

Dear Dr Sustainability: People are always making jokes about sustainability. It's as though sustainability weren't the most serious challenge mankind has ever had to face. It's as though we wouldn't all perish due to reckless consumption, raging poverty, mindless abuse of human rights, chronic water scarcity and lack of women in Boardrooms. How can I convince people that sustainability ***IS*** a serious issue?
Dear Joker: Put more women in Boardrooms.
Thanks, Dr Sustainability for your awesome insights. Come back again soon. And bring ice cream.

elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

16 Tips for Reading Sustainability Reports

Saturday, November 05, 2011

By now, you all know how I love reading sustainability reports. The sheer variety of approaches to reporting, content, presentation, design, quality and creativity is as great as the number of companies which report. Sustainability reporting has become a true differentiator and not only because of a report's existence (which is now, for the larger companies at least, is at "license to operate" level) but also because of the way a company reports.
A while back (in 2009), I posted tips on **How to Read Sustainability Reports** , and these remain valid today. A quick refresher:

- **Start with an open mind :** don't let prior impressions of the company color an open-minded impression of the report content.
- **People write reports, not companies :** remember that people are always doing their best.
- **Read the opening remarks by the Big Chief :** the CEO sets the tone for what's in the report.
- **Choose how you read :** decide if you want to read bestseller-style or pickn'mix.
- **Seek materiality :** check out if the company has reported on the most important issues.
- **Be copy-paste and delete aware :** how much info is fresh.
- **Look for consistency (and inconsistency) in data :** does it all add up?
- **Give feedback, ask questions, make comments, get engaged** : help them make it better.
- **Give some leeway to first timers** : the first is always the toughest.
- **Always eat ice cream when reading reports :** OK, I didn't say this, but I meant it.

These days, I am reading and reviewing more reports than ever, and getting more feedback than ever from companies whose reports I review. Last month, I started writing an exclusive series of in-depth report reviews for the **Sustainable Business Forum** under the title: **Reporting: how they do it.** In this series, I go beyond a short overview and go for the jugular, aiming to bring out the best and less-best practices of a range of corporate sustainability reports while opening up some avenues for further exploration. It's easy to make a bad report good. It's less easy to make a great report outstanding. So, in addition to the 10 tips above, I will add some new ones, based on experiences of writing the **How They Do It** series:

Don't be fooled by diagrams, tables, images and charts : In my **review of Showa Denko Group's 2011 CSR Report**, I was challenged to find enough data of substance that would justify the presence of a host of charts and diagrams which give the impression of a highly structured approach to CSR. In the same way as this report claims to have "referenced" ISO26000 and other guidelines, without ever referring to them in the body of the report, I found that diagrams and charts were graphically interesting but left me wondering where the true data is hidden.

Follow the tough issues : Companies which report on how they are approaching sticky challenges, rather than just doing nice things, gain in credibility. In my review of **Merck's 2010 Sustainability Report**, I make the point that the company underwent a 17% downsizing following a merger with Schering Plough. This represents thousands of people which were laid off. While we can debate the responsibility of business in job creation, rather than job elimination, what is more important is the way a company manages downsizing. I would have expected to read quite a lot in the Merck report about this tough issue which I suspect took up significant amounts of management time in the reporting period, and affected the entire organization and external communities. Absence of disclosure begs questions and reduces credibility.

Examine how companies are setting targets : Sometimes targets can seem extremely challenging but when you take a look at the fine print, you realize that they may be less impressive than you thought. This is one point I mentioned in my review of **Procter and Gamble's 2010 Sustainability Report**. The company has a target to increase the proportion of Sustainable Innovation Products, having sold $40 billion of same during the past 3 years. Reading the fine print, I noticed that Sustainable Innovation Products fit the bill if they meet a 10% improvement in just one design parameter from a selection of energy, water, transportation, amount of material used and renewable energy or materials. Overall, such Sustainable Innovation Products appear to be a very low percentage of P&G's total sales, and a 10% improvement on one parameter per product seems to me to be rather a soft target. Sustainable Innovation sounds much more impressive than the fine print.

If a report wins an award, perhaps it deserves it : While there are many different approaches to reporting awards, and many ways to evaluate the quality of reports, perhaps those reports which actually surface to win a Reporting Award do deserve it. Such was my experience when reading and reviewing the **De Beers 2010 Sustainability Report** which recently won the **ACCA South Africa Reporting Awards**. In fact, I decided to review that report precisely because it won the award (wouldn't we all like to know the winning formula?). Without knowing which other reports were also-rans, I did find the De Beers report impressive on many counts and worthy of recognition. Maybe the Wisdom of Crowds (**thanks, James**) really does work.

Look at what a company is doing for its people: One of the things I found most impressive in **my review of the Ferrero 2010 CSR Report** was a strong heritage of family values which infuses the corporate culture in a way which respects and cares for people including a large group of retirees. Sustainability begins at home and rests on embedding a culture which supports employees becoming champions of sustainability actions and ambassadors of sustainability messages. If this doesn't happen, sustainability simply doesn't gel. Companies which devote energy to reporting extensively on sustainability-minded employee practices are ones which are apparently doing it right.

Check for impact : It's not enough to define material issues and not enough to describe what actions a company is taking to improve its own sustainability and that of the planet.

A sustainability report should be about impacts, not just about actions. You are probably tired of hearing me say this. Almost all the reports I read and review are totally disproportionate in the amount of space used to recount activities versus space assigned to describing impacts. Almost all of them leave us guessing as to how a range of noble actions actually made a difference. This is not surprising. Assessing sustainability impact is not a task for the faint-hearted, and there is no single methodology that takes precedence. However, reporting is, in general, getting more professional and the better reporters are moving to a higher plane where stakeholder engagement, materiality analysis and impact evaluation are gaining ground. In my next piece in the **Reporting: How They Do It** series, I give an example of a truly excellent company with a strong report which covers a vast range of company activities in meticulous detail and with great authenticity, but falls short of describing impacts in most areas. Which company? Ha-Ha. Check back next week!

I daresay the above list of 16 tips is still not exhaustive. Reading sustainability reports does have its pitfalls (mainly because writing them has its pitfalls). However, every single report has value and careful reading both on and **between** the lines, combined with a healthy level of optimism, skepticism, criticism and icecreamism should help good reporters get better and better reporters get great :)

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The CRRA 12 Navigation Guide

Wednesday, October 26, 2011

The CorporateRegister.com Annual Reporting Awards - CRRA 12 - is now open for voting :-). **See the press release here.**

As most of you will know, the CRRA annual awards is the largest annual online sustainability report awards around the globe, organized now for the fifth time by **CorporateRegister.com**, the global CR resources website which hosts the world's most comprehensive directory of corporate non-financial reporting, profiling over 36,000 reports from over 8,400 organizations. The go-to place for sustainability reports.

As usual, CRRA attracts a collection of excellent reports, 93 in total this time around, from 29 countries including Turkey, Romania, Ukraine, Israel, Hungary, Japan, Greece, Singapore, Korea, Switzerland, Denmark, Portugal, Brazil and more. This is a whole 15,668 pages of CSR information (excluding the **L'Oreal** entry which is an online report and not downloadable). There are reports representing big firms, small firms, universities, municipalities and non-profits. A great collection of worthy reports, all published in the year prior to October 2011. This year, in addition showcasing the report itself, companies were asked to provide a brief narrative about the key highlights of the report, in their own words. Most reporting companies have used this opportunity to provide more details for the readers during the voting process and it is well worth looking at these highlights if you don't have time to read all the 93 reports (!) to help you select which reports to look at in more detail.

Some quick facts:

- **Sanofi Aventis** takes the prize for the longest report - 400 pages
- **Royal Dutch Shell** takes the prize for the most number of entries - six in total - every category except first time report, SME report and integrated report.
- 27 of the 93 reports entered in CRRA 12 also serve as a Communication on Progress to the UNGC.
- Around 20 of the 93 reports entered in CRRA 12 are integrated (but only 18 are entered in the Best Integrated Report category)
- Only 9 reports are more than 200 pages long and 7 reports are 30 pages or less.
- The USA has the most number of entries - 35 voting opportunities - representing 22 reports. The UK follows with 19 entries representing 7 reports.
- **HP** and **Coca Cola Enterprises**, first and second place winners in the Best Report category last year are both entered in the Best Report category this year. Bayer, third place winner in the Best Report category, is not entered this year in any category.
- The Support Services sector (legal, consulting, marketing services etc) is represented by 19 entries (11 reports), followed by the banks with 15 entries (6 reports)
- The only report in the tobacco sector is **British American Tobacco**, which is entered in 5 categories.
- The only Stock Exchange to enter the reporting awards is **Deutsche Boerse** with a report called "Positions". This is the third report by this organization but the first time they have entered CRRA.
- The report with the least number of pages is **M4C** with an eleven page report, entered in the SME category.

And a quick look at the 9 categories:

Best 1st time report: We know that for the past few years, about 20% of all reports are first-timers and in many ways, these are some of the most interesting and the most innovative. CRRA 12 entries include 18 first time reports from 10 countries across 15 sectors. 13 out of the 18 reports (72%) are GRI-based, one is integrated and 5 (28%) are assured. The average number of pages is 64 with the highest page count going to Bloomberg with a whopping 235 pages.

Best SME report: Surprisingly (and disappointingly), this category attracted only 5 entries this time around. Wonder why? Are fewer SME's reporting? The five reports are from five countries and three sectors and have an average of 55 pages, ranging from 11 to 160 pages. Four out of five are GRI-based reports, and one is an intergrated report.

Best integrated report 18 integrated reports are competing in this category, with over 2,200 pages of narrative and data. Reports come from 14 countries with USA, Korea, South Africa and Germany having two reports each in this category. 18 sectors are represented with the leisure, software, transport and pharma leading in integration. Only two reports in this category are not GRI based (**Siveco, Romania** and **Syngenta International of Switzerland**) and of the others, only **Wilderness Holdings Ltd of South Africa** does not declare a GRI reporting level. 8 out of the 18 reports are at GRI A level and 10 (56%) are externally assured. Normally, we could expect to see a higher level of assurance for integrated reports, though the assurance of CSR related information is not always comprehensive.

Best Carbon Disclosure: 9 contenders this year in the Best Carbon Category which was won last year by **Hewlett Packard's 2008 Report**. Reports come from 6 countries with USA and Brazil in the lead, and from 7 sectors, with the banking sector trying for three of the nine report entries. The longest report is **Banco Santander of Brazil** with 144 pages and the shortest, **Vodafone Group plc** with 23 pages. All reports are GRI-based, and all at A or B level with one exception (**Wyndham Worldwide Corporation**) which is a C level, and, the only report that is not externally assured.

Creativity in Communications: 24 reports are aspiring to with the Creativity Award, of which over half come from USA (9), UK (3) and Canada (4) and others from a further 7 countries. 15 sectors are represented with the Support Services sector contributing 5 reports out of the 24 which are entered. 22 reports are GRI-based, with **Newalta Corp** and **Dell Corp** being the odd two out. **HP** contributes the most pages (242) to the 1,892 pages in this category, which is 13% of the total.

Relevance and Materiality: 25 reports in this category, from 18 sectors, with banks and pharma taking three reports each. 18 sectors are represented with banks and pharma at the top (3 reports each). 12 companies also report to the UNGC in this category. 17 countries contributed reports and all but three are GRI-based.

Openness and Honesty: This is probably one of the hardest categories to judge as one has to guestimate what is not disclosed in order to assess the degree of openness! The 20 reports in this sector are from 19 different industry sectors, which shows that openness and honesty are universal values. However, only 10 of the 29 countries entering the Reporting Awards are represented in this category, with UK reporters believing they are the most open and honest of all, with 25% of reports here. Honesty, however, is not always best left to chance, so 13 of the 20 reports in this category have used external assurance. **Natura Cosmeticos** of Brazil has the biggest offering in terms of openness with a 250 pages, the longest report in this category.

Credibility through Assurance: 14 reports have entered this category, bringing their assuring vendors along with them. 12 countries and 12 sectors are represented in this category, and the assurer who had the most work, apparently, was Ernst and Young UK who worked on the **British American Tobacco** report which is 216 pages long. None of the other reports in this category topped 151 pages. **Best Report:** And finally, the largest category of all, in which you have a choice of 44 reports from 22 countries. All but 7 reports are GRI-based (which is 85% GRI) and of the GRI reports, all but 3 declared a reporting level. 25 of the total 44 reports (57%) are externally assured, 15 (34%) serve as UNGC COP's, and 6 are integrated reports. Reports in this category have a 90 page average, with the **Vodafone Group** report being the most compact at 23 pages.

All in all, a great selection. Congrats to all reporters who have entered the awards and good luck to all! Every report is an effort, every report is a production and every report is worthy of recognition (even if there is some ... or massive ... room for improvement). As usual, I am already excited to hear the results, but I think I will refrain from making predictions this year as I never quite get it right.

Voting is open until Friday 27th January 2012 and voters (anyone freely registered on the CorporateRegister.com website) may select up to 5 choices in each award category. Those voters with a first choice for each award category are then entered in the Voters' Prize draw and can win cash prizes. A total of £2,500 will be awarded to voters. Ha-Ha - it PAYS to VOTE!! But remember, if your report is entered in the competition, you and other employees cannot vote for your own company report! Which, I think, is fair. Tough, but fair!

Ahem! One more thing.....

While you are voting, **please consider voting for my own Sustainability Report - *How a little consulting firm makes a big impact*-** which is entered in four categories: Best Report, Best First Time Report, Best SME Report and Best Creativity in Communications.

Additionally, you might also please consider reviewing and voting for the **Baran Group report** - which I worked on - which is entered in two categories: Best Relevance and Materiality and Best Openness and Honesty.

And now, all that remains is for me to stock up on loads and loads of ice cream as I sit down to read 91 reports (Ha-Ha, I have a head start- I don't need to read the two reports that I worked on :)

Disclaimer: The analyses presented above are my own - I may have miscalculated here and there - apologies in advance - my blog posts are not externally assured - so use my numbers as a guide and not as the absolute truth.

And: **WATCH this SPACE** for more posts in the CRRA 12 Navigation Guide.

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My personal sustainability trip

Wednesday, October 19, 2011

My mother is 87 years old and having lived through years of wartime and austerity, she tends to know what sustainability is all about. Leave a light on, throw out a morsel of good food, buy anything more than is strictly necessary and you always got a lecture which oddly resembled the anti-consumerism and environmental stewardship themes of our current times. My childhood seems to have been one long sustainability education. Everything was reused, nothing was surplus, nothing was extravagant, nothing was unnecessary. Somewhat fixed in her ways, these habits have lived on and every time my kids leave a light on in our home, I hear my mother telling them to switch it off, even though we now live thousands of miles away. My mother lives in Manchester (UK), and visiting her this week, I realized that, not only is her old-style sustainability as relevant as ever, but she is also taking up Manchester's new style sustainability with gusto. Recycling, rubbish and waste in Manchester is now a regular topic of conversation. Each household has four refuse bins : green for paper, brown for glass, tins and cans, blue for plastic and black for organic.

Photocredit : http://uclanhannahgw.wordpress.com/ All waste in my mother's home is now sorted so that it can get disposed of in the appropriate bin. During the few days my daughter and I visited with my mother, we made several trips to throw out the garbage. Every trip was preceded by a twenty minute explanation of which rubbish to throw in which bin. Every meal we concluded ended in a debate about some of the waste and which colour bin it should end up in. And even over a family dinner on Friday night at my niece's home, the main topic of conversation was the new organic waste caddy she had just received, for making food left-overs collection in the home more practical. Although none of my family have yet signed up for home composting master classes, there is certainly a new culture of waste disposal and recycling which has gripped the city and even my 87-year old mother is doing her bit.

My mother and my daughter Eden - the garbage masters Another sustainability experience in Manchester was our trip to Tesco's supermarket, where I always stock up on Tetley's tea bags and Bisto (see blog from another trip!). However, this time, we enjoyed earning extra bonus points for my mother's Tesco Clubcard because we used our own shopping bags. At the checkout, the checkout-lady asked us how many of our own bags we had brought and duly recorded them in order to ensure my mother got a bonus for environmental awareness.

My daughter Eden with our Beyond Business shopping bags outside Tesco supermarket Finally, the end of our trip came all too soon and we found ourselves in Manchester airport awaiting the flight home. Even here, sustainability was the theme of the day as we entered the Environment Zone:

Manchester Airport gets it!

The airport has a Vision for Sustainability and has published a Sustainability Report in 2011 (GRI B level, GRI checked). It looks pretty good, too, demonstrating a range of energy-efficiency schemes and a carbon challenge for all onsite businesses to reduce their carbon footprint.

Overall, I was impressed with sustainability in Manchester, both in the way it penetrates the home and urban living culture, raising awareness and changing people's habits. In fact, I was so involved in sustainability issues during a brief family holiday, that I am wondering if I can charge my travel as a business expense! haha.

elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- PhilipWalker — October 19, 2011

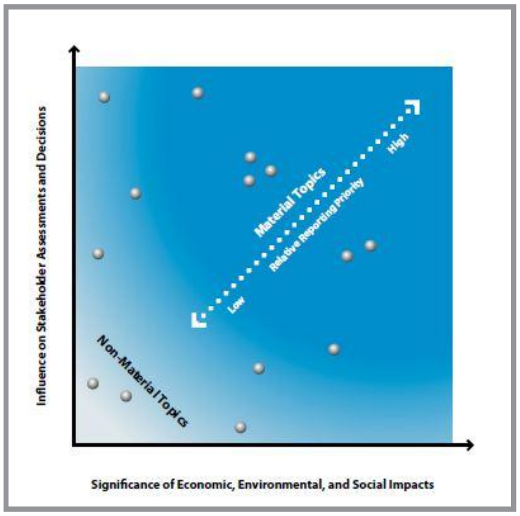
Isn't it funny how old-fashioned values - in this case 'waste not, want not' - prevail? Hats off to your mother and to Manchester, which, of course, has such a strong history of commerce, innovation and social progressivism.

31 ways of looking at materiality

Wednesday, October 12, 2011

If everything is material, it's not material. Everything cannot be top priority. Everything cannot be most important. The complexity of sustainability, especially for large, global businesses, is vast. A list of potential material issues can run in to hundreds of issues. **Ford, for example, started out with a list of over 500 issues** and whittled those down to a mere 57 issues which the company considers material. Identifying and prioritizing material issues is one of the most difficult tasks of companies on the sustainability journey. Most ignore it. In Sustainability Reporting, most skip over the materiality piece, presenting instead what I call a shopping list of activities which includes just about anything which can be crammed into the heading of CSR. However, some do it better. The best reporters include a Materiality Matrix, which, arguably, is the most important part of any Sustainability Report, and certainly the thing I look for as soon as I have finished **reading the CEO statement.**

That's why the new report, **Materiality Futures**, from the recently formed consulting firm, **Fronesys** is a fascinating look at how companies report materiality. Chris Tuppen, formerly BT CSO, together with Jyoti Banerjee, a business application software professional, **partnered up to found Fronesys** and start making a material impact. For those of you who can't remember what a Materiality Matrix looks like, here is the basic format that is included in the GRI Reporting Framework:



Issues appearing in the top-right part of the matrix are the most important ones which both impact the business results and are important to the organization's stakeholders.

Materiality Futures analyses the Materiality Matrices of **31** sustainability-reporting companies for reports published before August 2011, presenting a refreshing and innovative look at how materiality gets reported. Overall, Fronesys discerned 140 separate issues listed somewhere on these **31** matrices, quite a low number when you think that the companies analyzed listed between 8 and 65 issues with the overall average being 27 issues per company. The analysis whittles this down to 50 core issues which were listed by at least 5 companies, and are not industry sector specific, and mapped these issues in what Fronesys calls the Matrix of Matrices.

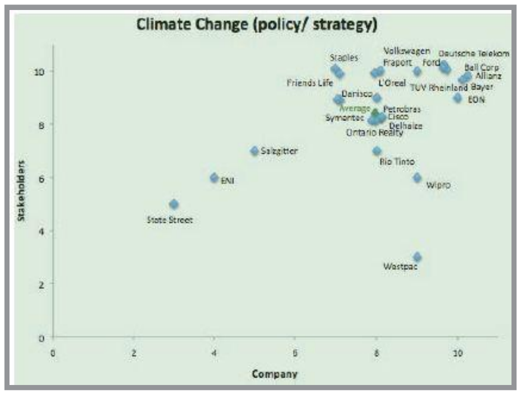
The top 10 issues which emerge as important both for businesses and stakeholders in terms of number of times mentioned and relative importance to business and stakeholders are:

1 Sustainable Products
2 Product Carbon Footprint/Energy Efficiency
3 Economic Development/Emerging Markets
4 Customer Relationships/Satisfaction
5 Economic Stability/Recession
6 Climate Change (policy/strategy)
7 Energy Use/Own Greenhouse Gas Emissions
8 Employee Retention and Attraction
9 Legal Compliance
10 Product Safety

It is interesting that Sustainable Products takes top place. Perhaps this is an indication that companies are hoping to make some money out of sustainability. The fact that Legal Compliance appears in the top ten is perhaps an indication of the efforts companies need to make simply to keep up with changing legislation in the area of sustainability. Although

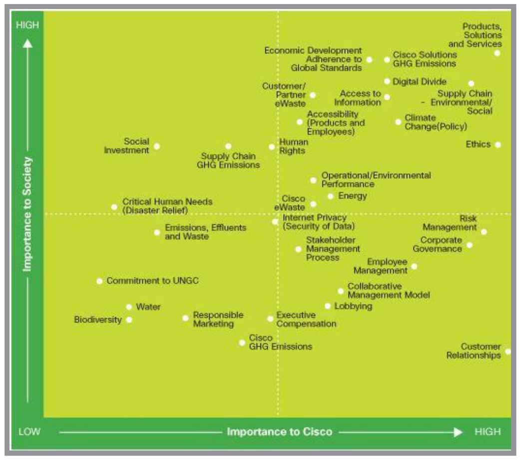
compliance is often thought of as a precondition for voluntary sustainability efforts, the fact is that compliance is by no means something to be taken for granted.
Issue number 50, right down at the bottom of the materiality ranking list, is Senior Executive Remuneration, something which is starting to affect more companies as shareholders, not only stakeholders, are taking a stronger stand and demanding more proof of performance and bang for the executive buck.

The two issues which were mentioned somewhere on the matrix by most companies (irrespective of their positioning) were Health and Safety (25 times) and Climate Change (24 times). This is what the overall matrix of companies looks like for climate change - you can see that most companies have it right up there with the leading issues.



Fronesys also offers two additional ways of looking at materiality:

Issue Coherence Level: This is the degree to which companies (and their stakeholders) agree that an issue is material. In any given set of companies, each will note specific material issues in at different points on the Materiality Matrix. The degree to which all companies are synchronized regarding the relative importance of the issue as noted on their matrix, is the Issue Coherence Level (ICL). Across the 31 companies analyzed, the highest coherence is achieved for Economic Stability / Recession, Stakeholder Engagement, Employee Retention and Attraction, Customer Relationships/Satisfaction. Sustainable Products, however, has a much lower level of coherence, demonstrating that, although many companies include this on their matrix, not all agree about how important it is. The lowest level of coherence is biodiversity. This is indeed an issue which is either high on the radar or or very low, depending on sector, I think, so it doesn't surprise me to see companies placing this in different corners of the matrix.
Materiality Convergence: This is another metric invented by Fronesys which shows the degree to which a company and its stakeholders agree or disagree on the relative importance of a particular issue. For example, a company might rate customer satisfaction, as **Cisco does in their 2010 materiality matrix** , as very important to the business but not so important to society.



Fronesys says that total convergence of issues between a company and its stakeholders would be "odd" where as "a total lack of convergence would suggest the company is out of touch."

So far, this is all very interesting, but ...err... what's the point? Why is comparing materiality of different companies important? Well, first, Fronesys says, this represents a benchmark for all companies battling with materiality prioritization. If each company in your sector (and its stakeholders) confirms that renewable energy is one of its most material issues, but it's nowhere on your radar, perhaps you should be asking why not. However, there is another important motivator for this analysis - the run-up to integrated reporting. Fronesys maintains that the integrated thinking which necessarily precedes integrated reporting will require good materiality work.

"It is hoped that the IIRC framework will not only lead to a consolidation of the reporting of a company's most material issues, but also lead to more forward looking reports that illustrate a more strategic alignment between sustainability and conventional business objectives. For any company adopting the IIRC framework, the process of materiality determination will need to be at the core of their thinking."

I am not so sure. Right now, the materiality matrices contained in sustainability reports are based on sustainability issues and do really address core (financially material) business issues. There is some overlap, but broadly, sustainability matrices do not truly serve Integrated Reporting in their current form because they mainly address sustainability as **separate** from the business. For Integrated Reporting, a business materiality matrix containing financial **and** sustainability issues will need to be created. **As mentioned in a previous post**, I hope that when all the issues are put together, the issues which are primarily sustainability driven won't drop off the bottom of the matrix. However, maybe the development of Materiality Matrix Muscles will help and I concur that companies need to get better at "the process of materiality determination".

The issue that the **Materiality Futures Report** does not cover is whether, having developed the Materiality Matrix, a company adequately discloses on the material issues in the Sustainability Report. I often find that a Matrix is stuck somewhere in the report but the actual issues are not addressed in any depth. The whole point of identifying material issues is to understand them, make decisions about them and report on them to stakeholders. **If you see a Materiality Matrix in a Sustainability Report, look for disclosure on the highly material issues.**

There is another whole debate (which Materiality Futures references) and that is the process for determining material issues, stakeholder inclusion, diversity of stakeholder voices and how issue are prioritized. The fact that a Materiality Matrix exists is not necessarily an indication of good process, which Fronesys highlights as another area where disclosure should be improved. Sustainability is as much about the "how" as it is the "what". **If you see a Materiality Matrix in a Sustainability Report, look for disclosure on how the Matrix was developed.**

If I were to do a materiality matrix of issues in my life, I would probably find that **24/7 Ice Cream Supply** probably comes out as the top issue, but don't ask me about process or the convergence score or the coherence level. **elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)**

Sustainability: the Yom Kippur lesson

Saturday, October 08, 2011

As **Yom Kippur** kicks in for another year, it's time to atone for everything we did wrong. You know, sorry for this, sorry for that, apologies, I regret, I am filled with remorse, I repent, I didn't mean it. We are sorry for all our negative impacts this year and we promise to do better. In the Jewish religion, getting through Yom Kippur successfully means you earn a signature in the **Book of Life**, so that you can live another year. Judging by the not-so-remorseful state of most Sustainability Reports (and corresponding underlying corporate performance), few such signatures would be distributed. Sustainability Reports have become the epitome of self-congratulatory declarations of pride in all that companies have done that can loosely be categorized under the heading of sustainability. They are, often, full of self-satisfaction and conveniently bypass addressing sustainability failures in a frank and honest way.

BP's 2011 Sustainability Report could hardly avoid mention of the small Gulf of Mexico blip in the company's history. Bob Dudley, post-spill CEO says "We are so very sorry for what happened". That's an apology, of sorts. I am sure BP has lots of regrets. Yes, it happened. They are sorry about that. Not sure that quite earns them a signature.

So maybe signatures should be handed out for the good things that get done and not the absence of bad things. In this case, we would not need to atone but simply keep on going doing more good things and shouting about them. That would certainly make life simpler, though, in terms of Sustainability Reporting, it wouldn't go far enough in advancing sustainability. Because, ironically, the things that advance sustainability most are probably the things that companies omit from their sustainability reports.

So why is it that companies find it so hard to share their problems? Is a failure a sign of weakness and an apology equivalent to a drop in share price? After many years of working with multinational corporations, I got used to avoiding the word "problem" and referred only to "opportunity". Perhaps this is representative of the mindset which pervades Sustainability Reporting. If we were to be presented with all the outtakes of sustainability reports, it would make for the most interesting reading of all.

Realistically, we probably would not be right in expecting much more from Sustainability Reporting. Framing "failures" in terms of "challenges" and "opportunities" is the corporate world's way of saying we acknowledge the issues and we are trying to work on them. Going the Full Monty is counter-intuitive. Nonetheless, we learn far more about sustainability performance in Sustainability Reports than we would were they not to exist and disclosure, of sorts, is definitely a driver of improved performance. As long as we understand each other. Transparent sustainability reporting is rarely transparent, it's only part sustainability and it's incomplete reporting. But that's why it works. We should continue to drive for better sustainability performance and higher quality reporting. But we should also remain vigilant and look for clues about what companies are not telling.

As far as Yom Kippur is concerned, the main issue I have is that no ice cream is allowed for a full 25 hours. But don't ask me to make any disclosures about that ......

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Comments

- Linda October 09, 2011

Since companies consists of humans, they will also act like humans which have a tendency to not want to get into any unnecessary trouble, who does!

It's like if I would have an affair with my best friend's boyfriend, which is clearly not an ethical thing to do, I have two options. I'm either honest to my friend and tell her about the affair or I'm quiet about it and hope that she won't find out. None of the outcomes are desirable (if the friend actually do find out about it), but the first is more desirable than the second and the chance to regain my friend's trust is bigger as she knows that at least I was honest about the situation.

- Katharina October 11, 2011

First, I would like to stress that there are many positive examples of sustainability reports as well- this is at least my opinion. For example VW actively seeks feedback and publishes (exclusively negative) opinions of readers on the last CSR report. Siemens shows which sustainability goals are not achieved and in which areas the company's performance decreased.
Secondly, I'm not sure if the quality of sustainability reports really declines. I have the feeling that it is on the increase, since the pressure on companies rises and more standards (such as GRI) support more transparent reporting.

- elaine October 11, 2011

Hi Linda, thanks for your comment. I think the situation for corporations is more complex than personal decisions we take in our personal lives about the way we behave. Corporations have responsibilities towards stakeholders which go beyond the personal values of one or more individual. But in general, I agree, that even corporations will end up better off it they are authentic and honest. best, elaine

- elaine October 11, 2011

Hi Katharina, thanks for your comment. I agree that there are examples of Sustainability Reports in which companies come clean about the issues they face or have not dealt with well. I also think the quality of reports is improving, on the whole. We are seeing more comprehensive disclosures. Most companies show performance data, even if the data does not indicate an improvement in performance, such as increase in carbon emissions. However, I think we are still seeing a great reluctance by most companies to get to the very nitty gritty issues which underlie their entire sustainability approach - banks and the effets of lending policies; pharma and approaches to marketing, lobbying,

regulation; fashion and the impact of the beauty industry on women; heavy industry and biodiversity issues and more; motor vehicles and the impact of traffic on urban pollution and road safety etc. Sustainability reports need to deal with these issues as well as reporting direct performance impacts.
best, elaine

Heretical thoughts on Integrated Reporting

Friday, October 07, 2011

I have been hesitant to add my voice to the Integrated Reporting debate because, as one who writes Sustainability Reports for a living, I might find that the requirement for dedicated Sustainability Reports slowly disintegrates as Integrated Reporting takes over. Therefore, I have had to examine my own concerns in the light of potential bias and fear that my passion for Sustainability Reports as standalone documents may get in the way of an objective analysis. However, as a reporter, I cannot stay on the sidelines, and heck, who is objective these days anyway?
To acclimatize myself for the debate, I re-read two excellent analyses of the new discussion paper that the International Integrated Reporting Committee published recently (**download here**). **James Farrar**, an outstanding commentator, takes the considered view and **lists the oportunities and the challenges**, asking whether Integrated Reporting can solve the information gap. **Another superb analysis came from Richard Welford of CSR Asia**, who comments that the IIRC document *"raises some huge questions as to whether the IIRC is being so ambitious that it risks actually damaging what it is setting out to do."* Both of these accomplished and influential writers motivated me share my thoughts, which are still work in progress.

I find great fulfillment in writing Sustainability Reports because I firmly believe they add value in a way that Annual (financial) Reports can not. I believe Sustainability Reports speak to different kinds of stakeholders - ones who are interested, not (only) in the financial stability and forward projections of the firm and how much (more) profit it will make, but in the impact of companies on their lives and on the planet, almost regardless of a company's profitability.
I believe that most stakeholders want to know about the soul of a company, about its practices, its stories and its relationship with the planet and its dwellers. For most stakeholders of companies, the fact that a company makes more profit is almost incidental. We know it's there, we know, somewhere in our consciousness, that companies exist to make profit. We understand the free market economy. We are ok with that.
But sustainability stakeholders, and that includes everyone outside of the financial services and investment professions, want the money thing to take care of itself. They don't want to be bothered with financial balance sheets. They want to know about the company and their life. The company and their children. The company and their local park. The company and the air pollution that is affecting their asthma. The company and the Amazon Rainforest that may be so far away but rainforest destruction is just heartbreaking. The company and how it treats its employees, some of whom are relatives. The company and its gender equality policy and why a colleague was not promoted despite clearly being the best for the job. The company and our smartphones and whether someone committed suicide on the production line due to stress at work. The company and how it raises the price of cottage cheese out of all proportion to the cost of its manufacture.

Sustainability is about people, not about balance sheets. It's about aspirations, not about cumulations. Companies need to make enough money, that's clear. But if sustainability becomes subordinate to the restlessness and greed of the financial markets and sustainability reporting is taken over by the brilliant minds which created the Great Financial Crisis, the shameful economic inequalities around the globe, the bonuses of senior executives, each of which is enough to keep a village in rural India in food and clothing for a year or two and even, the Integrated Reporting Framework, then we are likely to transform sustainability into a cool and calculated numbers game, where $ count instead of impacts, and reports count instead of values.

Now, don't get me wrong. There is a linkage between financial performance and sustainability. The so-called non-financials are actually very financial, for the most part. They cost money, they save money, they build business or they present risk. In most cases, sustainability performance can be calculated and as such, it makes sense to present them in a company's annual financial accounts. Sustainability is about risk, and safeguarding risk carries cost. Sustainability is about opportunity, and investing in the future often comes with a price-tag. And as consumers and purchasers of goods and services, we are all complicit in making the economy what it is today. Many of us have chosen to enjoy the benefits of today's economic wonderland without considering the true cost.

But, wasn't sustainability reporting borne out of a desire to reflect those imbalances in a way when everyone could understand, not just Finance PhD's? Didn't sustainability reporting serve to fill a gap that financial markets ignored? The Integrated Report should reflect, so the discussion paper says, integrated thinking. But at the same time, the current focus of the Integrated Report is the needs of Investors. In other words, the Integrated Report will become just another financial tool, serving the needs of those who want to get richer, by providing them with a modern methodology to evaluate whether sustainability performance makes more money or less. And if it makes less?

Yes, I agree that financial accounting needs to reflect elements of sustainability practices. Carbon accounting for example seems to be a no-brainer. Yes, I agree that we should move to quantify and integrate some aspects of ESG risk in financial reporting. Yes, I agree that integrated thinking could well lead to new integrated business models, rather than traditional models which equal "make money + do sustainability projects". Those are good things.

But no, I am not yet sure that the Integrated Reporting model will lead to a fair and balanced representation of a company's sustainable practices as they affect ALL stakeholders, especially when those practices deliver impacts which cannot be readily squeezed into a mathematical number-crunching exercise. I am not yet sure that the lay stakeholder will find interest in the predominance of CFO-dictated jargon-ridden legalese that will be prevalent when The Integrated Report becomes the norm. I wonder if the non-financial stakeholder will be marginalized and will eventually become irrelevant in the heydey of integrated reporting, bringing things back full circle to when sustainability reports were not even on the horizon, with only a slightly modified epicenter.

So where I am, I guess, is in a sort of hybrid model. Let's call it Venn Reporting. It's kind of like Financial Reporting with a Sustainability Boost, and Sustainability Reporting with a Financial Boost. To follow an integrated strategy, a company must do the sustainability work. To deliver a good sustainable business strategy, a company must do the financial work. But like a Venn diagram, where both circles overlap is only part of the story and not the whole story. We need to make business strategy more sustainable, which means changing the models and the thinking, and we need to make sustainability strategy more business-like with more quantified targets, impacts and yes, financials. My concern is that

force-fitting them both into one model delivers only one model. The financial model. Slightly padded, maybe, but still a financial model.
By now, I get to reading the IIRC discussion paper. I like the proposed framework for the Integrated Report which follows 6 key sections.

Organizational overview and business model: What does the organization do and how does it create and sustain value in the short, medium and long term? **Operating context, including risks and opportunities:** What are the circumstances under which the organization operates, including the key resources and relationships on which it depends and the key risks and opportunities that it faces? **Strategic objectives and strategies to achieve those objectives:** Where does the organization want to go and how is it going to get there? **Governance and remuneration:** What is the organization's governance structure, and how does governance support the strategic objectives of the organization and relate to the organization's approach to remuneration? **Performance:** How has the organization performed against its strategic objectives and related strategies? **Future outlook:** What opportunities, challenges and uncertainties is the organization likely to encounter in achieving its strategic objectives and what are the resulting implications for its strategies and future performance?
However, it's all in the fine print. What's value? Financial value? What's risk? Financial risk? What are material issues? Financially material issues? Will "reduce our carbon emissions" ever be as material as "launch a new product"? Against the massive weight of financially driven development, marketing, sales, employment imperatives, how will the true interests of non-financial shareholders emerge strongly enough to create a balance? How can we ensure processes are in place to ensure sustainable business decision-making and sustainable practices which are at the base of integrated thinking?
There are some businesses which are inherently sustainable - cleantech, water and waste management technologies, for example. The indirect impacts of these businesses far outweigh the direct impacts of how much carbon they emit in their process or how much waste they send to landfill. By advancing their core business proposition, these companies advance sustainability. Integrated Reporting is easy for these companies. They don't have to establish a sustainability program - their business is the program. But 95% of all other businesses need to integrate ESG considerations in to every business decision and weigh up the financials. For these businesses, integrated reporting is well beyond current capabilities. For these businesses, the Venn model may work best. Report on sustainability performance and reflect the truly financially material elements in the Annual Report. As linkage capability (connectivity, the IIRC calls it) improves, so we will see more complete Integrated Reports. But there will always be a need for a document which reflects the spirit and soul of the company to a broader span of stakeholders, and that will be the detailed Sustainability Report.
That's not to say sustainability reporting is perfect. It is not, in so many ways. Despite the valiant efforts of the GRI, it is still not mainstream and the quality of reports published varies so widely that true comparability is almost impossible. The leap from inadequate sustainability reporting to adequate integrated reporting (really integrated) is like reinventing the cotton gin.
I have no doubt that Integrated Reporting will move forward and there will be uptake, of sorts. It's the sexy thing in reporting today. It has the weight of all the most dominant financial powers in leading markets behind it and many influential individuals. Of course it has. It serves their interests. I just hope that, as integration integrates, sustainability doesn't disintegrate.

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible

business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- Brian October 18, 2011

I think "scope" is a critical pillar of your post. If integrated reporting is supposed to reflect integrated thinking, then we need to define the boundaries (and limitations--what is included and excluded) and scope of the exercise. Core definitions will make or break the integrated reporting initiative.

- elaine October 19, 2011

hello Brian, thanks for reading and commenting. Yes, I agree, scope must be very clearly defined.
Best, elaine

Reporting awards CRRA '12: call for entries

Saturday, September 24, 2011

This is the time of the year that I love in Sustainability Reporting. It's the start of the **CorporateRegister.com** Reporting Awards, CRRA '12, now entering its fifth cycle. The CRRA have earned a global reputation as credible and authoritative awards for sustainability reporting drawing thousands of voters on a broad range of globally published Sustainability Reports. What could be more exciting that voting for great Sustainability Reports? Ha-ha. Whatever your answer, CRRA is an exciting event, culminating in a grand award ceremony for the best of the best, drawing attention to some of the most impressive work around in Sustainability Reporting, showcasing not only the big and bold reporting efforts of leading multi-nationals but also the lesser known reports of SME's and first time reporters. I am particularly excited about CRRA '12 because this is the first year that I actually have been able to submit my own company's Sustainability Report. If you believe, as I do, that Transparency is the Key to Sustainability , then you will welcome the CRRA '12 as a platform which advances transparency and inspires companies to (better) reporting.
This year, the **Call for Entries for reports published between 1 October 2010 and 30 September 2011 is open untilOctober 7th2011** and there are a limited number of slots in each category, so those wanting to assure a place in the line-up should act **quickly.** The numbers of report entries are limited so that voters are not overwhelmed with thousands of reports - after all - reading and voting for reports is not the ONLY thing we will be doing until the voting closes, right ? Oh, voting closes in January 2012 and results will be

announced at the Gala Ceremony in March 2012. **Here is the link for submission of your report.**

All reporters entering the Awards get feedback about the voting and comments on their report after the results are published. This is quite detailed showing the distribution of votes, which categories of stakeholder viewed the report and all the comments received. **Take a look at a sample feedback report here.** And if you have not published a report, don't worry, because CRRA is the only reporting awards event (I think) that actually offers **prizes for voters** and not just entrants :)

As in previous years, there are nine categories:

Best Overall Report: Voters are encouraged to consider CorporateRegister.com's 5 C framework : Content, Communication, Credibility, Commitment, Comparability. **Best 1st time report:** For a company's first non-financial report. The first is always the toughest. **Best SME report:** The CRRA definition of SME (small and medium enterprise) is fewer than 250 employees and annual turnover of less than EUR50m. **Best integrated report:** For the report that most successfully integrates the financial and non-financial disclosures - emphasis being on integration rather than juxtaposition. **Best Carbon Disclosure:** For the best disclosure of the carbon emissions, implications for climate change, and the mitigation measures. **Creativity in Communications:** CRRA say that this award is "for a report which is a real pleasure to read, because the authors have given thought to both the content and the reader, delivering a document which is engaging and informative and not boring and unimaginative." A sustainability report which is a real pleasure to read is NOT an oxymoron. Ha-ha. **Relevance and Materiality:** This award is for the report which cuts to the chase and tells us about the material issues (ie those specific to the company performance and sector, the risks and opportunities), clearly and succinctly. A short report which gives us the relevant information should win over a blockbuster of several hundred pages. **Openness and Honesty:** This award is for the report which comes clean, tells both the good and the bad news, and which convinces us that this is a balanced picture. **Credibility through Assurance:** This award is a joint award for the reporting company and the external assurance body and is awarded for the assurance statement which adds the most credibility to the overall report.

However, there is one welcome addition to this year's' entry requirements. Reporters are asked to submit **Key Report Highlights,** to help readers get to the key differentiating points that make the report vote-worthy.

I have been pestering CorporateRegister.com for years now to include a reporting award for the report which has the most mentions of ice-cream but somehow this suggestion has not been popular. I can understand that. Ten categories would be rather stretching. And if you want to see last year's entrants and winners, **click here.** And if you want to see what I said about last year's entrants and winners, **click here**.

So, if you have published a Sustainability Report, worked on a Sustainability Report, assured a Sustainability Report or know a Sustainability Report which you think should have a chance of global recognition, now's the time to make sure it gets in the **CRRA 12** line-up.

elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Transparency is the key to Sustainability

Thursday, September 22, 2011

You can't underrate transparency. It is the catalyst for driving sustainability performance. This is why sustainability reporting is so critical. Once a company makes a commitment to transparency, the rest must follow. The commitment to publish carbon emissions, employee turnover, community impacts and more leads a company to ask itself searching questions about its performance. This is why I have made made it my mission to drive awareness of the importance of corporate transparency and spend most of my time involved in activities which are connected with advancing transparency in one way or another. One of these activities is our investment in the development and publication of the **Transparency Index** which is now becoming a truly global comparative ranking.

We developed the Transparency Index methodology three years ago as a way of assessing the sustainability transparency level of publicly traded corporations via their corporate websites. We tested the methodology for three years in my home-base market, Israel, and have now broadened our scope to include additional countries.

The Transparency Index follows a **rigorous methodology** which, once determined, leaves almost no scope for judgment - the methodology defines what should sustainability information should be present on a corporation's website, following, broadly, the **Global Reporting Initiative** reporting framework. This includes information relating to all the sustainability dimensions that would normally be included in sustainability performance reporting. If the information or website feature is present, the company gains points. If it is not, it doesn't. That means that we can be sure of delivering a neutral, unbiased view of corporate transparency as we perform our analyses.

Dimension	Index Criteria and weighting		Policy and Procedures	Indicators	Total Score
	Subject	Score	50%	50%	100%
Reporting	GRI A level report	100			100
	GRI B level report	80			
	GRI C level report	60			
	Non-GRI report/undeclared	50			
	Other partial report	40			
Content Transparency	Business profile and strategy	2			60
	CR Management	2			
	Governance	4			
	Ethics and Human Rights	4			
	Stakeholder dialog	2			
	Material issues	2			
	Workplace impacts	12			
	Customers , Products, Marketing	6			
	Suppliers and supply chain	6			
	Community involvement	8			
	Environment	12			
Navigation	Number of clicks to first CR content	5 (1 click), 3 (from "about"), 0 (3 clicks or more)			10
	Search facility	5			
	Aggregation of topics on site	2			
	Menu	2			
	Site map	4			
	Links to additional information	2			
Accessibility	Language	4-English, 2 - additional			10
	Access for disabled	4			
	Contact details	4 – name and details, 2 – info			
	Blog or other interactive or video materials	4			
TOTAL		200			100

Transparency Index Scoring Table

Our analysis covers four dimensions: **Reporting, Content, Navigation and Accessibility**. The Reporting dimension provides half the total points available. An Application Level A report, for example, earns 100 out of a total 200 points. The web-site analysis can then deliver up to an additional 100 points. The final score is an overall transparency percentage. Clearly, we make no judgment about the quality of an organization's sustainability performance - we focus on the quality of its transparency. This is because we believe that transparency is the key to improving sustainability performance. Oops, did I say that already?

Of course, you may take issue with the methodology and believe that points should be allocated with different weightings. You may even believe that the reporting element is overstated. If a company has all of its sustainability performance on its website, why should it only get half the points? Well, we believe that the process and discipline of working towards a Sustainability Report way outweighs the publication of performance data on a website. A Sustainability Report (of good quality) ensures a comprehensive view of the entire sustainability impacts of a company, reported for one period, in one place, in a structured way. A company which produces a sustainability report and ensures that all sustainability information is easily accessible and navigable on the corporate website (without having to download the sustainability report) achieves optimum transparency in our view. **As it stands, I believe The Transparency Index is the only ranking of corporate sustainability-performance website transparency in the world which is completely applicable across sectors, industries and geographies, enabling a true comparison of corporate commitment to transparency.**

After having published the Transparency Index for three consecutive years in Israel (2009-2011), covering the top 100 publicly traded companies on the Tel Aviv Stock exchange, we have become expert in analyzing corporate websites and have amassed quite some data about transparency performance. In Israel, leading companies now approach us for details of our analysis of their websites and ask for advice on where to focus in order to improve transparency, as well as publishing their transparency ranking in their own Sustainability Reports.

You can download all the three year Israel reports **from our website here.**

South Africa sets a benchmark

This month we published the Transparency Index of the largest publicly traded companies in South Africa. **See the full report here** and the **Press Release here.** These large South African companies set a new benchmark in transparency, achieving an average of 78% (versus an average of 48% for the top 25 companies in Israel). The highest ranking was **AngloGold Ashanti Ltd** with 95% (though the highest ranking in Israel was **Bank Hapoalim** with 99%).

Ukraine joins the Transparency Index

We have been delighted to welcome the initiative of the dynamic **Center for CSR Development in Ukraine** to apply the Transparency Index methodology and measure the transparency level of the largest companies in Ukraine. **See the Press Release here.** (a full report will follow).

The average level of transparency of the top 106 companies in Ukraine was 21% (35% for the top 100 in Israel), demonstrating that there is much work to do in both countries. **DTEK, a large Ukraine energy company**, achieved the highest ranking in Ukraine at 80% sustainability transparency.

Transparency Index Global Comparison

In addition to our work in Israel and South Africa, our friends in Ukraine performed a comparative analysis of thirty additional companies - ten from Russia and twenty leading global corporations.

Using the Ukraine analysis and our own analyses, we can come up with a semi-global league table which presents the top 20 companies out of the 260 + company sites analyzed:

Rank	Company	Index / Country	Transparency Score (%)
1	Bank Hapoalim	Israel	99
2	AngloGold Ashanti	South Africa	95
2	Bank Leumi LeIsrael	Israel	95
4	General Electric	Global companies - USA	94
4	Gold Fields	South Africa	94
6	British Petroleum	Global companies - UK	91
6	Sappi	South Africa	91
7	Anglo American Platimum	South Africa	90
8	De Beers	South Africa	89
8	ING Group	Global companies - Netherlands	89
8	Volkswagen	Global companies - Germany	89
11	Sasol	South Africa	88
11	Strauss Group	Israel	88
13	Royal Dutch Shell	Global companies - Netherlands	86
13	Sanlam	South Africa	86
15	Eskom Holdings	South Africa	83
16	Rosneft	Russia	82
17	DTEK	Ukraine	80
18	Bidvest Group	South Africa	79
18	Machteshim Agan	Israel	79

In this top 20 so far, we have 9 South African companies, 5 global companies, 4 from Israel and one from Russia and one from Ukraine. The overall average of these leading companies for Sustainability Transparency is 88%, a very respectable benchmark for other companies to aspire to.

In the coming months, we will be adding UK, USA, Canada, India and other countries. As we grow our global transparency database, we will perform industry and sector analyses, as well as analyses relating to the sustainability content which is most widely published on websites and that which is not. At present, this information is only provided in country level reports.

Transparency is key to sustainability. Watch as the Transparency Index grows in scope and use it to influence companies toward greater transparency.

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Road Safety is a Sustainability Issue

Saturday, September 17, 2011

I was driving home from my Friday morning shopping yesterday, listening to the radio. The **news told of a 25 year old girl** who, at 0715 am, was crossing a busy road on a pedestrian crossing and was struck by a jeep, thrown around 20 meters and killed instantly by an oncoming car. Doesn't that make you angry? Senseless loss of life because some driver was too rushed or too careless too distracted to notice a young woman in front of his windscreen. Some young girl whose family is now burdened with a tragedy that will change them forever. A young girl who had yet to make her mark on the world. Who knows how she could have touched our lives?

This young girl is not alone. She is joined by over a million people who lose their lives every year on the world's roads. Around 50 million others are, arguably, the lucky ones, that is, those who are injured in road traffic accidents but hold onto their lives. However, many of these injuries leave them permanently disabled or cause them to lose their ability to work, communicate, support their family, smile, laugh or dance.

Road Safety is a business issue. Road Safety is a Sustainability issue. Road Safety is an Issue. Period.

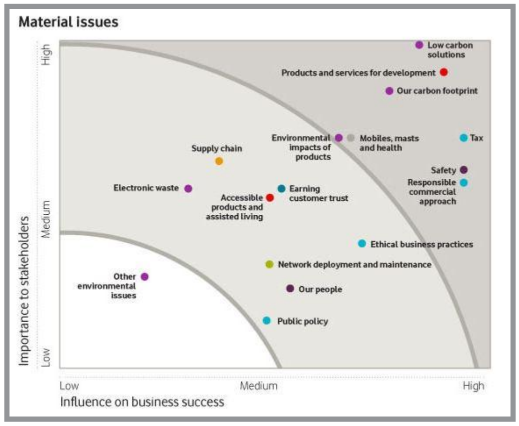
More people lose their lives in traffic accidents each year, many just like the senseless murder of a 25 year old above, completely avoidable, than those affected by other disasters which make major headlines. **1,836 people died in Hurricane Katrina .3,000 people died in the September 11 attacks.Up to 21,000 people died or are unaccounted for after the 2011 Japan earthquake.316,000 people died in the Haiti Earthquake of 2010.1,300,000** people die every year in road traffic accidents. This figure is taken from the **Global Status of Road Safety** report published by the **World Health Organization** in 2009. The number is possibly higher, by now, in 2011. If current trends continue, road crashes are predicted to become the fifth leading cause of death by 2030. **A 2006 paper** calls road traffic accidents: The Neglected Epidemic.

I recently published an article on CSRwire.com entitled **"Are CSR Managers complicit in 1.3 million deaths per year?"** In this article, I make the case for road safety as a corporate responsibility and sustainability issue. Here's why:

It is the responsibility of companies to ensure the safety of their employees. In terms of road safety, this refers both to employees who are professional drivers for a company, employees who drive a company car or their own car to and from work and employees who are pedestrians. It is the responsibility of companies to ensure that all its employees both understand and act in a way which is safe for themselves and all other road users.

It is the responsibility of companies to do no harm in society. Employees, whether drivers or pedestrians, can cause road accidents. These accidents impact on society resulting in a tragic consequences for individuals, families and sometimes entire communities. Employers must take responsibility to do everything reasonably possible to ensure that their employees, on the job or off, are not creating unnecessary and costly damage to society through unsafe behavior on the road.

Equally, to what extent do cellphone companies share responsibility for the new phenomenon of distracted driving due to cell-phone use in cars? **A WHO report published in 2011** addresses the growing risk to drivers and the public of increasing use of cellular phones while driving (both hand-held and hands-free). Are cellular companies part of the problem or should they be part of the solution? A quick look at the **Vodafone 2010 Materiality Matrix** shows that cellphone use while driving is not on the materiality radar.



However, **12** of Vodafone's 21 employee or contractor deaths in fatal work accidents in 2010/2011 were due to road traffic accidents. In addition, **16 members of the public died** as a result of road traffic incidents involving either Vodafone's or contractors' vehicles or drivers. There is no reference to whether distracted driving due to cellphone use may have contributed to the deaths of these 28 people, but if I were Vodafone's CSR or HR Manager, I would be pulling out all stops to find out.

It makes eonomic sense for companies to invest in road safety. The overal economic burden of road traffic accidents is estimated at over $500 billion per year. Just think how this amount of money could be deployed to alleviate poverty, support sustainable development or improve the lives of people (who in turn become managers, employees, consumers and suppliers of businesses). But if that sounds a little too indirect, think of the fact that it costs three times as much as someone's annual salary to replace them, or the fact that loss of key employees could lead to loss of business continuity and loss of sales, or the fact that insurance premiums are higher when accident rates are higher, or the fact that significant amounts of management time are expended on dealing with the aftermaths of road traffic accidents affecting employees. Why would a business choose to ignore these costs? Wouldn't an investment in instilling a road safety culture be the more sensible (and moral) option?

Environmental damage due to road traffic accidents is significant. Crashes lead to greater pollution through fuel spills, release of different toxic chemicals into the air and may also affect local road infrastructures and biodiversity. Often, trucks carrying hazardous or harmful chemicals can cause significant environmental destruction. For example, earlier this month, a **tank wagon carrying silicon tetrachloride**, a strong acid, broke down on the 316 national highway in Gansu province China. The chemical leaked from the vehicle, producing large amounts of white mist after it reacted with rain. The diffused emissions damaged power supply equipment on the nearby line that runs parallel to the highway.

In addition, as a result of accidents, whole cars or parts require replacement which generates additional use of resources. Not to mention the additional resources used in ambulances, police, hospital care and so on. Has anyone calculated the environmental impact of road accidents? I believe that improving road safety would also be a great contribution to environmental stewardship.

Not paying attention to road safety of employees is, I believe, a liability for companies and an abrogation of responsibility. It could even be viewed as **complicity** in the perpetuation of high numbers of accidents and deaths. Like the Vodafone example above, very few companies refer to road safety in their Sustainability Reports and it is

almost never listed as a material issue for the business to address.
A positive example to follow is Elbit Systems, a global defense electronics manufacturer. In **Elbit Systems' 2010 Sustainability Report**, the company describes its actions to embed a road safety culture. This includes participation in a government-led scheme to reduce road accidents with an ongoing Drive Differently at Work campaign. As part of this program, employees undergo road safety and awareness courses and each company vehicle carries a sticker with a hotline number that other motorists can use to complain about Elbit drivers. Recently, Elbit started installing “Green Boxes” in company cars. Like an airplane’s “black box,” this device tracks the driver’s speed, acceleration, zigzagging, brake usage etc., enabling managers to scrutinize employee driving practices for preventive training and also post-accident analysis. In a pilot program, Elbit installed "Green Boxes" in 100 company vehicles and found that the technology quickly proved its worth. Elbit has also installed a high-tech driving simulator, at great expense, for road safety training, similar to flight simulator training for pilots. Simulator training is both fun and highly effective, having been proven to reduce accident rates by up to 45 percent.

This approach by Elbit is a serious demonstration of the responsibility the company accepts for the thousands of its employees who drive company cars as well as the actions of those employees which may affect pedestrians.
In a recent chat with Darrel Rowledge, who has been working in the area of Road Accident Prevention for over 12 years, he told me that research shows that the most significant cause of accidents are "unexpected dangers", the things that happen while you are driving that you are unprepared for - people walking out into the road, rural collisions with wildlife, lost loads, fog, smoke and other unexpected events which cause accidents of varying degrees of severity. Dr Rowledge has devised **a collaborative system** which communicates advance warning to drivers - simulations using this system have proven to be effective in preventing collisions.
However, technology alone will not suffice. Road Safety is the result of comprehensive attention to safety factors such as the state of roads, signage, speed regulations, vehicle safety features, car maintenance and more, requiring concerted efforts by all stakeholders including governments, car and parts manufacturers, companies and people. When it all comes down to it, however, it's the individual behind the wheel that makes the split-second decision between safety and disaster. **A study by Barbara Charbotel in France** showed that "road crashes during the course of work are the primary cause of occupational fatalities in most industrialized countries. They represent 20–25 percent of fatal work accidents in the United States and 30 percent in Canada , and they are associated with significant human and economic costs. In France, nearly 40 percent of fatal work accidents are road crashes." In the light of this, surely the time has come for CSR and Human Resources Managers in companies to ensure that they are doing **everything** they can to contribute to a safer world while protecting their business interests. I say it is their responsibility to do so.

Finally, if you want to hear more about safety in general and road safety in particular, join me in a **webinar (29th September) and download a free ebook on the subject (including an article by me).**
Whether you are commuting to or from work, driving around with your family or simply taking the car to the nearest ice-cream parlor, safe driving!
Disclosure: Elbit Systems is my client and I worked on the company's 2010 Sustainability Report.

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Comments

- Emma September 17, 2011

Hello! I think that this was an interesting view on how to look on business ethics.
Im a student from Jönköpings itnernationan business school and just about to use your blog for an assignment in business ethics. Thanks for an interesting blog!

/ Emma

- Linda September 18, 2011

I think this is a very important subject and I agree with you on many of the points you made. It is hard though for companies to control the behaviour of their employees outside work. It is one thing when you are working with something that is directly connected to traffic, such as busdrivers, road constructors etc. then road safety is most likely (and hopefully) the most prioritized issue. But when it comes to "simply" driving your car or walking on the sidewalk that should be common sense and that is hard for a company to teach their employees.

Don't get me wrong, I think it's great that this gets attention in CSR, but it's hard to put responsibilty on the corporations regarding the personal behaviour of their employees. What they should do is to encourage their workers to leave work at work and to not bring it into the car. If they need to be able to answer the phone while driving, they should be provided with a bluetooth. But then it's up to the person driving to take his or her own responsibilty.

Right now in Sweden there is a discussion on how texting and talking on the phone (not using handsfree) while driving should be prohibited. It shouldn't have to be written in the law, it should be common sense. But since the human being is irrational we have to deal that fact by making this obviously necessary law. So this road safety issue should be an interaction between the law, corporations and the idividual.

- elaine September 18, 2011

thanks, Emma. Glad you found the post helpful, elaine

- elaine September 18, 2011

Hi Linda, thank you for your thoughtful comments. I agree that companies cannot control the behaviour of their employees outside work (although driving to and from work is still considered work!) I agree that individuals should take responsibility. However, I firmly believe that companies, who employ professional drivers, who give company cars to other employees and who generally are responsible for a lot of traffic on are roads, can do MUCH MUCH more to instil a culture of road safety among all employees. I believe companies have a responsibility to do more - whether is about awareness and training, bonuses for good driving, penalties for bad driving, creating and enforcing strict policies about road safety etc. Companies who do this can have a big impact on road safety. It also makes good business sense.

Alternatives to road travel such as train or other forms of public transport are a great option, I agree, both safer and more environmentally friendly. But they do not relieve companies of their responsibility to promote safe driving for those who still use cars.

Finally, I also fully agree that this issue requires governments, corporations and individuals to take action. But then, that applies to almost everything else on the sustainability agenda.

thanks again, warm regards, elaine

- SophieHobson September 20, 2011

This is a very interesting view on road safety. Many people would say that these sorts of accidents are down to the negligence of the driver. But should there also be more responsibility placed upon the company when it comes to staff selection and training? Great post.

- elaine September 20, 2011

Hi Sophie, thanks for reading and commenting. As you have gathered, yes, I believe companies must share the responsibility of making road traffic safer. A car is a tool for work - both in getting to and from work and often in performing work. It is in companies' interests to share responsibility for creating safety awareness and better practices. After all, an employee who has an accident may not be available for work, and also creates higher costs for the business (admin, insurance, repairs etc).
best regards, elaine

CSR is personal at Intel

Wednesday, September 07, 2011

We often think about CSR as companies just doing their thing. What we sometimes fail to recognize is that the CSR of companies is the sum of the actions of individuals, all working to make a contribution in what is often a very complex web of corporate, global, local, internal, external, social, environmental, business and a million other considerations. The personal experiences of people working in CSR are always interesting. No matter how many times you read a company's CSR report, there's no comparison to getting the real story from the ones who make things happen. The background, challenges and perspectives of real people telling their real stories about CSR in their company is always enlightening, informative and usually inspiring. In this particular case, I am referring to real people from Intel at a meeting with them this week which was certainly enlightening, informative and inspiring. But as most of you didn't attend the meeting, you can find Intel's 2010 CSR report **here** :)
The occasion of the meeting was a Round Table event in Israel for local CSR

practitioners with four Intel leaders, working in the CSR terrain:

Gary Niekerk, Director, Corporate Citizenship, Intel's Corporate Affairs
Julian Lageard, Senior Manager, Global Public Policy, EU environmental laws **Dan Doron**, Director, Construction, Intel Israel **Revital Bitan,** CSR Manager, Intel Israel

RtoL: Dan Doron, Gary Niekerk, Revital Bitan, Julian Lageard Over 20 representatives from local companies attended.

My take-outs from the personal contribution of these Intel leaders discussed in this meeting are:

Plan local employee engagement with CSR issues

Dan Doron made a presentation about how Intel Israel has led an internal campaign to engage and enthuse local employees on ESG matters. This has included developing a cross-company platform ESG Forum and integrating all individual initiatives into one umbrella program, identifying section leaders and establishing a platform for planning, learning, sharing and action internally and externally, to leverage Intel's efforts with local government, non-profits and community stakeholders. A new ESG strategy has been developed and this year, Intel Israel has published a focused Environmental Report covering all environmental impacts. This has been underpinned by a branded internal communication campaign to support the ESG Forum activity and grow employee awareness for Intel Israel's green activities.

Green never happens unless you make it happen. Employees are the lynchpin for green activity. By making ESG local, personal, planned, measured and transparent, Israel is setting itself up for success.

The CSR voice represents the external stakeholder perspective

Not everyone can be an expert in sustainability issues and not every business decision will be considered with sustainability issues in mind. Decision-makers have different experience and understanding of CSR issues, which is why the CSR voice is so important at early stages of all business decision-making. Gary Niekerk sees his part of his personal role as bringing the external reality and perspectives of stakeholders to the table at the time decisions are being made. An example is a local Intel subsidiary whose pollution control permit had lapsed and savings were to be gained by delaying the renewal, while continuing to operate entirely legally and in line with all regulations. By tabling the stakeholder perspective and the potential erosion of local stakeholder confidence should they hear that such a permit was not up to date, the CSR voice was able to ensure the decision went in favor of immediate renewal, thereby maintaining respect for stakeholder interests and heading off a potential reputation risk.

Take proactive action to clean up the supply chain

Long gone are the days when most ITC companies were vertically integrated. The development of complex supply chains with high outsourced requirements means that companies must broaden the scope of accountability and ensure they understand impacts of the supply chain on their business. One outstanding example of Intel leadership is around the issue of **conflict metals**. Intel purchase components which contain a range of metals which, once smelted, are not traceable back to their mined source. As Gary said, *"Everyone says it comes from Rwanda! Rwanda would have to quadruple in size in order to supply all these metals attributed to it!"* Intel thus embarked on a pioneering journey to a metals certification system. After visiting 25 metal smelters around the world, Intel initiated a dialogue with other players in the electronics industry to establish a standard for smelters by which the source of metals such as tantalum, tin, tungsten and even gold can be guaranteed as sourced from non-conflict countries. Intel plans to publish names of certified smelters and purchase only components made with metals from these approved sources.

Regulators need educating

Julian Lageard gave an enlightening talk about his role as a public policy specialist. He is based in Brussels and has a voice in pre-decision processes relating to the formulation of new environmental regulation. Technology is changing fast and regulators are not experts. In order to develop fair, balanced but progressive and demanding legislation, European regulators need to know the issues. Regulations such as **RoHS** and **REACH** and substance restrictions in electronics such as lead and more are likely to increase in scope and intensity. We are facing a "*tsunami of regulation on nano materials*" for example, says Julian, as well as other themes regulating water consumption, power saving technology, fluorinated gases, emissions trading, packaging and more. Much regulation which is passed in Brussels for Europe, which now has 27 member states, may also end up becoming global legislation. It is important for a company such as Intel to ensure the legislation is developed in full knowledge of the issues. Julian's personal role is to ensure that Intel is part of sector associations which contribute knowledge of facts, issues and implications on the environment to help regulators understand CSR and sustainability concepts in order to develop the most appropriate legislation. This is a form of stakeholder engagement activity, as well as risk management, which is based on Intel being a trusted voice in the industry. And CSR is all about trust.

There were many other great insights coming out of this meeting, which local Israeli companies would do well to heed and emulate. Intel in Israel is a big player, employing over 7,000 people in 5 sites (manufacturing and development centers). Israel can definitely be described as "Intel Inside" and hopefully, Intel's CSR Leadership, engagement and transparency will catalyze a ripple effect in Israel, leading CSR strategy development by local companies.

Disclosure: **Intel Israel is a client of my company, Beyond Business.**

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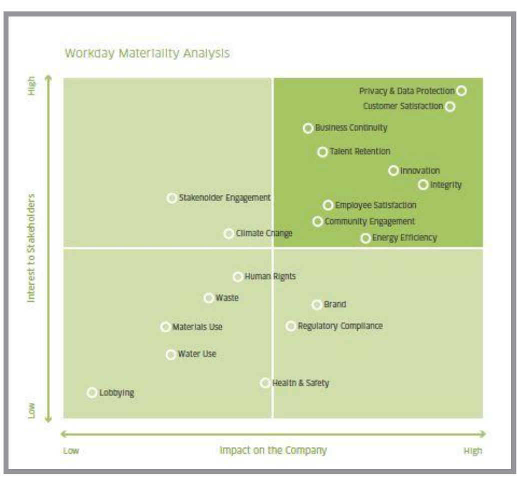
Sustainability in the cloud

Friday, September 02, 2011

I recently reviewed **Workday Inc.'s 2010 Sustainability Report** for **CorporateRegister.com.** Workday Inc. is a medium sized privately-owned company (with 676 people) and this is their first report. It's always nice to see companies boarding the reporting train and

especially private companies. So well done to Workday!
The company is an SaaS specialist. The meaning of SaaS was the first new thing I learnt while reading the Workday report. SaaS means Software-as-a-Service, which roughly translates to computing in the cloud. And if you don't know what THAT means, then just go to Workday's report and all will be revealed. **Cloud-computing** is a Big Thing in sustainability. This has not gone unnoticed by the **Carbon Disclosure Project who issued a report on Cloud Computing as the IT solution for the 21t Century**, stating, *"Through the forecast uptake of cloudcomputing, US businesses with annual revenues of more than $1 billion can achieve economy-wide* ***savings in energy alone of $12.3 billion a year*** *by 2020."* Workday Inc. is one of those lucky businesses which has sustainability built into the business model. So, no surprise that I say this in my review:

"There is no doubt that the owners of Workday have identified this as the core of their sustainability mission, presenting what they do as a contributor to global sustainability. The joint CEO introduction states: "So in a time when ‘going green’ is high on the priority lists of most organizations, Workday advances the cause by providing sustainable technology alternatives for our customers and demonstrating our commitment with practical programs internally." This clearly aims to position Workday's sustainability approach and ‘social mission’ as one which helps customers run their businesses more sustainably."
Nonetheless, this is not reflected especially well in the body of Workday's report:
"The Workday report contains a Materiality Analysis, which appears to have been internally developed (though the real value of a Materiality Analysis is gained when its development involves external stakeholders). However, the core business impacts on customers' sustainability are not reflected in the Materiality Analysis. The top issue is noted as privacy and data protection, followed by customer satisfaction, business continuity, talent retention, innovation, integrity, employee satisfaction, community engagement and energy efficiency – all rather generic issues. Given the discussion about helping customers run their business sustainably, I would have anticipated that Workday would prioritize reducing customers' energy consumption levels, as this represents Workday's single greatest area of impact.
However, the thinking about materiality is good practice and this has helped to inform the content of Workday's report. All terms used in the Materiality Matrix are explained, which is another nice aspect. All too often, companies present a headline Materiality Matrix without really explaining what they mean, which leads to lack of clarity about expectations and deliverables."



Workday Inc. Materiality Matrix, Sustainability Report (page 8)

More from my Workday Inc. report review:

"Workday makes a strong case for walking its own talk with several initiatives to reduce its own operational energy consumption and emissions. A comprehensive plan for virtual working, participation in the Climate Savers initiative to reduce total computing power consumption, purchasing of renewable energy credits, offsetting 100% office electricity usage, renting a LEED Silver certified building and pursuing Gold certification are good examples. Unfortunately, the company has not yet measured Scope 3 emissions which include business travel, which must be a relatively important element of overall emissions for a non-manufacturing company operating globally. Workday recognizes this and commits to 'evaluating potential ways to capture and report on Scope Three emissions'. Workday's employee-positive workplace practices show a range of supportive programs for employees and families (the 'one-finger zinger' is a great program! – **look at the report** to see what that means!). However, there is nothing on core Human Resources practices such as employee training and development, performance management, hiring practices, compensation practices, safety performance or aspects of embedding a business-related sustainability culture beyond the corporate Green Team. Workplace diversity remains at a declarative level, with no details, including level of women in senior roles. Talent retention, a stated material issue, is not addressed in the report. Neither are talent attraction and hiring practices which, in a business with employees in several countries, as well as many remote employees, must be a challenge. The report tends to leave an impression that Workday is a fun place to work, with a collegial team spirit and a host of non-salary benefits (Workday has been recognized as a 'Best Place to Work'). In future reports, I would recommend providing more depth about sustainable Human Resources policies and performance in areas such as employee attraction, development, retention, turnover, absenteeism and overall employee productivity. After all, SaaS really is a knowledge business and people are key."

The review rounds off with:

"A nice touch is the 'Areas for Improvement' sections, in which specific challenges are explained together with actions that Workday is taking to address them. No company can claim to be without challenges in sustainability, stating shortfalls and specific difficulties adds to the credibility of the report.

Workday's first report is a **credible effort and a great start**, especially for a medium sized private company. As the company matures in its sustainability journey, the report should reflect more of the core processes which demonstrate that sustainability is truly embedded in the way Workday develops business plans, policies and delivers performance. A robust sustainability strategy with objectives, goals and targets would make sense."

Anyway, off now to continue my workday. You will be able to find me somewhere in the cloud.

elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Starbucks, optical illusions, Danisco, H&M and blog traffic

Tuesday, August 23, 2011

I am not a fanatic about blogging stats. I write about what interests me and what I have an opinion about. I try to do so in a way which will be both informative and entertaining, and, sometimes, persuasive. I don't feel I am in competition and I don't do anything specifically to improve my blog stats, other than some tweets and retweets. From time to time, I take a look behind the scenes. Blog stats can tell you a lot about what your audience finds interesting. What do people search for, for example, that brings them to this blog? Checking out CSR Reporting Google Analytics, I found that the top ten key search terms of all time (around two and a half years) on this blog are:

CSR Reporting: Hah! Now isn't that a surprise. This is the second item in a Google search for csr reporting. What's the first ? Wikipedia's Corporate social responsibility page.

Optical illusions: After scrolling through 400 returned search items (out of a possible 11,300,000), I could not find any reference to the CSR Reporting Blog. Funnily enough, though, my most read post of all time was about optical illusions.

Elaine Cohen: Yep, that's me. I suppose this is no surprise either. There are 11,000,000 returned search items with my name in them somewhere, but the CSR Reporting Blog is top of the list. No separating me from my blog, I guess.

Starbucks CSR Report 2010: The fifth returned search item for this search term is actually a post I wrote about Starbucks 2009 Sustainability Report. I did also write a post about Starbucks' 2010 report and some of the challenges they face, and no, I was not sipping a caramel frappucino at the time.

Best CSR Reports: This search terms brings the CSR Reporting Blog up in first place with a post called The Top Ten Reports of 2010. Guess that means I will have to do another post with the top ten of 2011 in a few months :).

Elaine Cohen Blog: The first item returned in this search is this blog, followed by antother four links to me and my writings in different places. However, the sixth item that turns up is Elaine Cohen Chow Champ, my namesake blogger who is a food writer, educator, and an all-purpose healthy food promoter. Healthy food? Hmmm. Hope she likes ice cream.

Danisco: Here again, I can't see exactly how this search term delivers anyone directly to this blog as it does not show up anywhere in the first 15 or so pages of items returned out of a total of over one million. I did write a post about Danisco's 2009 Sustainability report so I guess it's in there somewhere.

Starbucks Sustainability Report 2010: This returns (as the third item) the same post on the Starbucks 2009 Sustainability Report as the previous Starbucks search.

Starbucks Corporate Responsibility Report 2010: Ditto.

H&M CSR: The first item returned with this search is a post I wrote about the H&M old clothes in New York fiasco which caused a little uproar and almost certainly a revision of warehouse procedures at this global fashion chain (the fiasco, not the post!) .

What have I learned from all of this aside from the fact that many, many people are interested in Starbucks' sustainability performance? I guess I now know that, if I want to increase my blog stats, I must write about Starbucks, optical illusions, Danisco and H&M. Maybe I will try that for a few months. It may get a bit boring but at least the stats will go through the roof :)

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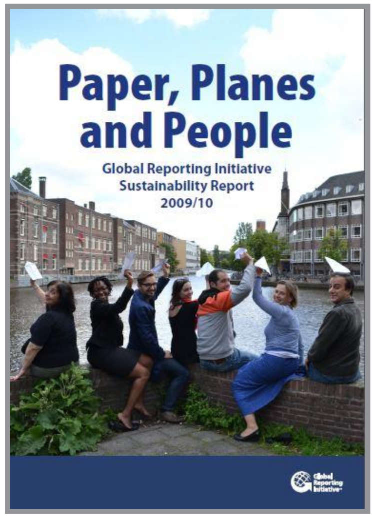
Reporting. How the GRI does it.

Saturday, August 20, 2011



The **GRI** has published its **fifth Sustainability Report covering the fiscal year July 2009 - June 2010**. It's a departure from the join-the-dots indicator-by-indicator style reporting of previous reports (where the report used the GRI Index as a template and responses are number by number). Instead, this report actually has a (nice) title other than "Sustainability Report" and it has around 16 pages of narrative, 15 pages of GRI Index and 10 pages of Annex (a collection of data tables and a governance description). It is a self-declared not-externally-assured report at Application Level A.
This report is entitled "**Paper, Planes and People**", the "three things that are important to ongoing success of the GRI". (Ice-cream apparently is not essential for the GRI). GRI's consumption of all these "things" has been increasing as the organization has been growing and expanding in reach. 12 staff were added in fiscal 09/10 (30% more people) and 1,082 kg of paper (23% more than prior year). CO2 emissions resulting from air travel were 613 tonnes (double 2007/8 but a 13% reduction over prior year, excluding GRI conference -related travel).

For those of us who have an interest in the success of the GRI - organizational stakeholders, sustainability reporters, sustainability professionals etc - the GRI own report does provide some nice insights about the workings of the organization, a 52 strong staff based in Amsterdam. Clearly, GRI is conscious of its own direct sustainability footprint and is doing many of the right things to keep it in check. These include:

- producing an annual sustainability report;
- offsetting all GRI conference emissions;
- increasing amount of recycled materials in communications to 92%;
- use of Webex and Skype to avoid business travel;
- staff commuting is via bicycle, bus, train or walking shoes;
- diversity in hiring;
- health and safety (ergonomics) benefits for employees;

- etc.

The report is also includes details of GRI's financials for the year.

GRI's sustainability performance goals for 2010/2011 include offsetting business travel emissions, providing more precise and comparable data on energy consumption, sustainable procurement policy, finalizing the sustainability, environmental, diversity and human resources policies and improving sustainability performance management methodology. Improving gender balance on the Board is also stated as an aspiration. This is all great and exactly what we could expect of an organization whose core message is sustainability and transparency. It's good to see GRI walking the talk in this way.

The real questions for me as I consider the GRI report is to what extent we, GRI Stakeholders, should be content with a report about direct impacts and outputs (the things that the GRI is saying, doing, using) versus a report about the outcomes the GRI can reasonably claim to have influenced. To what extent should we expect the GRI to be a model of reporting, delivering a balanced representation of its impacts and outcomes, as a showcase for all current and potential reporters of what can be done with the GRI Framework? Now, in fairness, the GRI published earlier this year a **Year in Review report** which covers the same timeframe and describes the activities of the GRI - the reach of the Reporting Framework and the way reports are used, with case studies and details of advocacy activities etc. To get the whole picture, you need to look at both reports. My thoughts below, about what I might have expected from the GRI GRI report, relate to both reports, as if they had been published as one.

Use of a Materiality Matrix: The important issues for an organization and its stakeholders should be reflected in a Materiality Matrix (as recommended in the GRI framework). In the GRI GRI Report, the material issues are listed as a set of 11 generic issues (such as "materials", "energy", "transport", "employment" etc) which were developed for the GRI report covering the year 2007. Once again, the GRI writes *"Following internal discussion, it was decided that the same issues remained material for GRI in thisreporting period."*. Ideally, one would expect some external stakeholder engagement in the determination of material issues.

Equally, material issues do change from year to year. Between 2007 and 2010 the world, and the business world, as well as the GRI itself, has changed quite signifcantly. The global financial crisis and pressures on sustainability budgets. The rise of social media. The development of online reporting. The stronger moves to integrated reporting with new organizations taking a new lead. The changes in local legislation relating to reporting in several countries. The publication and development of ISO26000 and other sector codes and frameworks including the changes in the UN Global Compact reporting requirements. Geopolitical changes and the development of emerging economies. New pressures from investor groups. Personnel changes at the GRI. There are a whole host of issues which could be immediately tabled as issues important to the sustainability of the GRI as an organization and of importance to GRI stakeholders, beyond the direct impact of the GRI and how many kg of paper the organization recycles. I believe this should be reviewed more thoroughly for the next GRI Report.

A review of risks that the organization faces: This is required by Reporting Indicator 1.2 and the GRI claims to report this in full. However, the word risk does not appear in the GRI report with the exception of the GRI Index. Disclosure of the risks the organization faces should be part of sustainability reporting. This might include: Reputation risks, Funding risks, Lack of increased reporting uptake risks, Travel risks, Currency Risks, People, paper and planes risks, Climate change risks, Ice cream overdose risks (Ok, that one may only apply to **my** business).

Commentary on the number of GRI-based reports published: This is the top-of-mind hard measure that reflects the outcome of GRI activity. The **GRI downloadable reports list** shows **1,121** GRI-based reports published in 2008, **1,519** in 2009 and **1,865** in 2010. This represents substantial growth and expansion of GRI influence. The GRI often claims that significantly more reports are influenced by or inspired by the GRI Framework, even if the GRI Index is not included and I believe this is true. Also, new reporters take some time to deliver first reports so there may be quite a number of new reports in the pipeline. Overall, so far, an estimated 6,000 reports are published annually, globally, so the GRI share is still small, through growing at a faster rate than overall growth. Having said that, the real potential is with those tens of thousands of companies which are not yet reporting and the step change in reporting numbers has not advanced beyond relatively small incremental changes in the number of reports each year. The reach of reporting is covered to some degree in the Year in Review report which also contains some interesting perspectives about how reporting contributes to delivering improved performance and impacts on society. However, the deadline for the GRI's objective to have every large and medium sized company in OECD countries required to report on sustainability performance by 2015 is looming dangerously close.

Commentary on the quality of GRI-based reports published: I have, of course mentioned report quality before. It fact, it's sort of a mantra. The GRI's Mission is *"To make sustainability reporting standard practice by providing guidance and support to organizations."* This doesn't refer to quality, so maybe quality of reports is not an acceptable measure for the GRI. But can GRI really have no interest in the way the framework is used? Is it just about pushing out reports or is it about creating a useful, comparable, decision-making-platform level of business transparency which also supports sustainability performance improvement? If it's the latter, some commentary about GRI approach to reporting quality and use (and abuse) of the guidelines might be appropriate.

Assurance: Assurance is part of the credibility process of transparency. Even limited assurance is a stepping stone. GRI doesn't assure its report due to "budgetary constraints". However, limited assurance by a stakeholder panel, which I am sure GRI would have no trouble in organizing, would not have to cost so much money, if any. I am sure there are many who would do this pro bono. For GRI, this, I feel, is more about demonstrating a commitment to assurance rather than about actual verification of the numbers, which are not overly complex or significant in a small organization. GRI does say it aims to use assurance for the next report.

Report publication timing: My personal view is that a reasonable timing for the publication of an annual Sustainability Report is up to six months after the end of the reporting period. For a small organization, where a global roll-up of data is not necessary (GRI includes only the Amsterdam hub and not other global Focal Points), this could be even quicker. Clearly, GRI is a very busy organization and achieves much with a small team. Reporting always needs resources, not only budgets, and in small organizations, this is probably the most difficult thing to allocate when facing a multitude of priorities. However, as reporting is the backbone of the GRI message, perhaps it could be managed in a more timely way in future. This GRI report is published in August 2011 for a reporting period ending in June 2010. 14 months.

It does seem, however, that GRI is considering some changes to its reporting in future and has established an internal Sustainability Management and Reporting Team (SMART). Things such as wider stakeholder consultation and assurance as mentioned above appear to be on the SMART to-do list. Perhaps some of the points I mention above might also become agenda items for the SMART discussions. In the current report, CEO Ernst Ligteringen states: *"GRI's biggest impact is helping more organizations to report and thereby help change their sustainability performance."* As a GRI

Organizational Stakeholder, and reasonably seasoned reporter, I make no apologies for hoping that GRI will to aspire to exemplary reporting. OK. Just one small apology. Sorry!

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Comments

- MarjoleinBaghuis September 14, 2011

The online discussion about GRI's most recent sustainability report has been extremely interesting and informative. GRI's mission is to mainstream sustainability reporting and, as Elaine Cohen rightly points out, others would expect GRI's own reports to set an example.

Work is already under way on the 2010/11 report, and processes are in place to achieve the goals set out in this year's report. GRI has conducted a robust stakeholder engagement in 2011 and this will drive the themes for next year's report. GRI will also use the new G3.1 Guidelines and the NGO Sector Supplement released late last year. The Supplement focuses on specific issues for non-governmental organizations such as program effectiveness, public awareness and advocacy. As highlighted by reviewers, GRI's biggest sustainability impact is its guidance. The next report will therefore emphasize program effectiveness, as GRI examines how well it achieves its mission. Finally GRI aims to have the next sustainability report externally assured.

GRI is grateful to those who take the time to read its reports and welcomes feedback, which is used to improve future reports as GRI strives for better, more engaging reporting.

Marjolein Baghuis, Global Reporting Initiative

- elaine September 14, 2011

Thanks Marjolein for your clarifications. Looking forward to next years's report!

20 Questions to ask your Sustainability Reporting Manager

Wednesday, August 17, 2011

You are the CEO of a company that has been publishing a Sustainability Report for the past few years. On balance, you enjoy the report and find that it is a good reflection of your sustainability performance. You haven't received any **awards** but you have received some positive feedback from your Board, some customers, suppliers and your own management team. After a few years on the reporting cycle, you have some questions about the costs of producing the report, the time and resources involved, the presentation of the report and the impact the report has on stakeholders. Usually, you are pretty hands-off and leave people to get on with things. However, you feel it's time to understand the Sustainaibility Reporting process a little more closely. You have invited your Sustainability Reporting Manager (SRM) for a little chat. Well, actually, an interview. Because you want answers. Here are the 20 questions you should plan to ask your SRM. You might not want to ask ALL of them in one session!

How are you? This is as good a question as any to start an interview with. Ask genuinely and listen to the answer. You never know what might emerge that's worth your knowing.

What's new? Many many moons ago, I attended a Leadership Program which included a strategy session run by the inspiring Ram Charan. One of the things he talked about as a feature of great leadership, which has always stuck in my mind, was the fact that a leader is always asking questions and eager to listen to the answer. Just as a simple question such as: *How are you?* can be a real floodgate opener, so can the question: *What's new?* be an opportunty to learn lots about what's top-of-mind in your business and also about the person you are asking. Anyone who answers the question *What's new?* with the answer: *Nothing much* has obviously checked out of life for a while, because in life, work and in sustainability reporting, there is always something new.

What aspect of our last Sustainability Report are you most proud of ? A positive and open ended question for a gentle introduction to the subject. The SRM should be able to talk with enthusiasm about the sustainability report and in response to this question is free to select the things that personally gave her the most safisfaction. Whether these things are the same as those which are important to you, the CEO, or to the business, will give you an idea as to how well your SRM is aligned with the business and with your aspirations. The response may also enlighten you about things you may not have realized were such a big deal as you read the Sustainability Report.

What specific objectives were established for the Sustainability Report and how were they met? There are many different types of possible objectives for Sustainability Reports. These may relate to the collaborative process of developing the report, the cost, the adherence to an agreed timetable without a last minute rush, the amount of time invested, the quality of the output (which may be the report content, design or presentation) or objectives might also refer to the range of feedback received after publication of the report. Of course, we are assuming that your SRM did actually establish objectives. If not, that begs another question.

Was the Sustainability Report prepared in accordance with an action plan and clear timetable and to what extent did performance align with these plans? The reporting process is no less important than the product of the process. Quality process usually means quality report. Also, the reporting process can often be an example of how of other cross-functional projects are managed in the organization. Any reporter who begins without an action plan, timetable and allocation of roles and responsibilities (usually a Steering Team for the report is preferable) is heading for a last-minute scramble, headaches and much conflict before the report is finally published. As CEO, you should be interested in embedding good process in your business, as well as delivering a good report.

How many work-hours of our company employees were invested in the production of our lastreport? The report budget often does not include the woman/man/hours of company employees engaged in the reporting process. It includes consulting, design, PR, marketing, printing and all other accociated and easily quantifiable costs. However, doesn't employee time also cost money? As a consultant, I log all my hours and can tell you exactly how much time (and therefore money) I have spent on anything from a major client project right down to this blog post or volunteering work. Knowing the time and cost of your reporting process is half the way to managing it more efficiently.

How much of our Sustainability Reporting budget was spent on external consultants? Of course, I am biased, being a Sustainability Reporting consultant:) but it is always worth having some external help when writing your Sustainability Report. However, you should know how much it is consuming of your total reporting budget.

Was the Sustainability Report produced in line with budget? If not, what was different? Sustainability Reports have a talent for coming in over budget. The SRM is a business manager and must know how to manage budgets. This question is more about understanding if your SRM has it covered than understanding the gory details of what was spent where.

How many of our employees have read the report and how many have provided feedback? Aha. This is a great question. If your Sustainability Report is not reaching your employees (supported by a proactive process of dialogue) then you are probably not gaining all the potential benefits of reporting. How can employees reflect the company's Sustainability Performance to external stakeholders if they are not familiar with the report? Your SRM should be in close collaboration with the HR function to ensure that the internal organizational processes include engagement with the Sustainability Report.

How many new recruits read our Sustainability Report and did this infuence them in accepting a job with our company? Everyone likes to quote figures about how potential new recruits (including the zillions of Green MBA and **Net Impact** grads that join the job market each year) seek socially responsible employers. But once and for all it might make sense to check whether those who joined your company were actually influenced to do so by your sustainability performance.

How many Managers have used the report in discussions/presentations/meetings with external stakeholders? Your Managers are your sustainability ambassadors and the Sustainability Report is a key tool in their arsenal, whatever their role in the company. If they are not using your Sustainability Report, your SRM is not engaging them effectively. Your SRM should have her finger on the pulse of how your Sustainability Report is being used in the organization.

What insights have you gained from the last Sustainability Report that will be helpful in producing the next report? Every report is a learning process. How does your SRM learn from experience? How does your SRM value continous improvement? This question will enlighten you.

What did we choose not to report on and why not? Almost all reports are trade-offs. Legal, marketing, finance, HR team members almost always have something they prefer not to disclose for different reasons. In many cases, these "Secrets" may not be critical to the report's integrity but in some cases, they might be quite telling about the organization's challenges. As CEO, you would probably want to know what your people are fearful about disclosing and why.

What were your disappointments in producing your last Sustainability Report? Maybe there weren't any. Maybe the report turned out exactly as your SRM envisioned. Maybe not. Understanding how your SRM measured up to her own expectations may tell you a little about the organizational issues your SRM faces in driving sustainability processes. These are the issues where a helping hand from the CEO might just be what is needed.

Who were your greatest allies in the company in producing the Sustainability Report? Yes, here is the list of people to give fat bonuses to at the end of the year:)

Whose support did you need but did not get? This sounds a bit like a whistleblowing question, but that's OK, occasionally. I think the CEO should know who is blocking the process. If sustainability is important to you as CEO, and reporting is a key part of that, you need to have set your expectations clear. If your people are blocking progress, you might want to consider how this should affect their performance review, bonus or career development prospects. As a minimum, you might want to talk to them to find out what prevented them from being collaborative.

Why should we continue to produce a Sustainability Report? This is a fundamental question that every company should ask itself before re-embarking on the process another year around. The answer may not be the exactly the same each year and its worth taking a few minutes to articulate specific hopes for this cycle of the reporting process. NB: The response, *"because we reported last year"* is not really quite good enough.

What are your objectives for the next report and how will you measure success? Following on from the existential "why are we doing this" question, the obvious next thing to ask is "how will we know if we have done it well". As a minimum, you should expect to hear quantitative targets such as adherence to budget and on-time publication, but equally, qualitative targets about the process of reporting should not be overlooked. Does your SRM intend to get feedback on the process of developing the report? Did your SRM run an effective Reporting Steering Team in which people have had the opportunity to influence? If your report is the single-handed work of your SRM and a consultant, you can bet there's something essential missing.

What help do you need from me in the next reporting cycle? Asking the question doesn't commit you to providing all the help requested, but it does give you an idea of the state of mind of your SRM. The SRM should be pleased to receive help and support from the CEO and I can think of hundreds of ways the CEO could support the reporting process. An SRM who responds *"nothing, really*" to this question is probably not doing the best possible job.

Fancy some ice cream ? How can you have a conversation about Sustainability Reporting without ice cream?

When should we have another little chat? Be prepared for a non committal response :)

elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible businesspractices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Ground turkey: off the sustainability menu

Saturday, August 06, 2011

Cargill, salmonella, turkeys, one person dead, 77 reported sick, 36 million pounds of ground turkey meat recalled. If you are in the US, **you can't have missed this story**. One of the largest food product recalls in US history. The practice of adding antibiotics to animal feed is common in the US to maintain animal health and help animals grow more quickly and therefore become more productive. However, the claims are that antibiotic use eventually leads to animal resistance to the drugs and this can cause contamination which is passed on to humans. Also, consumption of antibiotic flavored meat and poultry can over time cause human resistance to certain antibiotic strains. The food safety issue is a complex one and this story shows highlights one of the most basic areas corporate responsibility for livestock food manufacturers. Antibiotic use in animal feed has been banned for use in Europe for some time. In the US, in June 2010, **the FDA published draft guidance** intended to help reduce the development of resistance to medically important antimicrobial drugs used in food-producing animals, but the practice is still widespread. The recommendation is that antibiotics should be administered to animals only to assure animal health and only under veterinarian supervision.

I had the opportunity to learn more about this issue during the past year while working with **Fenton Communications** to prepare a very interesting sustainabiilty report. The talented Fenton team led by **Susan McPherson** handled all the great design work and my role was researching and writing the report. I am referring to the **2010 Sustainability Report for Novus International**, a privately-owned US-based global company and a world leader in animal nutrition and health, specializing in the development and manufacture of food additives and supplements for livestock.

Novus International has been around for twenty years with a vision of helping to feed the world affordable, wholesome food and achieve a higher quality of life. Novus products are truly innovative and support global sustainability needs to help deliver more, safe food to the increasing global population on track to reach 9 billion in 2050. The report is called **Innovation with Integrity**, and has is structured around some of the core, critical sustainability questions that Novus people ask themselves every day, for example:

- How does Novus innovation increase global food availability?
- How does Novus innovation contribute to improved nutrition?
- How do we increase food capabilities for future generations through science and education?
- What role does integrity play in running our business?
- How do we inspire our employees to excellence with integrity?
- How do we make a contribution to the global economy?
- What are the priority sustainability issues for our stakeholders?
- How do we collaborate with customers to meet their needs?
- How do we make quality a top priority at Novus?
- How do we ensure a sustainable supply chain?
- How do we respect animal well-being?
- How do we contribute to the sustainability of our communities?
- How do we work to protect the environment?

Novus's Animal Health Programs and scientifically-developed products utilize dietary antioxidants and combinations of gut environment modifiers to naturally support beneficial bacteria, defeat harmful bacteria like salmonella and enhance digestion and absorption without reliance on antibiotics. Novus feed additives give livestock producers a choice to significantly reduce the amount of antibiotics used in livestock production and therefore reduce food safety risks.

Not only this, many Novus products increase the bioavailability of food that is fed to animals, therefore reducing the amount of feed necessary to maintain healthy and productive poultry and livestock. This has major environmental benefits as lower volumes of feed are required and lower volumes of waste are generated. Finally, all of this has a positive economic impact, helping farmers to reduce costs while increasing productivity. Novus works closely with thousands of customers in 100 countries to apply locally-relevant solutions for safe, healthy and cost-effective livestock food production. In emerging markets, this can enable small farmers to develop economic independence and a secure livelihood for themselves and their families, often raising the economic standards in entire villages and regions.

The move away from broadscale use of antibiotics in farming just seems to make sense. Would you want to live on a permanent diet of antibiotics if you weren't actually sick? Why would you want your food to come from animals that have consumed vast quantities of antibiotics every day of their lives? Novus offers alternatives to this and and many other sustainability-critical questions relating to meat, poultry and fish production and consumption. And, as a highly engaged and responsive business, I am sure they would appreciate your feedback on their third Sustainability Report (GRI checked at Application Level B).

On a personal note, I have to say it was a pleasure and a privilege working with the delightful Susan McPherson and Fenton and Novus on the production of this report. I personally interviewed a wide range of Novus people from the CEO, through to the entire Executive Leadership Team as well as Novus people throughout the world from China to India to Belgium to Spain to USA to Africa and more. In each conversation, I did not fail to be impressed with the sense of mission that each and every one displayed and their

strong commitment to making the world a place in which food is safer, more available and affordable and offering higher nutritional benefits. Also, Chief Sustainability Officer, Joyce Cacho, PhD, drove the process to ensure absolute rigor in application of the GRI framework, which as any reporter knows, is not always the easy option. Keenly innovative, highly conscious of social and environmental issues, aligned behind an imperative of integrity, systematic, responsive and clear on priorities, I was left convinced that Novus International is a business which is run on embedded sustainability principles and practices.
Now, I wonder how many antibiotics my daily dose of ice-cream contains....

elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Dripping Sustainability

Tuesday, August 02, 2011

I was pleased to read a great article by the fabulous sustainability writer **@LeonKaye** on the Guardian Sustainable Business Water Hub about how water stewardship provides a return on investment and that **The Campbell's Soup Company** has gained competitive advantage from investing millions in water management projects. **You can read the article here.**
This is the sentence that caught my eye :
"The company urges the growers of its top five agricultural ingredients – tomatoes, carrots, celery, mushrooms, and jalapeno peppers – to adopt more efficient practices such as drip irrigation and the construction of retention basins to curtail rain runoff."
You may not realize it, but this sentence demonstrates an exemplary approach in supply chain management by a food manufacturer who is zooming in right to the basic building blocks of the company's value chain to encourage more sustainable practices at ground level. In this case, driving a change in agricultural practice to include drip irrigation represents a major shift in the way such crops are grown and yields major environmental benefits and productivity gains. This leads to greater and more efficient food supply, far beyond the direct benefits to Campbell's Soup. Drip irrigation is currently used only in about 4 - 5 per cent of world irrigated fields. Moving the agri-sector to drip is truly a step towards advancing sustainable food production for a 9 billion world.
Quick course in drip irrigation.
What is it: Drip irrigation is an irrigation method which saves water, fertilizer and nutrients by allowing water to drip slowly to the roots of plants, either above ground or sub-surface, through a network of valves, pipes, tubing (driplines), and drippers.
Why it saves water: Most agricultural irrigation is done using furrow or flood irrigation. Essentially this means that water is pumped or transported to the fields and is allowed to flow along the ground among the crops. Flood irrigation is inefficient as too much water gets to certain parts of the field and not enough to others. In fact, about half the water doesn't actually reach the crops. The drip irrigation method channels water directly to the crop, and using specialist technology, ensures that the crops get exactly the right amount of water, no less, no more, and at the exact time they need it.
Amount of water saved: Depending on the method, drip irrigation can be up to 100% more water efficient, though a general average would be 50 – 70% water saving versus

traditional methods.

Why it saves fertilizers and chemicals: Chemigation and nutrigation work on the same principles. By drip-dosing fertilizers and nutrients to crops, none is wasted, doses are accurate and far smaller quantities are used. As much as 50% of chemicals can be saved using this method.

It is probably not necessary for me to explain why all this is so important, but I will.

Drip irrigation is a truly sustainable method for agriculture which minimizes water consumption, minimizes energy use through efficient operations, minimizes use of chemicals, delivers improves yield quality with low crop waste levels and in general offers many farmers a cost-effective solution to develop a viable agri-business, thereby enhancing local community development and quality of life. In developed markets, this can be of major assistance in reducing the burden of resources required by the demands of our consumer society. In emerging markets, it can mean the difference between poverty and a respectable livelihood for many local farming communities.

It probably is necessary for me to tell you why I am so interested in this, so I will.

Netafim Ltd. is a client of my company, **Beyond Business Ltd.** Netafim has been a world leader in drip irrigation technology and application since its founding in 1965 , delivering drip solutions to thousands of farmers in over 100 countries. The more I learn about drip irrigation and the different technologies involved, the more I find it fascinating. I won't go into too much detail here (you will have to wait for Netafim's first Sustainability Report to be published in 2012 :)), but a one example to give you the general idea:

Netafim has developed a **Family Drip System**, which is perfect for the small farmer for use in plots of up to 2000 sq. meters. It works on gravity with no pump or other energy requirements in open field or greenhouse crops. Being a relatively simple system, it is low cost making it accessible to most small farmers. This system is now used widely in Africa and other emerging markets.

Take a look at this short clip about how this system has transformed the lives of a settlement in Kamale, Kenya. The livelihood of everyone living in Kamale depends on farming. Prior to using an irrigation system, the women of the settlement would wake at 5 am to fetch water from far-away sources. One women tells how she was not able to breastfeed her child because she spent so many hours per day just fetching water. Incredible!.

So the question remains, when the world is crying out for water efficiency and when the food security of future generations is already under threat, why is this seemingly perfect solution used only for 4-5 % of global irrigated fields? Why is this not an absolutely no-brainer? In Israel, Netafim's home base, over 75% of crops are grown using drip irrigation. In the past 30 years, **agricultural output in Israel has increased fivefold without any increase in water consumption**. "Greening the desert" has been both a necessity and a major achievement, as only 20% of Israel's land is arable. Today, more than 50% of Israel's crop exports come from semi-arid areas such as the Arava desert.

Despite major advances using drip irrigation in recent years, there seems to be two main reasons for the lack of uptake at mainstream level. First is that irrigations systems require an initial investment, which given the often small scale of farms, may be too hefty for family farmers to afford without government assistance or NGO support. Second, so I've heard, is that the farmers are by nature a conservative and tend to use methods which have been taught through generations and unwilling to risk a crop in the hand for two in the bush.

This is why the Campbell's initiative is so important. By making sustainable farming methods a condition of supply, and by partnering with farmers to help them adopt new technology, major sustainability changes can be achieved. This approach offers incentives right throughout the value chain: Campbell's get a more cost-enviro-efficient raw material, farmers get better yields and access to customers and markets, we all get higher-quality, less chemicalized food, and more if it, and Planet Earth lives on to support our descendants.

By the way, as an ice-cream addict, I am thinking of having Netafim make me a special drip-irrigation system to deliver ice cream to my spoon at a constant rate 24/7. Bet they didn’t think of that one! (ahem.. my patent, please).

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Comments

- CathieGuthrie August 05, 2011

Elaine, this is a superb article as an adjunct to Leone Kaye's article about Campbell's and in its own right about the merits of the drip. I have used drip irrigation on a modest scale (inverted pop bottles filled with water) in my garden for many years. I'm always happy to see how little water is actually consumed and amazed at how much time I save. Thanks for taking it to scale!

Cathie

- elaine August 07, 2011

thanks Cathie for reading and for your insight. I have been amazed at the tecnhology of drip irrigation. I throught it was just pipes with holes in. Actually, it's pipes with highly technical valves inside to regulate the flow of water to a very precise degree, with a range of different valves for differenet applications.
elaine

Sustainability due diligence... over coffee

Monday, August 01, 2011

One of the things I always wonder when I hear about acquisitions of smaller companies by larger companies is to what extent sustainability due dilligence formed part of the acquisition deliberations and whether an assessment of social and environmental risks was included in the analysis and final decision to buy. So when today, I learned of **Strauss Group's acquisiton of the Russian Ambassador Coffee brand**, my first thoughts went to whether this new purchase will be a sustainability asset or a sustainability liability. Strauss Group is developing its sustainability journey and coffee is an important and highly strategic part of the company's portfolio. Strauss's most recent sustainability report can be found **here.** A review of the **Ambassador brand website** reveals values: Professional, Open minded, Ethical, Trustworthy, Competitive, Smart and also that all coffee processing from harvesting to transportation of beans is certified by the FNC

(**Federacion Nacional de Cafeteros de Colombia**)- a Columbian state body, founded in 1927 as a business cooperative that promotes the production and export of Colombian coffee, representing more than 553,000 coffee growers, most of whom are small family owned farms of less than about 4 acres.

What is also interesting about the FNC is their Sustainability Report, which covers eight decades! Yes, that's right. Most companies have trouble reporting sustainability performance for one year, but the FNC has managed to cram the years 1927 - 2010 into one report of 175 pages. **You can download it here**. It's a first report of the Federation and includes a GRI Index and actually, probably anything you ever wanted to know about Columbian coffee. One learns so much from Sustainability Reports, **as I have said before on this blog**. So here's an example - a little Columbian coffee quiz (Answers below. No prizes. Just answers):

1. What is a coffee cherry?
2. What is Juan Valdez's mule called and what does she remnind us of?
3. Who is Juan Valdez?
4. What effect did corn and bean intercropping have on coffee growers' income in 2010?
5. What is intercropping?
6. What actions can be taken to preserve coffee quality and contribute to the sustainability of coffee growing regions ?
7. What is the most popular flavor of ice cream in Columbia?

The FNC report is primarily a good news report about the activities of the Federation to preserve, protect and promote the Columbian coffee industry, ensuring fair prices and added value options for specialty coffee and sustainable livelihoods for the coffee growers of Columbia, as well as encouraging the development of environmentally friendly cofee growing. After a brief glance at the report, it does seem that the Federation is making a positive difference. While this type of report does not quite conform to the GRI framework as it refers to a sector rather than one company, and relies on case studies and stories rather than actual data about the impacts of the sector, it does offer some interesting insights into sustainability issues and challenges in the coffee business in Columbia. Perhaps the real power of a Federation such as this whose members are small family operations would be to actually harvest data from the member companies on certain social and environmental parameters to measure sustainability impacts accross the board. **I have written about association- type reports also in the past.** It's a delicate balance between a sector marketing effort and a materiality driven sustainability performance report. The FNC's report is pretty much like most of the others, tending towards the marketing end.

Anyway, I wonder if the team at Strauss Group who finalized the Ambassador deal read this report or considered sustainability aspects of this newly acquired business prior to signing away $10.4 million. Perhaps in terms of coffee sourcing, there maybe cause for optimism, but this, of course, is only one aspect of the overall deal.

And for those of you who have waited patiently for the Quiz Answers, here they are:

1. The fruit of the coffee plant which is picked when ripe. Each cherry contains 2 coffee beans.
2. The mule is called Conchita and she is a reminder of the challenging mountain topography that produces mild Colombian coffee.[Sic].
3. The icon of Columbian coffee, created in 1960, representing trust and family values.
4. It made them an additional $123 million.
5. Coffee trees can be planted in an overlapping, inter-mixed fashion, called intercropping, with other plants such as tamarillo fruit trees, plantain, blackberry and cocoa trees, among others. Some of these crops, such as corn and beans, help to

increase the productivity of the land.
6. Planting across slopes to help avoid soil erosion; reliable seeds; ecological seed-beds; pest, disease and weed control; shade-systems for coffee cultivation; environmentally friendly milling processes which use less water and result in less waste water.
7. Chunky Monkey. Coffee flavor. Of course.

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Sustainability Reporting with Integrity

Friday, July 29, 2011

I have been involved in the writing of many Sustainability Reports. In fact, it's one of the main services I provide to clients and something I spend a whole lot of my time doing. Several of the reports I have worked on have gone through the **GRI Application Check** (including the **report of my own company, Beyond Business Ltd).** This week, I received the results of the GRI check of the fourth report I have submitted this year, 2011, one being our own and the other three for clients (reports not yet published).

Now, here's my conclusion.

It's always worth submitting a draft report for the GRI Application Check.

Despite the fact that the GRI check is limited and does not cover EVERYTHING that's reported, what is does cover is very thorough. As experienced as I think I am in working strictly to the letter of the GRI framework, which I think I know very well indeed, there is occasionally something, no matter how minor, that I overlook. The GRI check really does help me in ensuring that I support my clients in delivering a report with **integrity** i.e. if it says it meets Application Level A, B or C, it does. Even reports which are externally assured are often not rigorously checked for adherence to the declared Application Level. Using the GRI Reporting Framework is a choice. It is perfectly acceptable (though, arguably, not leading edge) for any company to write a Sustainability Report without adhering to the GRI or any other guidelines that may exist. It is perfectly acceptable to go with your own sustainability reporting flow and just do it your own way. However, if a company chooses to report using the GRI guidelines, then my expectation is that they will adhere to the guidelines right down to the fine detail of the indicator and the indicator protocols. For me, the credibility of a reporting company really drops when the company declares adherence to a GRI Application Level, and after even the most briefest of checks, it is apparent that the company has not met the requirements.

I see this as a question of professionalism, thoroughness and yes, integrity.

In order to earn the prestige / reputation / goodwill benefits associated with GRI Reporting, many companies rush to self-declare adherence to the GRI at some level or other but don't follow through with the rigor and discipline required. As we say in Manchester, **ignorantia juris non excusat**. This means that you cannot claim not to understand the guidelines - everything is perfectly clear and if it is not, my experience of the GRI is that any question gets a response within 24 hours. So not adhering correctly to the GRI guidelines (after making a declaration to the contrary) is either a question of genuine misunderstanding, minor oversight, generally sloppy work or intent to deceive. Harsh ? Maybe. But that's exactly why the GRI check is available.

What does the GRI actually check?

The GRI Content Index is checked for **completeness, correctness and usability**. This means that the GRI checks whether the completed GRI Content Index in the draft report answers the required number and set of standard disclosures for the self-declared Application Level (completeness); that the way in which the reporting (or not reporting) has been addressed is in-line with the self-declared Application Level and accepted standards (correctness); and that the Index serves as a functioning navigation tool (usability) including whether page reference numbers are correct.

GRI checks a **sample of the standard disclosures**. GRI takes a sample of the standard disclosures and determines whether the reporting claims made in the Index can be substantiated. For this purpose, the GRI checks the text to see if a quantitative standard disclosure has been answered with a pertinent quantitative response and a qualitative standard disclosure has been answered with a pertinent qualitative response. You cannot know upfront which of the disclosures the GRI will actually check, so as a reporter, you must make sure that all the disclosures required for your declared Application Level are reported correctly.

The **Content Index Check List** is a very good tool for reporters, breaking down the reporting requirements by indicator into precise reporting requirements and the type of response required (quantitative, qualitative).

Reporting inconsistencies from my own experience

Some of the things I get pulled up for are quite minor. I had to **laugh** when I wrote in my own A level Sustainability Report that one person out of a team of four left the business during the reporting year. The indicator, LA2, requires a percentage as well as a number. I had to correct that disclosure to "one person (25%) of our workforce left the business". In a micro-enterprise like mine, the percentage is rather insignificant. But take a company of several hundreds or thousands of people which you want to benchmark for turnover against peer companies. The percentage of employee turnover, not the number, is what makes the data comparable. In another report, I wrote that the reporting company sources all electricity from the National Grid (Indicator EN4). Not enough. I had to add the details of the primary sources of energy for electricity production used by the National Grid. Another example relates to the scale of the reporting company. I had not included market capitalization. (Indicator 2.8). Tougher examples might include detailed disclosure of stakeholder engagement practices. This is tougher because, while companies want to report, they may not have documented effectively all of their internal and external processes relating to stakeholder engagement. (Indicators 4.14-4.17), especially if this is a first time report. Sometimes, an oversight may just be a matter of not indicating the correct page number for the relevant content in the body of the report.

Adding punch for consultants

I also find that, as a consultant writing reports for companies and advising them on content, the GRI check helps bring certain issues to a head. Companies often anguish over what to disclose and what not to disclose, or whether it's worth making the effort to supply certain content. I would rather not count the amount of times I have successfully used the line: *"This is required for GRI Application Level B"* or " *If you don't provide this data, we will not be able to pass the GRI Application Level check".* For companies for whom the GRI check is important, either because it helps create internal legitimacy or external standing, it works every time, thereby helping to increase the real transparency (and not only the declared transparency) of any report.

And finally....

The GRI Application Level check is not assurance and it not exhaustive. But knowing that an external body is going to check your adherence to the guidelines does make for a heightened degree of discipline. When writing a Sustainability Report, there is always a lot to think about and it's always a rush to get it all done at the end of the process. It's easy to miss minor details. It's easy to forget that you needed to go back and check that last point. It's easy to overlook that the pagination changed when you added a few extra sentences.

Reporting with Integrity is not just about reflecting your sustainability performance in an accurate and balanced way. **Reporting with Integrity** is also about being true to your word. If your word is that you have adhered to the GRI Framework at Application Level B, then I expect to see that you have done that.

PS: I would add at this point that I believe there is room for a revision of the GRI checking system. I think the GRI should offer a check which includes the entire content of the GRI Index, and not a sample check. Assuming that the A, B, C or some other type of transparency differentiator will be adopted in the new **G4 guidelines**, I believe the GRI should also offer a solution to ensure that declared adherence is correct in a more comprehensive way. This will enhance the credibility of the reporting companies and also in the guidelines themselves. Who cares if that will make my life so much more difficult :)

PPS: The GRI did not ask me to write this post! I am a GRI Organizational Stakeholder but otherwise have no connection to report-checking other than professional interest in a more robust reporting system.

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Comments

- UKati August 01, 2011

Hi Elaine, I agree with most of the things you wrote about GRI aplication level check, but I also have some concerns. My greatest concern is, that they do not check the reporting principles... And I think if a company does not follow these principles, the report can be really useless both for the internal and external benefits. At least materiality, or if there is something about how the company has defined materiality would be important. This would be more important than making you add 25% after the one person leaving...

Also, when we come across reports, even A type reports, that have major GRI-related defficiencies, but they were approved by GRI, how am I supposed to argue for the principles and integrity of reporting... OK, I know that the more GRI reports there are, the better it is for GRI, but the quality of reports is not ensured, we will end up like the value of ISO9000 certifications...

- elaine August 03, 2011

Hi Kati, thanks for your comment and insights... yes, I agree... overall poor quality of reports poses a problem for the credibility of reporting as a whole ... but at least, if a report is out there, it is open to scrutiny.
You are right that reporting principles have a fundamental importance that frames the entire report credibility. Companies need to get better at this.

Hope you are doing well ...
elaine

Heineken reporting: the parts it doesn't reach

Wednesday, July 27, 2011

Heineken commercials just have to be the funniest and most creative. Take this one:

(If you want more, see the top ten funniest Heineken commercials here).

While the **Heineken Sustainability Report for 2010** doesn't quite reach these levels of creativity and humor, it is a good and thoughtful report, which I reviewed for **CorporateRegister.com**. **You can find the full review here.** Here are some of the review highlights:

Heineken is a Dutch Beer Company, with 250 brands, 140 breweries in 70 countries, employing 55,000 people and delivering a turnover of Euro 16 billion in 2010. The Heineken 2010 Sustainability Report starts out with a great introduction from the Chairman/CEO which is nicely balanced and gets to the key issues for Heineken. It's almost apologetic, referring respectfully to 14 fatalities in Heineken's newly acquired Mexican business and other countries and loss of stardom in the Dow Jones Sustainability Index. However, it does set expectations with the Heineken "Brewing a Better Future" initiative, which is a *"comprehensive and integrated sustainability strategy for the next decade. It increases the scope and scale of our work on sustainability and gives substance to our long-term ambition to be the world's greenest brewer. It also allows us to balance our need for financial sustainability with the role we play in society."* Clearly, deep thinking has been going on at Heineken, and a new model with 23 programs grouped into six initiatives: **Green Brewer**,**Green Commerce**,**Engaging Employees**,**Heineken cares**,**Responsible Consumption** and **Partnerships for Progress** lends a structure and a certain credibility to Heineken's way forward. The CEO statement is followed by an executive summary of the report content by the "Chief Corporate Relations Officer". This is an outstanding overview, including frank comments on shortcomings, for example, the fact that a 3.84 score out of 5 in a reputation survey for responsibility and sustainability is not good enough and needs work. So far, so good.

When thinking about beer production, you don't automatically think about agriculture. But key ingredients in beer production are barley, corn starch, hops and for cider, cider apples, and agricultural practices are a critical element of any brewery's overall impacts. Heineken owns half a million apple trees in the UK for example. I wonder how many they own worldwide? Heineken reports on initiatives to advance reduction of chemicals in agriculture and local sourcing wherever possible. Heineken also refers to several Economic Impact Assessments that the company has conducted in Sierra Leone, Rwanda and Burundi, with new assessments in 2010 for Egypt, Croatia and the Bahamas. Heineken maintain that in Croatia, 8,800 jobs are in some way related to Heineken while in Egypt, local sourcing of barley has resulted in up to 6,000 jobs. These are important numbers. It's a shame that the Economic Assessment Reports are not available to the general public (I couldn't find them on the Heineken website).

An interesting example of how sustainability has benefited Heineken is at the Elblag brewery, where the amount of non-segregated waste was reduced from 793 tons in 2006 to 55 tons in 2010. In 2010, Heineken's Polish branch sold its waste at a profit of EUR3 million. That's a huge figure, demonstrating once again that sustainability practices make good business sense.

Finally, with regard to responsible drinking, Heineken tells a nice story of the management team visiting a hostel for drink dependency victims and as a result, decided to delist Strongbow Black cider, a higher strength cider with an increased risk of irresponsible use.

Heineken's report is easy to read and projects strong credibility, reflecting good thinking about sustainability. It's well structured, comprehensive in scope and explanations, case studies and descriptions of issues are clear, easy to understand and balanced (including areas of challenge and sensitivity).

The real issue with this report is that it focuses on responsible practices but not on sustainability opportunities. Heineken's "Brewing a Better Future" is all about doing what Heineken does now more responsibly. I would have liked to see some progression toward a sustainable value creation type of model where sustainability is embedded in Heineken's core business rather than managed as a set of distinct initiatives. Notably absent is a description of material issues and an analysis and prioritization of those issues, which begs the question of how the 6 core initiatives were developed and using what stakeholder input. In this sense, Heineken's report doesn't quite reach the parts that other reports reach (Heinken's advertising tagline for years has been that Heineken reaches the parts that other beers cannot reach), but it does do a basically good job of reporting key direct impacts in a nicely presented way.

And I can't resist leaving you with one more responsible drinking commercial from Heineken:

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How to set sustainability goals

Saturday, July 23, 2011

A recent piece of research from **GreenResearch TM**, a research, advisory and consulting firm focusing on cleantech, alternative energy and sustainability, looks at the trends and best practices for defining, managing and communicating sustainability goals. This is an **interesting** subject. The quality, quantity, scope, "softness" and "hardness" of sustainability goals as presented in sustainability reports varies widely, from those which are clearly measurable (and therefore manageable) to those which are broad directional aspirational type statements which offer no clue as to how progress will be assessed. (The researcher David Schatzky notes in the **GreenResearch TM** report *"Aspirational goals can bring excitement to a sustainability strategy, but can engender grumbling from mid-level executives if they are held accountable for achieving them."*

Mostly, I believe, the type of goals a company sets and commits to in a Sustainability Report will have to do with the company's approach to sustainability. Those companies who have a clear sustainability strategy with clear action plans will find it easier to define **SMART** goals. Those companies who are just doing stuff, and want to report on it, find it harder to formulate a set of quantifiable goals. There tends to be quite a clear correlation here.

Good exampleThe Cooperative Group Sustainability Report 2010 The Cooperative Group has a clear strategic approach to sustainability and SMART quantified goals in each of the three core strategy areas: social responsibility, ecological sustainability and delivering value. Some goals span several years. Here is an example of the goals in the Social Responsibility area:

SOCIAL RESPONSIBILITY

- Ensure that 10% of the profits available for distribution is made available for community investment by 2013, with £5m deployed per annum to tackle UK poverty around stores and branches
- Stores and branches will act as a focus for 10,000 community initiatives per annum
- If a primary commodity from the developing world can be Fairtrade, it will be by 2013. A unique range of products and initiatives that benefit producers and go 'Beyond Fairtrade' will be developed (pictured)
- Extend commercial lending for energy efficiency and renewables from £400m to £1bn, and kick-start a revolution in community-owned renewable energy generation
- Provide £30m for the inspiring young people programme by 2013, and establish a Co-operative Apprenticeship Academy that will create 2,000 apprenticeships.

Example of targets from the Cooperative Group Sustainabilty Report 2010 (page 9) The top two on this list (as it's quite hard to read on this blog) are:

- Ensure that 10% of the profits available for distribution is made available for community investment by 2013, with £5m deployed per annum to tackle UK poverty around stores and branches.
- Stores and branches will act as a focus for 10,000 community initiatives per annum.

You can see how these are very specific and define measurable outcomes. All the Cooperative Group's 14 key targets are similarly expressed.

Less good example:Mauser Sustainability Report 2010 The Mauser Group has a list of targets in its Sustainability Report for 2010 and while the company should be commended for publishing targets, it is easy to notice the difference - the targets are not entirely quantifiable. They are just specific enough to guide the work but not specific enough to measure success. *"Work on market introduction of light-weight packaging"* provides an item on the action plan but hardly defines measurable outputs. Will the fact that people work on light-weight packaging be enough to meet the target? Or is the delivery of light-weight packaging the goal? And how much light-weight packaging? One item? All items?

Products and services

Plan 2010	Result 2010	Plan / target 2011
Renew: assess cradle-to-cradle options	Workshop scheduled for first quarter 2011	Further investigate options and start practical applications
Renew: evaluate customer potential in Bioplastics	Ongoing, market opportunities limited so far	Building prototypes in bioplastics and further investigating new materials
Reduce: weight reduction	Ten light-weight products developed with weight reductions of up to 10%	Work on market introduction of light-weight packaging
Recollect: collaboration with waste management companies	Dialog started with a number of companies	Dialogs ongoing. First collaborations expected
Recollect: start Total Recollect with best practice customers	Set up structural dialog with number of key customers and started Total Recollect services with two of them	Start Total recollect services with a number of other customers
Reuse: extend use of Post Consumer Resin (PCR)	PCR material and market research carried out. Use of PCR increased slightly, but increased growth is desired	Investigate and implement further application of PCR: 20% growth of PCR use compared to 2010
Calculation of Life Cycle Analyses for main product groups	Calculation finished. This includes carbon footprints for major product groups	Development and application of an LCA tool with variables for product categories and transport kilometers
Promote reconditioning and recycling	Active member in range of associa-tions and working groups	Investigate more opportunities for promotion

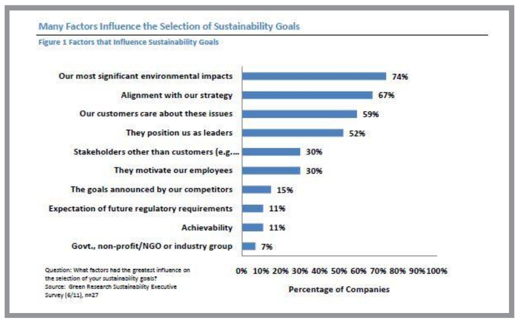
Example of targets from Mauser Sustainability Report 2010 **Another less good exampleOccidental Petroleum Corporation (Oxy) Social Responsibility Report 2010** Oxy also should be commended for making commitments to targets in its Sustainability Report, however these are also quite vague. *"Continue to engage with key stakeholders on Oxy's corporate governance, HES and social responsibility efforts"* doesn't really describe the kind of step-change activity or desired result. Sounds a little like a more-of-the-same soft-option target. What will people do differently? How will success be measured?

Another of Oxy's targets is *"Maintain efforts to make Oxy's workforce reflect the communities in which the company operates, through national, regional and local hiring practices and equal opportunities for women and minorities."* Any time a target or goal starts with "maintain efforts", it is describing the effort, not the result. It's hard to measure

efforts. **Stakeholders don't buy efforts. They buy results.**
Anyway, the above-mentioned research had 32 respondents (senior executives at major corporations in USA, Europe and Asia) from companies which are considered to be **leaders** in sustainability. The research therefore targeted to represent **best** practice, not all practice. Additionally, interviews were conducted with with 14 companies including Alcatel-Lucent, Barclays, Dell, Edelman, Johnson Controls, Kraft Foods, Nokia, Unilever and Telefonica and more. Key questions addressed by the research are:

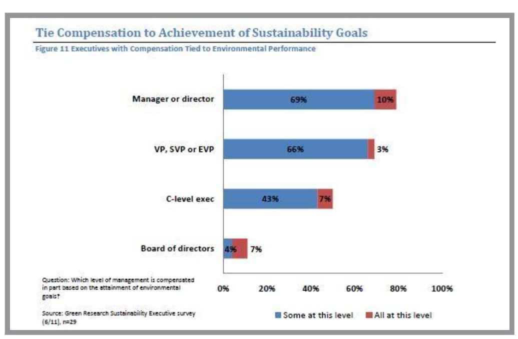
- What is the right way for companies to establish sustainability goals?
- How should companies manage sustainability performance to ensure they achieve their goals?
- When and how should sustainability goals be communicated to the public, and what is the place of internal sustainability goals?

The research shows that several factors influence the establishment of sustainability goals:



Factors influencing the selection of sustainability goals from GreenResearch 2011

Interestingly, the top factor relates to environmental impact goals, arguably the easiest and most quantifiable area of sustainability practice (though I believe all other areas of sustainability performance can be quantified in clear goals). The research shows that 79% of respondents have publicly declared goals on carbon emissions, 57% on overall energy consumption, 45% on solid waste, water and renewable energy consumption and 41% on recycling.
55% of respondents indicate that goals are set annually with only 3% setting goals on a 3-5 year horizon. This may be indicative of approach or of semantics. Sustainability requires longer term thinking, so annual goals are inadequate. However, multi-year goals with annual milestones which are adjusted along the way is a good approach. Sometimes milestones may be expressed in terms of annual goals.
Another interesting aspect of goal-setting includes the degree to which executive compensation is tied to sustainability goals. The research shows that very few companies mandate that all leaders and managers should have part of their compensation package related to sustainability, and only 7% of companies indicated that some or all Board members are compensated on this basis.



Link between compensation and sustainability from GreenResearch 2011

Finally, the research around Sustainability Goals refers to the debat about publication of goals externally versus the use of goals at an internal level only. Why would a company (which reports on sustainability externally) not publish goals externally? Some suggestions thrown up by the research:

- Belief that this is not very relevant to external stakeholders.
- Lack of good tracking systems or credible data for measuring performance.
- Lack of confidence in their ability to meet their goals, sometimes because of a dependence on third parties to achieve a goal.
- Regional factors affect goal-setting such that an overall global goal would not be realistic.
- Competitive considerations, including a reluctance to see competitors outpacing the company by setting more ambitious goals.
- Creating a sustainability report (with goals) would be redundant, time consuming and costly (a direct reference to **Apple's statements** relating to Apple's (misguided) reluctance to report on sustainability).

I agree with GreenResearch that publicly stated goals have power and making an external commitment should really be the best practice that companies aspire to both as a management tool and as a route to gaining trust and credibility with stakeholders. No-one expects perfection, it is understandable that some goals may not be achieved, but as a minimum I think we should expect transparency. If sustainability reporting is about building trust, **reporting needs to address what companies WILL do not just what they HAVE done.**

The conclusions shared by GreenResearch are:

- **Companies should craft sustainability goals in consultation with internal and external experts and stakeholders, combining bottom-up and top-down analysis to produce goals that are material, achievable, quantitative and time-bound.** A quarter of sustainability executives at leading companies have “aspirational” sustainability goals without a clear plan to achieve them.
- **CEO support, operating executive accountability and regular progress reporting are the best practices of managing sustainability goals.** Fifty percent of sustainability leaders tie part of C-level executive compensation to the achievement of sustainability goals. But over forty percent say progress on sustainability goals is reported to senior management only semi-annually or annually.
- **Public sustainability goals demonstrate commitment and help galvanize internal staff and drive results.** Seventy-nine percent of sustainability leaders have public greenhouse gas emissions goals while 45 percent have public waste and water goals. Companies with immature management or measurement practices should start with internal goals but aim to go public in short order.

So, time for a review of your sustainability goals? Learnings from **GreenResearch's report** might indicate it might be a worthwhile exercise.

(Disclosure: I have no relationship with GreenResearch and do not benefit from sales of the company's reports)

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Wasting paper #CSR #FAIL

Friday, July 22, 2011

I have finally gotten around to speaking out about a pile of paper that arrives in my mail each month. It's my cellphone invoice. Well, it's all my cellphone transactions. We have three active phones (me, my husband, my daughter), one cellular modem for my laptop and one micro-sim for my iPad. All these charges are paid from my one account. I need at least one printed invoice because my accountant says I cannot submit an electronic version for my business accounts, and my phone and peripherals are a business expense. So, in a normal, reasonable, environmentally conscious world, I would expect to receive one envelope, with one piece of paper listing all the charges that will be deducted by standing order from my account.
This is what I received from my provider, **Pelephone:**

Seven envelopes and eight pieces of paper. All for one account. Every month. Paper, ink, postage, handling ... seven times more than required. Multiply this by hundreds of thousands of subscribers and the amount of resource wastage is mind boggling. This is despite a declaration on the **Pelephone website that they are committed to environmental protection**, although this is as minimal as you can get.
I wrote to Pelephone, asking what they could do about this wastefulness but have yet to receive a response (after 24 hours). An email query promises a response within SEVEN working days while a query on the Pelephone Facebook page promises a response within TWO working days. I decided not to wait. This is the age of **instant.**
Israel is often cited as having one of the highest per capita usage rates for cellphones worldwide (this may be explained by the link to security concerns and many schoolchildren carry cellphones for this reason). There are three main cellular providers in Israel: Cellcom, Partner (Orange) and Pelephone. It's hard to say that any of them present a good option for sustainability. **All have been taken to task by the Israeli government in the past year** for anti-consumer policies including prohibitive interconnection charges, lack of transparency regarding fees and connection speed rates, grossly high prices and lack of customer responsiveness. Service is abysmal at all three companies (and I have been a customer of all three at different times). I believe the telecommunications industry is one of the least trusted in the country though, regrettably, one of the most indispensible. As far as sustainability is concerned, Partner, with 32% market share, has produced two sustainability reports, **the last one covering 2009**. Cellcom has produced one sustainability report **covering the year 2008,** and Pelephone has produced zero sustainability reports and is the least transparent in all respects of all three companies.
However, even without a commitment to sustainability, saving resources just makes

common sense. Perhaps that's the secret ingredient that is lacking in our celluar industry in my home market. Perhaps common sense is the more difficult thing to achieve than improvement in 3G connection speeds.

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Comments

- Alethea July 23, 2011

Ahhh, common sense. If only there was more of it in the world.

GRI in the USA - reporting here we come!

Thursday, July 21, 2011

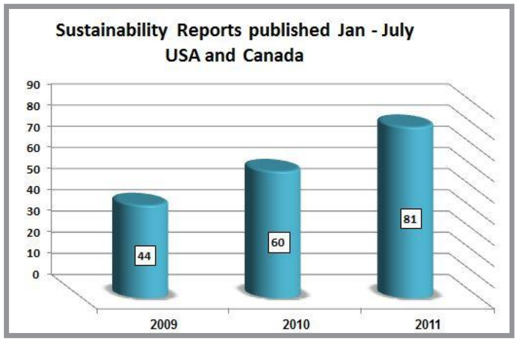
I attended today a GRI webinar for **Organizational Stakeholders** in which **Mike Wallace**, who heads up the **GRI US Focal Point**, presented an update of what is happening with GRI US. I was very impressed. (Disclosure: I don't impress that easily).

GRI Mike is taking a very strategic approach to advancing sustainability reporting in the US and it sounds as though it will make a difference. With 90% of US companies NOT reporting, clearly there is a **big** opportunity. A considered, strategic approach to broadening awareness, providing platforms to help companies get on the reporting map and reinforcing the strong business case for reporting will surely deliver a return for the GRI.. and for sustainability.

The US actually is the largest country in terms of GRI Organizational Stakeholders with 88 members.

Top 10 Organizational Stakeholder Countries 2010/2011	
United States of America	88
Netherlands	58
Spain	50
Australia	45
Brazil	44
Germany	40
United Kingdom	29
Canada	21
India	19
Switzerland	18

The Top Ten GRI Organizational Stakeholder country memberships Reporting in the US and Canada has been on the increase for the past few years. Using data contained in the GRI Reports List, and analyzing only those reports published through to end July each year, the picture is as follows:



Data based on the GRI Reports list updated as of 20th July 2011 In total, there were 183 reports published in the US and Canada in 2009 and 250 in 2011. Assuming the mid year trend holds true, we should expect this number to reach over 300 by end 2011. The GRI strategy to ensure this happens, increasing the quantity and the quality of reporting in 2011 and in years to come, includes:

- **Establishing a very strong foundation in the US.** You will probably know that the US Focal Point was established through the assistance of the Big Four Acocunting firms Deloitte, Ernst and Young, KPMG and PWC and is hosted in the facilities of The Conference Board.
- **Leveraging the GRI Training Partners** program to reach a large number of organizations. The world's largest GRI Training Event was recently held in Cleveland by BrownFlynn.
- **Speaking at conferences**, webinars and many other venues
- **Closely monitoring press coverage** - 844 articles in the US press in the first quarter of 2011.
- **Closely monitoring US interest in the GRI website** - 656 G3 Framework downloads in the US in the first quarter of 2011.
- **Working closely with Professional, Industry and Sustainability organizations** to leverage their memberships. Working from a lean resource base in the US, the approach is to get to much larger groups via their existing network mechanisms. Such groups include **ASSE** (The American Society of Safety Engineers with 80,000 members) , **USGBC** (the US Green Building Council and the LEED certification program) , **NAEM** (a prominent organization advancing EHS practices), **ICMM** (The International Council on Mining and Metals) and more.
- **Focus on connecting with government authorities** who have massive reach and power to convert markets such as the SEC, the **GSA** (the US General Services Administration, which, according to Mike has bigger purchasing power than the largest corporations), the US Army, the Postal Service and more.
- **Development of a US Sector Leaders program.** This is a brilliant approach to which **Mosaic** and **Clorox** have already signed up. It means working the market sector by sector and engaging one company in each sector to support familiarization with the sector and help the GRI expand reporting in that sector. The idea is to have 10 - 15 Sector Leaders by the end of next year.

There can't be many bases left uncovered in this approach and I have no doubt that results will justify the effort. Remember though, that any company starting a first reporting journey may take well over a year to deliver their first report, so there will be a delay factor in the number of reports published.

The GRI approach in the US is to focus squarely on the business case and there is ever more data which suggests that more attention is being paid to reporting by investors, more analysis is being done of sustainability reporting data and companies who advance sustainability practices, including reporting, are outperforming their peers. Mike Wallace shared an excellent presentation with some useful data which you can find on Slideshare: **Measuring Sustainability Performance June 2011** View more presentations from Mike Wallace - GRI Focal Point USA The issue that didn't get much airtime in the discussion (and I wasn't quick enough to ask the question) is about quality of reporting. It's important to increase the quantity of reports but no less important to improve their **quality**. The extensive training programs that the GRI is promoting will certainly help, but for reporting to be meaningful, Sustainability Reports have to be **more transparent** (less than 20% of reports published in the USA and Canada in the last few years meet Application Level A requirements), **more closely aligned with the GRI framework** (even checked and verified reports are often lacking in rigor and accuracy in their adherence to the framework) and **more credible** (less than 10% of reports are externally verified). This may be the bigger challenge, though there is no doubt that getting companies on the reporting track is the key.

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Dr Sustainability is back!

Monday, July 18, 2011

Doctor Sustainability is a busy woman. She spends her time trotting the globe (carbon neutrally of course) offering advice to the CEO's of global corporations, senior government officials and movers and shakers in major organizations such as the United Nations, United Biscuits and United Manchester .. err.. Manchester United. You can imagine how delighted I was when Dr. Sustainability agreed to answer, once again, readers' questions on the CSR Reporting blog. You will all recall Dr Sustainability's sound advice last year.
****

Dear Doctor Sustainability: I have been hearing more and more about Creating Shared Value. What does this mean ? **Dear Ponderer:** Creating Shared Value is another way of saying that sustainability must make money. This is not to be confused with Creating Shareholder Value. The latter is about making rich people richer. The former is about making everybody rich. Of course, there are no guarantees. Except for the latter.

Dear Doctor Sustainability: I was in the middle of reading an online sustainability report and suddenly I felt a migraine coming on. Actually, I have noticed that this often happens when I read sustainability reports. Can you recommend a treatment for this ? **Dear Sufferer:** I have treated many people with a similar complaint. Basically, the only thing that can be done is to take a three week daily dose of an antibiotic, ant-depressant, anti-histamine and anti-suicidal drug which can be supplied at your local pharmacy. But don't worry, it comes in Chunky Monkey flavor.

Dear Doctor Sustainability: I have decided to reduce my energy consumption to zero. What would you recommend ? **Dear Energized:** Die.

Dear Doctor Sustainability: Surely women can't be good Chief Sustainability Officers ? Isn't sustainability a man's thing ? **Dear Chauvinist:** Of course women can be great CSO's. Female leadership skills such as listening, caring, sharing, smiling, collaboration, inclusiveness, appreciation and a sharp analytical as well as creative mind will always give the female CSO an edge over her male counterpart. Unfortunately this cannot be proven because, with the exception of a very few, all CSO's are male. But don't despair, if you are an aspiring female CSO, your time will come. But you might have to wait for a giant black hole to rip a star apart.

Dear Doctor Sustainability: I want to write an Integrated Report. But I am not sure quite how to integrate what and where. Should I start off with an Annual Report and include a sustainability paragraph on every alternate page, or should I start off with a Sustainability Report and add reams of financials at the end ? **Dear Integrated:** This is quite a dilemma which most Integrated Reporters have not yet resolved effectively. The best way is to rewire your processes to create an integrated approach to business. You can then produce a fully integrated report which includes all the relevant information jumbled up together so that all stakeholders will **not** be able to find exactly what they are looking for. When you realize this doesn't work, you can split it into two reports to keep everyone happy. **Dear Doctor Sustainability:** I really don't know what to call my next report. CSR report ? Sustainability Report ? Corporate Citizenship Report ? Positive Impact Report ? Shared Value Report ? Corporate Responsibility Report ? Accountability Report ? Sustainability Review ? Triple Bottom Line Report ? What would you recommend ? **Dear Reporter:** How you call your report is a reflection of how you approach sustainability strategy. Sounds to me that you haven't quite got it together. In that case, my recommendation would be to call it a CSR Sustainability Corporate Citizenship Positive Impact Shared Value Corporate Responsibility Accountability Triple Bottom Line Review Report. Nothing like covering all bases.

Dear Doctor Sustainability: No-one reads my Sustainability Report. How can I get people to read it ? **Dear Unread:** Kidnap them, bribe them, coerce them, whip them, point a gun at them, torture them. If all that doesn't work, add some pictures of children holding up a globe or saplings blowing in the wind. If you still have no luck, you might try calling it News of the World.

Dear Doctor Sustainability: My company has decided to use a celebrity to promote our sustainability reporting efforts. Right now the choice is between Susan Sarandon, Bette Midler, Woody Allen and Ben Stiller. Who do you think would be most appropriate ? **Dear Stargazer:** I do believe celeb endorsements of sustainability reports is the Next Big Thing in sustainability communications so well done for getting ahead on this. As for which celeb to select, use one who can talk coherently about global sustainability issues such as climate change, water scarcity, poverty, the digital divide, a low carbon economy and human rights abuses in supply chains. (Hint: It's ok if you decide to drop this idea).

Dear Doctor Sustainability: I want to write our Sustainability Report for last year, but we had a massive environmental disaster in our business which caused several deaths, destroyed much wildlife and many natural habitats, created a major hole in our market capitalization and seriously damaged our reputation. Do you think I should mention any of that ? **Dear Reporter:** Of course. But express it all in a way which makes it sound really really **really** positive.

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Comments

- SHAILESHTELANG July 19, 2011

I am a regular reader of your blog. I love all of your posts especially this one. Thanks!

10 reasons not to write a CSR report

Saturday, July 16, 2011

I suspect most people could come up with 3,483 reasons not to write a CSR report and all are probably true, but some are truer than others. I suspect there are more companies asking themselves why not write a report today, rather than asking why. The pressure to report is increasing and more companies are joining the reporting pool each year. So here are 10 reasons **not** to write a (first) report.

ONE: You have nothing to report. It's never perfect. There is always more you can do in terms of sustainability performance before you launch the process of writing your first report. There is always a balance to be found between a lightweight report and a content-rich report. You shouldn't wait until you have got everything nailed down before you report (because you never have everything nailed down). But frankly, if you have no sustainability performance to report in any of the core areas of your business operations, then producing a compilation of CSR marketing-oriented mumbo jumbo and calling it a Sustainability Report won't cut it. By all means, produce a CSR brochure, or a CSR statement or a CSR policy paper ... but a report should contain disclosures of PERFORMANCE and not just intention. So if you ain't got it, don't report it. Work on getting it.

TWO: Your sustainability performance is really awful So you measure your carbon footprint and it's been increasing year on year. You had 5 fatalities in your operations last year. Employee engagement survey results show that more are disengaged than engaged. You just paid a $30 million lawsuit for gender discrimination. Your supply chain audit showed that most suppliers are not compliant. Your CSO has just resigned. Now is not the time to publish your first sustainability report. Get working on addressing the issues. Get some good process in place. Then think about reporting.

THREE: You have no data-collection processes in place Your first report should not stress out the organization in a way which immobilizes it because none of the data flows that measure sustainability performance are in place. If you have no data at all in your business - you have been recycling but you haven't measured the volume, you have reduced waste but you don't know by how much, you have had calls to your Ethics Hotline but you don't know how many, you have reduced employee turnover but you haven't measured turnover rates... then you have to concentrate on getting data infrastructures in place. It is better to postpone publishing your first report than to publish one with inadequate basic data - concentrate on getting a robust data-collection process in place.

FOUR: Your data is not reliable You still work on excel and your data aggregation relies on many different individual inputs from around your company's globe. You have no formal internal auditing procedures in place and you cannot be sure that the data is reliable. Why publish it? You will only have to issue corrections down the line, which can create credibility issues. Make sure your data is robust and accurate before publishing your first report.

FIVE: You are in your first year of business No matter how strong your commitment is to sustainability and even if your business was founded along sustainability principles, one year is not enough to demonstrate performance in all three triple bottom line areas of sustainability. You might have had a good first year, but wait to see if your second year is similar. Publish a first report only after two full years of business.

SIX: You have no budget Yep, sorry to tell you this, folks, but reporting costs money. It may come as no surprise that I recommend using a consultant who specializes in writing sustainability reports (yes, ok, like me!), especially if this is your first report. This is based on experience. I have several clients who have produced their own report in-house and then come to ask me to turn it into, well, a report. One client recently confirmed that their management said they "can now appreciate what a quality report looks like" after using our report-writing services, the first time they have used an external provider. There is no getting away from the fact that reporting is not something anyone can do just because they work in the sustainability area and can string a few coherent sentences together. Sustainability reporting, for it to benefit both the company and speak to its stakeholders, requires experience and skill. For a first report, allocate some money to make that happen well.

SEVEN: You have no time Clients come to me saying "We want a report in three months." For a seasoned reporter, whose data flows are well oiled and who have very detailed logging of sustainability events throughout the year, I suspect this may be possible (though I have never been part of a reporting process which has been completed from start to publication in three months). For others, well, reporting is not an off-the-shelf product. The reporting process takes time. It has to. It requires a different approach to the presenting the business performance and a different set of stories and data-points. These take time to develop. It involves many people for whom reporting is not their most urgent priority and who have many other things to do. People go on vacation. People are sick. People just don't get around to it. You have to have enough slack in your process to allow for all of this. If you have no time in your schedule for whatever reason to allocate a realistic timeframe for the report, then postpone your first report for another year.

EIGHT: You have no buy-in A sustainability report doesn't belong to the CSO or to any individual manager in the business. No-one can publish a quality sustainability report alone. Even if the CEO decides there should be a sustainability report, it cannot happen without the buy-in and active collaboration of the senior management team and their teams. If you find that you are just not able to generate enough support to ensure a respectable flow of content, then stop. (This doesn't mean EVERYONE has to be behind it. There will always be those on a management team who question the value of reporting). But if everyone is against, and uncooperative, hold that first report and focus your energies on helping some of them come around.

NINE: You want to maintain a reputation as non-transparent, non-accountable and unsustainable Most companies wouldn't declare this as an objective but not reporting defaults to this. RATS (Responsibility, Transparency, Accountability, Sustainability) is the way leading companies work these days. Fact. None are perfect but most are on the journey. Not reporting is equivalent to declaring that RATS is not important to you. If that's really the case, then don't go for that first report.

TEN: You have no ice-cream Reporting is not an easy task. Ice cream always makes it easier. If you have problems securing a regular supply of ice-cream for the reporting team, postpone that first report until you can get it organized.

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Comments

- RikkeNetterstrom July 26, 2011

Hi Elaine,
Thank you for your excellent blog. Many, many insightful comments. This one, however, is the first time I find myself vastly disagreeing. Having taken half a dozen companies through first-time reporting, I find that it is possible to produce credible and meaningful reporting, as long as the buy-in is there (Yes, I do agree with that point!) Lack of data, poor performance etc are just bad excuses not to be transparent. I see reporting as an important process to explain, address and improve performance, so would much rather see an honest admission of shortfalls than an wall of silence.

Best, Rikke

- elaine July 26, 2011

HI Rikke, thank you for reading and commenting. Yes, I do understand your point, and many of my reporting clients are also first-time reporters...and I have often said that reporting is always better than not reporting and up to a point, despite this post, I think that's true. However, there is a point at which trying to report when there is really nothing there becomes a self-defeating exercise, and I do believe it is better to postpone for a year, or perhaps less, in order to get some fundamentals in place. In most cases, companies that do not have a basis to report do not have a great fondness for telling everyone they have no data and no processes. Reporting has to be the outcome of action, otherwise it just becomes an promise for action. You dont need a report for that.

For companies who wish to get started on the transparency journey, but are not able to report, there are some softer options. I start some clients off with a Communication on Progress to the UNGC, for example, or even just greater disclosure about practices on a website. Or a brochure about sustainability approach.

We have to be careful not to devalue reporting, I think.

Thanks again for your insight.
elaine

- rsolo September 06, 2011

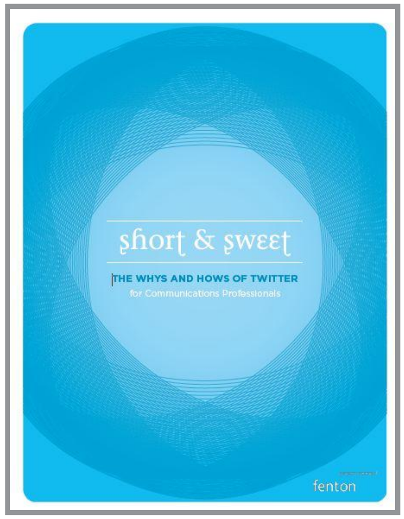
Very good comments! Can you point me to any information regarding the cost for a typical CSR report?
I relaize the cost will vary with the complexity of the netity being reviewed, but I am looking for ranges.

Thanks,

bob

Tweet Release

Thursday, July 07, 2011



Do you think of #Twitter as a #lens or a #megaphone? Are you a #Twitter #wallflower? Do you see #Twitter as helping you to become a better #communicator?
Ok, enough of the #hashtags. #youcangetalittlecarriedaway....
I just wanted to update you on the new **"Short and Sweet" Twitter Guide for communications professionals published by Fenton Communications.** I may not formally be called a communications professional but I try to communicate professionally and professional communications form a large part of my work in the sustainability arena. Whilst I have not yet written a Sustainability Report in tweets (yet) (hmmm, that's an idea) (has anyone?), Twitter has fast become an indispensible platform for communicating in business in general and in sustainability in particular. I have been quoted as saying that **"Twitter has done as much for corporate responsibility as the great thought leaders through sheer accessibility"** and I stand by that. I also posted about the role of Twitter in sustainability communications some time ago in a post called **"What Twitter does for CSR".**
Fenton believes in the power of Twitter for professional communications and with this publication they urge you to make Twitter your lens and to immerse yourself in Twitter as a media tool. The Guide provides information about what Twitter is and how it works for you, how to use twitter and aha! a Tweet Cheat Sheet to make you lives easier when while you are immersing yourself. Go on, twimmerse yourself.
This is not just a standard layman's guide to what to include in your Tweets. It's an important education on the way information flows. This is essential to understanding how to leverage information flows to help spread your message more effectively. Fenton's description of **"Twitter as the new press release"** is no exaggeration. Learning how to deploy Twitter for improved positioning of your company or organization is an essential communicators' skill in this, the twitteronic century. Doing your daily 30 minute Twitter workout is probably habit for Twitter veterans but for those who haven't got there yet, the Fenton guide gives you the heads-up. The Tweet Cheat Sheet may sound pretty basic for the more tweetified among us, but for those who have not yet mastered tweet-art, it may be just what you need.
Fenton are not just preaching about Twitter. They do it. **Susan McPherson, SVP at Fenton**, is the mind behind the bi-weekly Twitter chats on CSR (#CSRchat) which draw tens of professionals in each session to share views on a range of issues in an intensive hour of fast-moving, high-quality, content-rich, informative and insightful 140 character blasts. And a few jokes too. To see summaries of #CSRchats to date and get updates of forthcoming #CSRchat topics, check out the **Fenton CSR blog** or search the #CSRchat

hashtag on Twitter. (If you don't know how to do that, check out the Fenton Twiter Guide :)).
So, the only thing that isn't mentioned in the Fenton Twitter Guide is that, for CSR and sustainability, you just have to follow **@Fentonprogress** and **@susanmpc1**. Oh, and the fact that Tweeting and Ice Cream go very well together.

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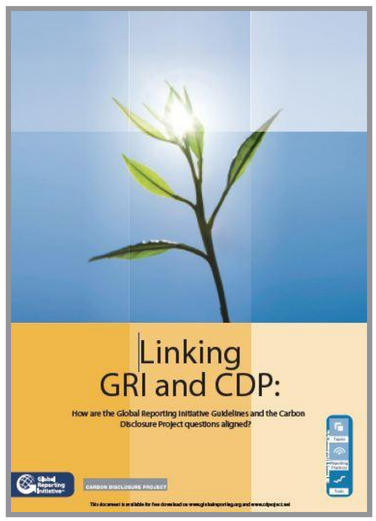
GRI + CDP = headache

Wednesday, July 06, 2011



Being an **Organizational Stakeholder (OS) of the GRI**, along with all the other OS, I get advance updates of new things such as ... publications.
This time it's a GRI publication which explains **the link between the GRI FRamework and the CDP** which answers the question: How do the Global Reporting Initiative Reporting Guidelines match with the **Carbon Disclosure Project** questions?

The purpose is to provide a tool which will make the reporting process more efficient for reporters.
This is of course an important connection. The CDP is fast becoming the global standard for carbon reporting, just as the GRI has become the global standard for sustainability reporting. Over 3,000 organizations in some 60 countries around the world now measure and disclose their greenhouse gas emissions and climate change strategies through CDP. Understanding the way these two frameworks link together has probably not been a key element in sustainability report planning to date, but as most leading companies are now doing both, it is perhaps an interesting idea to try to address the CDP requirements through the sustainability report (just as many sustainabilty reports include the **UN Global Compact** Index). This is another building block in the complex attempt to achieve harmonization, which is a key consideration in the new **G4 guidelines**

development.

The new **Bayer Sustainable Development Report for 2010** (just profiled on CorporateRegister.com) has a reference to **Bayer's CDP submission** which is hyperlinked from page 27 of the report.

I tried to make a quick comparison between the CDP submission and the Sustainability Report using the new GRI linkage table in the document. I went to a simple comparision. GRI EN4 should be CDP 12.2.
In the Bayer Sustainability Report (page 56, table 16) direct greenhouse gas emissions is stated as 4.57 million metric tons of CO2e. In the CDP submission, total gross Scope 1 emissions is stated by country, so I added it all up and it comes to 4.57 million metric tons (which is actually the answer to CDP 12.1.) but compares with the direct emissions stated in EN4. So that makes sense.

However, CDP also appears as a correlation with EN3, which compares with CDP 12.2 and 12.3. But when I tried to find CDP 12.3 in the Bayer CDP submission, it was not there :). It looks like it had been cut off in the conversion of the form to PDF format. Funny.
Anyway, there seems to be some connection! However, this linkage document only works one way - if you first look for the GRI indicator and want to know what is the corresponding CDP question. Actually, I would have thought that it would be useful to have this both ways, as more companies report to CDP than they do to GRI and CDP disclosures may be a preparatory step ahead of full sustainability disclosure. Reporters may wonder what they need to include in their Sustainability Report to make it also CDP compatible (even if they still have to fill out the CDP form separately).
Therefore, if you want to check this out as you prepare for your own GRICDP Report, here is my distillation of the GRI Linkage Report.

GRI	CDP
3.13	8.6, 8.6a, 8.6b
4.9	1.1, 1.1a, 2.1, 2.1a, 2.2a
EC2	5.1, 5.1a, 5.1b, 5.1g
EN3	12.2, 12.3
EN4	12.2
EN5	-
EN6	3.2,3.2a
EN7	-
EN16	7.2, 7.2a, 7.3, 7.4, 8.5, 8.2a, 8.2b, 8.2c, 8.2d, 8.3a, 8.3b, 8.3c, 8.3d
EN17	15.1
EN18	3.3
EN26	3.2
EN28	5.1,5.1a, 5.1g. 5.13
EN29	8.2a, 8.2b, 8.2c. 82d, 15.1
EN30	3.3

EN16, by the way, in the GRI Framework is: Total direct and indirect greenhouse gas emissions by weight. Here you can see the level of detail in the CDP disclosures versus the GRI indicator and an indication of the complexities of harmonization. The comments provided in the Linkage document attempt to shed some light on the detailed differences.

However, until the G4 becomes reality, assuming it does manage to integrate different reporting frameworks successfully, harmonization is still a big stretch.

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me via www.twitter.com/elainecohen on Twitter or via my business website www.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Deutsche Post, Adidas and Gazprom. Three reviews.

Monday, July 04, 2011

Three companies, three sectors, three sustainability reports, three sustainability report reviews. Every couple of months I publish a report review on **Ethical Corporation.** Here are the last three:

Deutsche Post DHL CR Report 2010
Here are selected paragraphs from my review of this report (you can find the rest **here, online, on Ethical Corporation's website):**

Deutsche Post DHL's 2010 online corporate responsibility report is designed like a complex logistics network navigated via a sleek online route map. It starts with a home page overview showing possible routes to a mass of information in a cleverly planned navigation hierarchy. You can start at the beginning or go directly to what interests you. Amply signposted, your journey is supported with infinite hyperlinks, in-section menus and an online mouse-over glossary for those bits of Deutsche Post DHL jargon that you might not be entirely familiar with. The complete content of this report is downloadable in a 246-page PDF or an at-a-glance overview of 21 pages. Report assurance is indicated online on each assured page. Accessibility and seamless navigability are best-practice features of this presentation, complete with an online feedback questionnaire and a promise that Deutsche Post DHL will make a €5 donation to Plant-for-the-Planet for each of the first 200 fully completed questionnaires received.
Deutsche Post DHL has 467,000 employees and operates in 220 countries. By far the most interesting aspect of its business is how the company could use its massive infrastructure and influence to transform the transportation landscape across borders and influence customers to adopt resource-efficient practices through new business models and collaborative initiatives.
Go Help is Deutsche Post DHL's programme to address disaster relief, the new de rigueur corporate responsibility platform for logistics and technology companies, given the frequency of major natural tragedies that are occurring around the globe. Deutsche Post DHL has established disaster response teams, which have been deployed in many countries, providing local assistance in ensuring relief supplies get through. DHL has even developed an innovative form of waterproof packaging – "DHL Speedballs" – which can hold up to 25 kilograms, withstand airdrops better and stay afloat longer than other containers. They have been used in several relief efforts.
Overall, however, it is not easy to get to what really counts in this GRI B+ level report. There is no distillation of core issues raised by stakeholders about different aspects of Deutsche Post DHL's business and no materiality prioritisation. The three pillars of the company's strategy are surely worthwhile, but the lack of analysis of stakeholder expectations on a broader range of Deutsche Post DHL impacts and performance is an

omission. Apparently materiality is the road less travelled on the Deutsche Post DHLhighway to CR transparency in an otherwise impressive report.

Adidas Sustainability Report 2010 Here are selected paragraphs from my review of this report (you can find the rest **here, online, on Ethical Corporation's website):**

The title of Adidas Group's 11th sustainability report is: In the Real World, Performance Counts. And an intensive 116 pages of performance it is. Light on design creativity but heavy on content, the Adidas report is an example of attention to detail and thoughtful preparation. Complete with analogies from the world of sport, giving the air of a disciplined approach to sustainability, this is probably the group's best report yet. In the world of sustainability, performance is only part of the story. What counts are impacts. Adidas rarely ventures into the world of reporting impacts that describe what has happened as a result of their performance in terms of consumer impact, supplier training and even community engagement. This report stays very much at the level of the home game with the spotlight on what's taking place on the Adidas field, but far less on the way Adidas is driving substantive and systemic change for stakeholders.

While it's nice to see how many warning letters outsourced suppliers have received for not complying with ethical standards, some perspective of how Adidas has managed to change the game in over 10 years of focused working with suppliers would be welcome. In addition to data, the overall KPI score aggregating audit results in Adidas's outsourced factories' is lower than it was in 2007. The percentage of 3C (60% KPI score) or higher scoring suppliers is lower than it has been for the past two years and the number of warning letters issued to suppliers is higher.

An ethical supply chain is one of the most material issues and Adidas discloses how the group has responded to issues raised by stakeholders, including freedom of association issues in Cambodia, workers' rights in Bangladesh and labour standards in El Salvador. But just how Adidas justifies the massive level of resource to support a sub-compliant supply chain is something that can be explored more fully in future reports. Performance is not only conducting audits. Monitoring is not the end result. Of greater interest is the effectiveness of such training, auditing and warning-letter activity and discussion of the outcomes of such changes.

Adidas is improving sustainability performance and does a serious job with this report. However, while the group is making progress, a step change in strategy and disclosure could reasonably be expected in future reports to achieve the standard required, in Adidas's terms, for completing a marathon rather than running a sprint.

Gazprom Sustainability Report 2008-09 Here are selected paragraphs from my review of this report (you can find the rest **here, online, on Ethical Corporation's website):**

Gazprom's first sustainability report portrays a rather different story to the one told in **Roman Kupchinsky's 2009 paper: Gazprom's European Web.** This alleges secrecy around Gazprom's potential control of the European energy landscape via nameplate gas companies throughout Europe as well as links to organised crime and political corruption. Clearly these are not activities Gazprom would relish disclosing in a sustainability report. The question is whether Gazprom is a puppet of the Russian political machine – the Russian government still holds a 50.002% controlling stake in the company and is represented by six members on the 11-strong board. Or, has Gazprom been able to transition into a western-style market competitor that plays by the rules of a sustainable market environment?

The world's largest natural gas producer, Gazprom has been issuing environmental reports since 2002, nine years after its break from full government ownership to become an open joint stock company in Russia. This now is the company's first full sustainability report, covering years 2008 and 2009. Gazprom's main activities are the geological exploration, production, transportation, storage, processing and marketing of gas. It is a giant in the Russian economy, employing nearly 400,000 people, holding 18% of global

gas reserves, operating 600,000km of pipeline and supplying nearly 70% of Russian consumers and export markets with more than 400m cubic metres of gas.
The implications of Gazprom's transformation are not trivial by any means. Establishing a global position in a competitive capitalist market and contributing to local socio-economic stability while distancing its reputation from former Kremlin political dictates will have demanded more than the average level of leadership skills. Gazprom's report is an impressive 104 pages with no frills and no special effects, just plain, direct disclosures. It's a rather dry read – hardly any stories, case studies or warming community photos – but it is detailed and meticulous. An example of this attention to detail is the chronicle of a safety incident. At 10.23am on July 24 2008 in Moscow, an explosion followed by a gas blaze took place at the Petrovsk to Novopskov gas trunkline. By 11.05am the following day, Gazprom teams completed repairs and resumed gas supplies to consumers. Forty-four metres of pipe were replaced during the repairs.
The report contains a comprehensive assurance statement written by the council for non-financial reporting of the Russian Union of Industrialists and Entrepreneurs. RUIE has done as good a job as any with a four-page assurance statement including recommendations for future reporting. However, a more neutral voice on assurance might have offered greater credibility. RUIE is the mouthpiece of Russian industry associations and might be expected to provide positive assurance for the member companies it represents. Overall, Gazprom presents a comprehensive, transparent picture of its operations and offers a credible picture as a global competitor in (sustainable) energy markets. Assuming of course that there is nothing hidden between the lines.
Three companies, three sectors, three sustainability reports, three sustainability report reviews.

Ice cream, anyone ?

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Gotta share ......

Wednesday, June 29, 2011

I am proud and honored to be included in the 2011 "Top 100 Thought Leaders in Trustworthy Business Behavior in Europe and the Middle East". What a great surprise to see this tweet from Barbara Kimmel:

Barbara Kimmel is an award-winning communications executive and former consultant to McKinsey, who runs her communications company **Next Decade Inc**. She is also one of the **founders** of **Trust Across America™ (TAA).** As the TAA website says, and who would disagree, "trust is an inherent element of optimism that buoys any economy." TAA aims to identify and showcase the most trustworthy individuals and organizations, learn from them through benchmarking and create opportunities to emulate best practices. In doing so, TAA hopes to contribute to that sense of optimism. TAA has already identified **America's most trustworthy companies** and the **Top Thought Leaders in Trustworthy Business Behavior for 2010**. Now, TAA has published a new list: **2011 TOP 100 THOUGHT LEADERS in Europe and the Middle East** The list was put together by the **Centre for Sustainability & Excellence (CSE),** a leading global advisory and coaching organization providing sustainability solutions. **The news release says**: " These people collectively represent a group that can genuinely transform and reverse the cycle of mistrust in business." **Read CSE's Sustainability Report for 2009 here.** I am of course delighted and flattered to be named to this list and genuinely aspire to make a positive contribution to advancing sustainability practices of business which of course must be rooted in a bedrock of values and that includes trust. I am even more delighted to be in the same list as some, whom I know personally and recognize as genuine trust-advancers (alpha order):

- **Ernst Ligteringen, CEO, Global Reporting Initiative (GRI)**
- **Momo Mahadav, General Manager, Business for Social Responsibility in Israel**
- **Maali Qasem, CEO & Founder, Schema Sustainability partner**
- **Maria Sillanpaa, Founding Director, Sustainability Advisory**
- **Dr. Wayne Visser, CSR International**

and others, who are some of the most prominent thinkers and doers in CSR and Sustainability and provide me with boundless inspiration and insight. Thank you to Barbara, TAA and to CSE for this honor and congratulations to all those on the list. This is both humbling and energizing :) I'd better stock up on ice cream so that I can keep helping to build trust.

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Comments

- BarbaraKimmel June 29, 2011

Congratulations Elaine. I have followed your work for several years, and you are truly deserving of this honor.

Home made vanilla (with a sprinkling of chocolate chips) builds trust faster than any other flavor :)

- Alethea June 30, 2011

Congratulations Elaine! This is great news and well deserved. You are certainly the voice for csr that caught my ear. I am happy to see you recognized for your excellent work.

- user July 07, 2011

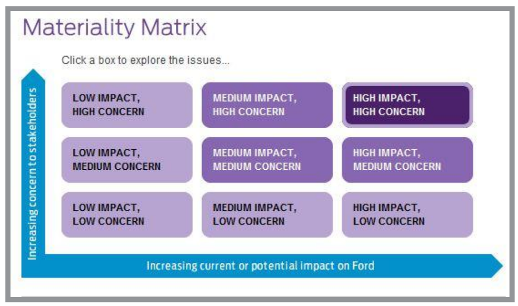
!כל הכבוד אליין

57 issues and still counting: Ford's materiality

Wednesday, June 29, 2011

This is the third in the Reporting Materiality series. **Number One was about Delhaize**. **Number Two was about Vodafone**. This is Number Three and it's about FORD. You may have heard of Ford. It's a little automobile manufacturer making around 2 million vehicles per year worth around $130 billion in sales and employing over 164,000 people at 73 plants, 41 distribution centers and warehouses, 57 engineering research & development facilities and 106 sales offices worldwide. Small, right? But with BIG impacts.

The Ford Motor Company **Sustainability Report 2010/2011** is long and detailed. It is presented online and offers a print-page download of 486 pages. I opted for the online version!
Ford's Materiality Matrix is clickingly spectacular.



When you click on each box, you get a drop-down list of all the issues categorized in one of the nine sections. In total, 57 material issues were identified, of which 34 are of high-impact or high-concern or both. Sounds like **Ford's Director of Sustainable Business Initiatives** is gonna need a LOT of ice cream! But actually, he should feel relieved that there are only 57 issues as Ford started out with a list of more than 500. **The description of how Ford developed their materiality analysis**, both in terms of identifying the issues and prioritizing them is detailed and demonstrates good process and included feedback from a **Ceres**-convened stakeholder group review.
The 14 top issues in the very purple top-right box include:

- Four issues relating to **climate change**
- One issue relating to **public policy**
- One issue relating to **water**
- Two issues relating to **Ford financial health**
- One issue relating **Ford future competitiveness**
- One issue relating to **vehicle safety**
- Four issues relating to **supply chain sustainability**

While this might seem like a very through deep dive into material issues, presented interactively, the downside is that you cannot discern the relative importance of issues within a given box in the matrix. Are these 14 high impact, high concern issues all of *exactly* equal importance to Ford and to Ford stakeholders?

As Ford didn't volunteer this information, I picked three issues of my own to focus on. I skipped over supply chain issues which, though important, are don't strike me as materially groundbreaking (though addressing carbon and water issues in supply chain relationships is a new high-level issue this year which is a good thing) and while water is an ultrasonic issue of growing importance, I didn't feel it's where Ford is likely to gain materiality traction. The key take-out for Gina Marie Cheeseman in **her post on Triple Pundit** was Ford's focus on climate change and vehicle emissions reduction.

Anyway, I picked **Ford Future Competitiveness : sustainable mobility**, defined as *"Ford's approach to increasing challenges of urban mobility, congestion, urbanization and mega-cities, as well as rural mobility and economic opportunity*" which is connected to electrification strategy and developing more and better electric vehicles. Ford says this is simply an issue of adding up the numbers. Here are some of those numbers:

- There are now more than 6.9 billion people in the world. By 2050, there will be 9 billion, 75 percent of whom will live in urban areas.
- By 2015, it is projected that at least 35 mega-cities will have a population of more than 10 million.
- The number of automobiles globally is expected to grow from about 800 million today to between 2 and **4 billion** by 2050.
- During 2010 alone, the car market in China expanded by 30 percent, while the market in India grew by more than 35 percent

Guess that's a nice market any self-respecting car maker wouldn't want to miss out on. The competitive edge for Ford will be to compete in a way which satisfies global demand for more vehicles and more environmentally efficient options. I would think this has to be the top issue for Ford over the next 15-20 years and an opportunity to create **Sustainable Shared Value**. (But that's just my opinion)

I also think the **Public Policy** question of "***Regulation of vehicle emissions globally,*** *state-by-state regulation in U.S.; increasing stringency and inconsistency of regulation; challenges left by lack of U.S. federal climate legislation*" is crucial for Ford sustainability. Ford lays out the climate change policy landscape quite thoroughly and it is clear that this could have major effects on their operations (and costs) and change the way Ford can serve consumers and appease regulators.

Finally, I select **vehicle safety**. Despite the fact that someone said "there are no safe vehicles, only safe drivers", I liked Ford's definition " *Active and passive safety; pedestrian safety; customer interest in and demand for safe vehicles; increasing regulation generally with focus on active safety; challenge of evolving in-vehicle technology"*. This goes beyond making motor cars and looks at the whole scope of impacts of people driving cars in our communities. Road accidents are responsible for over 1.2 million deaths per year and up to 50 million injuries. The economic, business, social and environmental burden of road accidents is tremendous and the causes varied. It is in Ford's interest to do what they can to make driving a safer experience as this reflects positively on Ford in terms of reputation, protects communities and environmental damage and also make economic sense. Ford's driver-assisted technologies could be important in helping Ford gain competitive ground while managing the business, social and environmental risks associated with road safety. Again, Ford shares relevant contextual data and discuss in detail issues such as **distracted driving** with a very interesting case study.

While Ford's materiality matrix does not quite meet the need in terms of understanding the relative importance of a high number of material issues (many companies identify less than 14 issues in total, while Ford have 14 issues in their top box alone), I don't think we can fault Ford in providing a comprehensive level of narrative which both educates and enlightens about the issues of the day. The only problem is that, to read all the narrative covering 57 issues would take far longer than it would to do anything about it.

This was post Number Three on Materiality. But watch this space. We're not done yet!

Any guesses on who's up next?

PS: In writing this series I was reminded by **Dave Meyer** of a great series of posts the he wrote on his blog Valuestreaming about Materiality in the Supply Chain. **This is a great series located here.**

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Comments

- BillBaue June 30, 2011

Elaine,

Excellent take on Ford's materiality matrix, which is incredibly comprehensive! That said, I agree with your critique that the matrix doesn't give a sense of relative prioritization.

My other minor quibble with the matrix is that it doesn't display the issues on the top level matrix -- you have to click through to find out which issues are on it. This is understandable, given the number of issues (57!) However, SAP's interactive materiality matrix manages to squeeze all the issues into its top-line matrix, so I imagine Ford could have as well.

My point is that a quick scan of the material issues, gathered in one place, can be very useful. And its absence is frustrating.

Btw, FrameworkCR has an excellent series on materiality as well:
http://frameworkcr.com/materiality-analysis-and-strategic-sustainability-part-1/

Best,
Bill

We said, we have, we won't, we will: Vodafone's materiality shift

Tuesday, June 21, 2011

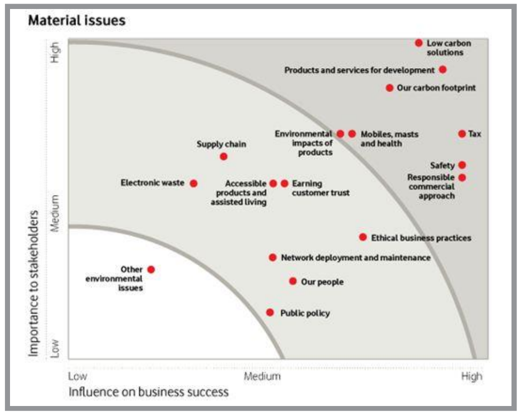
In this second post about materiality, I look at an old favorite **Vodafone.** The first thing that strikes you this year is the shift from their trademark **"We said, We have, We will "** which was still present though not pronounced in the 2009/2010 report. It's a shame to see that go, but I guess it had a good run of six years or so. For those who want a little nostalgia, see the **first in the series here**. This year, Vodafone have moved more toward an issues-based reporting approach grounded in what seems to me to be the first exposure of Vodafone's new strategy and communication on sustainability.

The three core strategic focus areas for Vodafone are now: **(1) responsible and ethical behavior;(2) eco-efficiency and (3) creating sustainable societies**, the third being a reflection of Vodafone's indirect impacts through new core business offerings. Which is what sustainability at its best is all about, of course.

In the online report, creating sustainable societies is introduced by an array of videos which are well worth looking at. One is about how Vodafone's partnership with **Isotrak vehicle tracking system** enables transport companies to reduce fuel usage. Another is about how Eiman, aged 30 with seven children, who never completed her schooling, is now one of Vodafone's first saleswomen in Al Johara in Doha. She received the "red suitcase" full of Vodafone goodies which helped her to become a businesswoman and financially independent. (Watch this video, it's inspiring). A further clip shows how William Ndirangu, who runs a shoe cleaning business in Muranga, Kenya, transformed his business through use of the **Vodafone M-PESA system** through which William can make all his financial transactions including receiving payments from customers. Yet another clip shows Mfaume Hedemi, the district malaria coordinator in Lindi, Tanzania, which is one of the most malaria infested areas in the region. Malaria kills one child every 30 seconds in Africa. Vodafone partnered with Novartis and IBM to develop a system called **"SMS for life"** in which local clinics update their malaria drugs stocks so that drugs to treat malaria can be available whenever and wherever they are needed, especially in remote areas. There are more.... but I will leave you to discover the others. The message is clear. Vodafone is develping innovative solutions which deliver a triple bottom line .. meeting critical societal needs, enabling more efficient use of resources with less waste, and doing better business in the process.

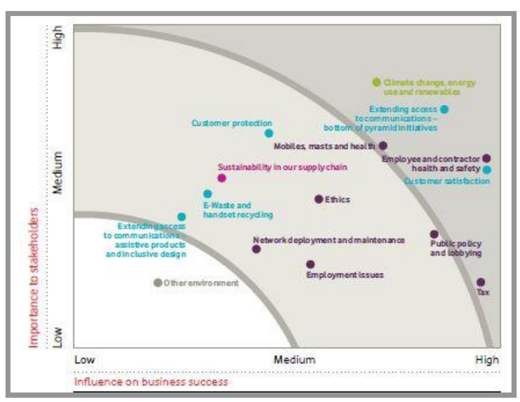
But I digress.... back to materiality... oops... that WAS materiality... well anyway...

Vodafone's CSR Reports have always been a good exercise in materiality. Not surprising, then, that they have won three **CorporateRegister Reporting Awards (CRRA)** in the Best Materiality category. Vodafone doesn't disappoint with their most recent **2010/2011 Sustainability Report** and **online here**, you can find their curvy materiality matrix in full splendor (it does not appear in the printed summary report). To create the matrix, Vodafone uses **a tool developed specifically for the ICT industry by the Global e-Sustainability Initiative** (of which Vodafone is a member). The assessment is done at Group level with input from teams in Vodafone's local markets

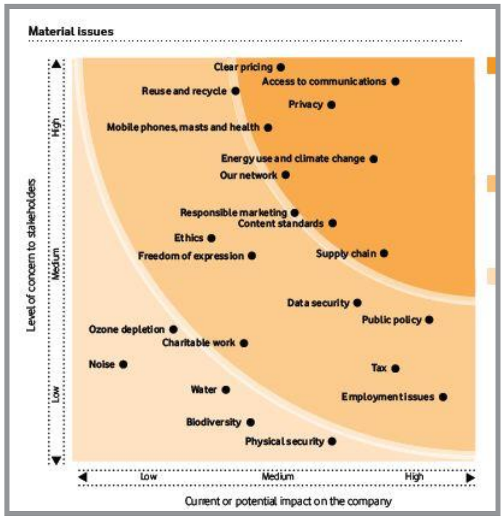


Top right issues are headed up with low carbon solutions, products and services for development and "our carbon footprint". This might surprise you actually. A telecomms company whose main material issues are low carbon solutions? What about this access and connectivity, health risks and radiation safety, electronic waste, product lifecycle and takeback or what **Annie Leonard calls obsolesence or "design for the dump**" etc? Wouldn't you think that these issues would be higher on the materiality grid for Vodafone? As can be seen from the sustainable societies stories above, Vodafone sees its future, and that of its stakeholders, in a low carbon society. Just a look at the new **M2M technologies** which are transforming our lives and our language (how long before telematics starts to become part of YOUR daily vocabulary?). In order to compete effectively in such a society, Vodafone must first and foremost ensure it is at the cutting edge of low carbon solutions, not just selling more **ARPU**, but partnering with the platforms that can make this technology meaningful in changing the way people do things. Vodafone plans to roll-out 10 million M2M connections by 2013 in smart metering and smart logistics, and this is just the start. Vodafone's competitive ground has shifted and it is now standing firmly in sustainability territory. That's why it's Vodafone's most material issue.

This is clearly a shift in Vodathinking - last year's materiality matrix was rather different with climate change, energy and renewables being up there in the number one slot.



. Looking back a little further to the 08-09 report, we can see that carbon didn't figure pretty much anywhere in the top materiality stakes and the high-flying issues were about access to communications, privacy and pricing, with direct environmental impacts (energy usage) somewhere in the middle. See below.



This is an indication of how materiality changes from year to year and how a study of **materiality maturity** (my term - you saw it here FIRST!) gives a good indication of where a company is on the compliance - direct impacts - indirect impacts continuum. Material issues change as a result of new thinking on business strategy and external market dynamics, or the relative strength of stakeholder feedback in any given year. It is important to review material issues in depth. Some issues will remain constant (at Vodafone, mobile phones, masts and health is always highly material and has remained in the same position on the matrix for the past three years), but others will change in the light of new internal and external context.

An examination of three years of materiality at Vodafone shows that issues move from primarily addressing **defensive-type topics relating to stakeholder concerns (2008),** through an understanding that climate change is perhaps as much as it is cracked up to be and **an appreciation of climate change impacts on the Vodafone business (2009)** to the full embracement (ok, my word, sorry English, but I like it) of an **aspirational strategy which is truly aligned with sustainability principles (2010).** This is a fascinating **materiality maturity** evolution. I will take a bet that low carbon solutions stays up top in 2011 as well. (You can pay me in Chunky Monkey).

Related to the materiality discussion, one of the nice things about Vodafone's reporting is the detailed disclosure about from their stakeholder engagement feedback. **Vodafone lists specific stakeholder groups and report on specific issues raised by them and how these were addresed**. In 2010/2011 for example, there were **20 meetings with investors** who raised a long list of issues. This input is crucial to defining materiality and in my experience, engagement always brings insights which the business benefits from hearing. Overall, nice Vodaformance on materiality.

This was Post Number Two on Materiality. **The first was here.** But watch this space. We're not done yet!

elaine cohen, CSR consultant, Sustainability Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (Beyond Business Ltd, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- PerrineB June 23, 2011

Thanks for this really excellent post Elaine (I have already said that on Twitter but I've got to write it here too!)
A great example of how sustainability influences business strategy and vice versa. And how issues evolve.
You've definitely coined it with the term 'materiality maturity'.
P.

Who moved my Cottage Cheese 2.0 ?

Tuesday, June 21, 2011

The world of social media has its upsides and its downsides and recent events in Israel prove that you never know which side is coming next! We have all been witness to major social media campaigns serving uprisings in the Middle East about freedom, the fabric of democracy and human rights, while acknowledging the critical role that social media has to play in the role of disaster relief and recovery. More and more Corporate Social Responsibility Reports are now online, and with them, the link to Facebook pages, Twitter accounts and Linked In conversations. Just recently, I wrote about the digital advances of the Strauss Group in Israel whose recent CSR report publication was digital, facebooked and launched with a live-streamed stakeholder engagement discussion.

I am not sure that Strauss really expected their conspicuous (and earnest) commitment to dialog and engagement to be put to the test so quickly in what has become one of the almost unheard-of protests by the normally fairly lethargic Israeli public. What's it all about? You may find this hard to believe.. but the issue that has engaged (at the last count) 93,269 consumers in a Facebook campaign is all about... the price of cottage cheese!

No, it's no joke. The Israeli public is finally moving out of its comfort zone and leveraging 2.0 tools of the day (in some very creative ways) to make their voice heard in a campaign which has become the talk of the nation in just a few short days and which may well be the first iconic 2.0 consumer Israeli pushback.

Cottage cheese in Israel is one of the most basic elements of the local diet with Israelis spending almost half a million $ a year on the stuff. The price of cottage cheese has risen by 39% in since 2008 and the price that sparked the protest is close to 8 shekels ($2.33) for a 250 gram carton. See this article written for Bloomberg News for more background. The protesters argue that cottage cheese is a staple and should be priced accordingly.

The major cottage cheese producers in Israel are Tnuva who holds 70% of the market, Strauss Group and Tara. Both Tnuva's Facebook Page and Strauss's Facebook Page have been inundated with comments, questions, complaints, photos and even a video clip with a Cottage Song comparing the price of cottage cheese to taking out a mortgage. Now it's cottage cheese, tomorrow it's your house!

The subject has been on the daily news and was the highlight of, coincidentally and perhaps unfortunately, a high-profile annual Food Conference taking place just this week, at which the big shots representing all the relevant food manufacturers were present. The Minister of Finance may not have clicked "like" on Facebook but he certainly backed the consumers' corner, threatening to reduce protection on the local milk market and allow foreign exports, or even bring back price control on these products. The manufacturers, however, are seeking joint solution - farmers, regulators, retailers and all those involved in the supply chain - claiming they are being witch-hunted on price drivers which are not entirely their responsibility. Consumers are not convinced. The call to boycott cottage cheese throughout the month of July continues and 200 more people just "liked" the Facebook campagin in the time it has taken me to write these few lines.

What can we learn from all this and where's the sustainability message?

Consumer 2.0 is alive and kicking. If the most apathetic consumer in the Western Hemisphere is getting riled about cottage, then we can truly believe that consumer 2.0 is here to stay and that every consumer issue will now be an Issue 2.0. The full arsenal of social media tools are available to Consumer 2.0's and no manufacturer has any corner to hide in. As I have said in the past: either you are transparent, or you are transparent.

If you can't stand the heat, get out of the kitchen. Not much point in declaring that you are committed to dialog if you do not engage when the issues get scary. It's one thing to open up your "good news" corporate responsibility report for debate, and seek feedback, as many companies do. It's another to respond promptly and pertinently to consumers when they voice a concern about the way you are conducting your core business and its effect on them. Both Strauss and Tunva have responded on their Facebook pages, in alignment with the Messages at the Top of their Companies, which are not quite satisfying the angry protesters, but they are nevertheless responses, and for that, they should be commended.

When the market's don't self-regulate effectively, regulation happens. Here we see a beautiful case study in market dynamics. Sooner or later, someone wakes up. If the businesses involved do not skillfully manage this cottage cheese situation, the government will do it for them. What's preferable? Concede the battle (partially at least) in order to win the war, or have the government decide for you and restrict your trading practices indefinitely? I can think of many who would opt to take control rather than be controlled. Before anyone moves your cheese, you better be sure you move it yourself.

There's opportunity in crisis: The cottage cheese scenario an example of a situation in which a smart company can win major reputation (and business) points, By responding humbly, by accepting accountability, by taking practical steps to address a situation which is clearly high on the materiality stakes, the protest can be broken and a competitive edge can be secured. Fear of precedents should never immobilize real action. However, the realization that there is already a precedent (in the way consumers are finding their Voice 2.0) should lead to new ways of thinking and responding. What we need is Response 2.0 to Consumer 2.0 about Issue 2.0 in the battle of Cottage Cheese 2.0. In the meantime, maybe I will start a Facebook campaign to make ice cream a basic human right.

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From good to great: reporting materiality

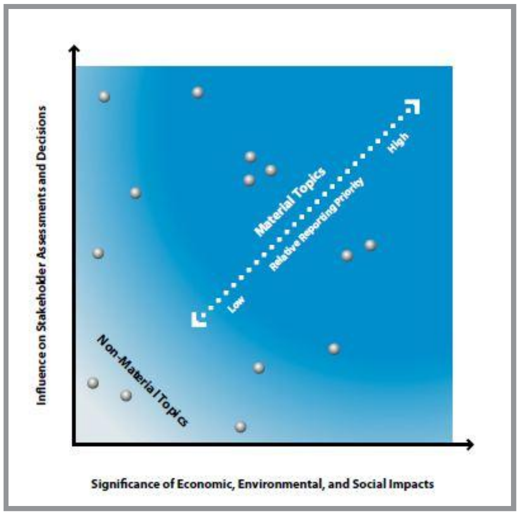
Sunday, June 19, 2011

So many Sustainability Reports published in this period... it's like being in an ice-cream parlor... haha.... very hard to know what to choose. You want to read all of them but you clearly cannot otherwise you would explode (yep, that's what happens when I go into an ice-cream parlor.).

One thing that distinguishes a **great** sustainability report from a good sustainability report, for me, is the way the reporting company handles materiality. I think we have seen many reporters mature in the last couple of years. The better reports are tending to be less shopping-list style with long lists of activities and more issues-based. In the best cases, the issues that companies focus on are plotted on a materiality matrix.

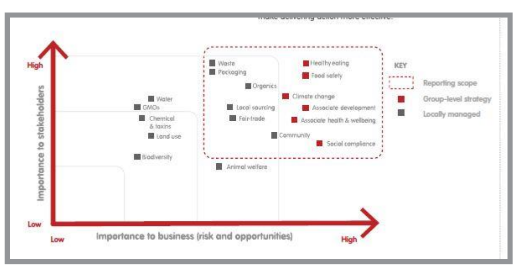
The **GRI** defines materiality as:

Topics and indicators that: reflect the organization's significant economic, environmental, and social impacts or that would substantively influence the assessments and decisions of stakeholders.



Materiality matrixes (matrices?) come in many shapes and sizes. Some are rather creative. Some are minimalistic. Some are interactive. Some are so vague that they make you wonder if they have anything to do with materiality. But simply posting your materiality matrix is not enough. Good reporters ensure that the content of their reports actually address the material issues in some depth, providing both reasonable context and strategic relevance. This is the first in a series of materiality posts which examines how companies represent materiality and report on key issues.

Delhaize Corporate Reponsibility Progress Report 2010 This is the fourth report of this Belgian-based retailer, operating 2,800 stores in six countries with 138,000 people. This report is Application Level C of the GRI. Retailing has many sustainability issues and Delhaize has navigated these skillfully and present their materiality matrix in which healthy eating and food safety are the number one issues.



Safety is clear to all, but why would a supermarket select healthy eating as its most material issue both for its own business and for its stakeholders?

Delhaize's "healthy eating" goals include improving the nutritional quality of private brand products, improving health and wellness communications and applying **Guideline Daily Amount** labels to private brand products. Aha! Private label brands are a clear competitive arena for retailers and for the first time in Europe, **private labels reached 40%**

in five countries with as much as 57% in Sweden in some categories. In the U.S., private label is said to account for **17% of retal grocery sales.** At the same time, private label brands are both more profitable for the retailer and significantly lower in price for the consumer. Surveys show that consumer perception of private label brands is strong. These days, retail brands are all about health and nutrition. There is no self-respecting food manufacturer around who is not reducing salt, sugar, artificial colorings, trans-fats and other undesirables and making loud noises about the fact that they are doing so. Much of the pressure to improve health parameters is coming from consumers who are concerned about the long-term health effect of manufactured foods as well as more and more regulation in this area, including product labeling regulation.

It makes great sense for a retailer such as Delhaize to focus on both improving the health qualities of private label products so as to compete more effectively in this arena and also support the ongoing education of consumers in the healthy options available to them and why. Delhaize claims that private label brands account for over 50% of their revenue in Europe and 26% of revenue in the U.S. and provide a consumer price benefit of up to 20%. This is surely a compelling business case for sustainability. In 2010, Delhaize reviewed formulations of almost 2,000 private label products.

Other materiality "musts" for Delhaize that appear in their Materiality Matrix are Employee (associate) development, health and wellbeing, social compliance and climate change. These are all covered well in the narrative of Delhaize's report. Middle-ranking materiality issues for Delhaize include waste, packaging, organics, fair-trade, local sourcing and community, while low-ranking issues include biodiversity, water, animal welfare and more.

Delhaize's Corporate Responsibility Report addresses materiality well, in my view. There is a clear link between the high-focus issues and corporate strategy and stakeholder interests. The only thing lacking is a more comprehensive discussion of how the materiality prioritization was developed and what kind of feedback significantly prompted the selection of issues and their ranking by Delhaize. For example, Delhaize does not report on commercial relationships with food manufacturers and food pricing policies, post-purchase food waste prevention (via consumer education), overall contribution to food security and access to food beyond specific community outreach programs. Downstream impacts on packaging and packaging waste is discussed briefly but there is no explanation for the marginal reduction of only 2% of non-reusable carrier bags issue to customers which has barely changed since 2008. I wonder if and to what extent these issues arose in the stakeholder feedback and materiality methodology.

Overall, the Delhaize report gets the message through. The design is bold, clean and clear. Goals and progress against targets are presented in an orderly way and in general, reflect improving performance. **The structure for managing CR** is transparent and includes people with names and faces. **The online report is nicely navigable** and includes case studies, stakeholder voices and the opportunity to provide feedback by email or engage in dialog via the **Delhaize CSR blog**, and a glossary. (Though some elements, such as the important "About this Report" section, including the GRI Index, are only in the PDF download and not accessible from the website, which means you cannot rely entirely on the online report). **The CEO message is delivered via video**. As is now becoming popular practice with online reports, you can "like" each page of the report and share your sentiments on the Delhaize **Facebook** page. No iPad app, yet, though!

The Delhaize report is partially (a small number of specific indicators) externally and internally assured and includes a statement from **Forum for the Future.** Internally assured? Delhaize includes a **statement from the Group's Internal Auditors** alongside the statement from external auditors. While there is a clear conflict of interest regarding internal auditing, it does demonstrate a level of internal rigor in the reporting process and I like it. I don't recall having seen an internal audit statement before in CSR reports.

Anyway, rounding off this Materiality Post One, Delhaize seems to be moving in the right direction. Next time I am in Delhaize territory, I will be sure to visit! Hope they sell ice-cream......

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Strauss: a lesson in stakeholder engagement

Sunday, June 12, 2011

Working in my home market, Israel, on sustainability, I am often reminded of the two shoe salesmen who visit Africa and find that people do not wear shoes. The first reports back to his boss: "They have no shoes. Great. What a market opportunity!". The second reports back, saying: "They have no shoes. Terrible. We have no market." Here in our small market, the advancement of corporate responsibility and sustainability should be characterized by the first approach, but is regrettably, mostly characterized by the second. The number of companies which have shown leadership in truly advancing sustainable practices is low, the number which operate with a respectable degree of transparency is even lower, and the number of companies which engage in stakeholder dialog in a meaningful way is lower still. Against this background, it is a pleasure to praise one company who has taken the lead in demonstrating all three. It is no coincidence that I write this post now, having just returned from participating in a stakeholder engagement event which is certainly a first in our market and, I believe, a world first.

The company is **Strauss Group**, Israel's second-largest food and beverage company and also an international corporation with approximately 13,500 employees operating 25 production sites in 21 countries around the world. The Group has partnerships with leading multinationals such as Danone and PepsiCo and recently Strauss Water and the global electronics giant Haier Group entered into partnership to produce, market and sell watermakers in China. Strauss is an iconic brand in Israel, carrying the name of the even more iconic Strauss family, who have been admired and respected business leaders in Israel since their humble beginnings in the 1930s. Today the Group is skillfully led by the First Lady of Israeli business, Ofra Strauss, granddaughter of the founders, who took over the helm as Chairwoman in 2001. Ofra Strauss has always been a visionary, strategic, thoughtful businesswoman who has steered the Strauss company into globalization with a good measure of talent and the entire legacy of the Strauss family values and ethical approach to business.

Strauss Group published a **first Corporate Responsibility Report in 2008** (covering year 2007 and 70% of Strauss operations) and today launched their fourth report, compliant with GRI at Application Level A, covering 100% of the Company's global business. Strauss is the only company in Israel to have issued four reports, consistently, year after year, once having set the ball rolling. The **2010 report is at present online in the local Hebrew language only** but the English version will be out in a week or two.

The report is in digital / social media format, and closely linked to the Company's **Facebook activity**. On each page of the report, there is room to include feedback or questions (and receive responses), with all posts feeding directly to Strauss's Facebook page. Equally, there are a range of social media sharing tools for each page to Twitter, Facebook, Linkedin and RSS. This is a first for our local market and is a sign of a company who is boldly embracing transparency (Strauss has been in the top three in the **Israeli Transparency Index** for the past three years) and using cutting edge social media tools to do so.

However, equally important as the report itself is the way the report was launched. The Company held a Stakeholder Dialog meeting with 90 representatives of business, academia, government and non-profits, who had previewed the report a week before the launch. The stakeholders were split into different groups focusing on workplace, environment, governance, ethics, community involvement and product responsibility and all were able to provide feedback to Strauss on the report, ask questions and engage in open discussion. The entire meeting was streamed live to Facebook, and those not present were able to ask questions which were answered by a panel of senior managers in the closing session.

Stakeholder discussion on responsible workplace

Opening the meeting, Ofra Strauss, Chairwoman of Strauss Group, said that you are never 100% prepared to receive criticism. "It is not always pleasant but it is always necessary." She added that transparency is an essential part of the way Strauss runs its business, and this is not only due to increasing pressure from regulators. "It is good that the regulators are waking up", she said, "but it's not enough. As a business, we have to do more. Change is only possible when we do it together".

Ofra Strauss opening the 2010 CR Report dialog launch meeting

This launch dialog is important in many ways, and not just for Strauss. The digital format will ensure ongoing accessibility and engagement but the face-to-face meeting was pivotal.

First, I am sure that the company received important insights - I know that in our discussion group, many important comments were made and I believe that the Strauss representatives in our group found them interesting and not entirely predictable. There is a great tendency to publish a report and sit back thinking that everyone will rush to shower praise and congratulations. In the frank discussion that took place, while there was praise, there were also clear expectations and some criticisms. I believe this form of dialog is very humbling and ensures that the report lives longer than it takes to upload it to the internet.

Second, the 90 people in the meeting all learnt something new. By participating in the dialog, they heard new perspectives and perhaps, for those who don't live sustainability reporting (guilty), gained a new paradigm about the value of reporting and how to read reports. Talking about sustainability reports is a form of educating stakeholders, not just involving them.

Third, the participation of a wide range of Strauss managers in this process placed them in the frontline of stakeholder interest and influence. None of them can now say that "CSR is not my responsibility". All of them now have a direct experience of how stakeholders feel. This reinforces their roles not only as managers but also as CSR ambassadors in their organization.

Fourth, this meeting represents a commitment to ongoing dialog. The written word, published to anonymous stakeholders, is a form of commitment. Talking about the content with real people face-to-face reinforces that commitment in an acute way. When Strauss managers think about their responsibility, they will see the faces of those who attended the stakeholder dialog meeting.

I will keep you posted when the English report is published. In the meantime, I add my praise and congratulations to the Strauss leadership and hope they are charting a path that many other local companies will follow.

Oh, and before you ask, no, there was no ice cream.

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- Anonymous June 13, 2011

Terrific post Elaine, thanks and was excellent to have you with us! Daniela

- Alethea June 13, 2011

What a fantastic process Strauss has committed themselves to. I am certain their managers who attended the stakeholder meetings have gone back to their desks noodling over new ideas to improve their business in the upcoming year, and will catalyze teammates in the process. There is nothing like feedback and teamwork to spur innovation. Strauss is smart to utilize their stakeholders to stay ahead of the competition.

- ReanaRossouw June 21, 2011

Thank you so much for this insightful article. Not only did you provide context to stakeholder dialogue but also advice on the actual engagement process.
I believe stakeholder engagement is truly the stepchild of sustainability reporting.
I look forward to reading the report in English, please keep me posted when it is available.
What would be interesting is the commitments made in the stakeholder engagement process and read how this has influenced the sustainability strategy and subsequent reports of Strauss.
Well done and congratulations - truly market leading!

How to spend your spare time in 2012

Sunday, June 05, 2011

Got a little spare time on your hands? Know someone who has? Want to change the world? Know someone who does? Don't worry. I am not referring to having you start up a new social enterprise for advancing social well-being for **disadvantaged tribal communities in Uttar Pradesh.** Nor am I referring to getting involved in **World Environment Day** (yes, it's today!) by helping to constructing a plant nursery from organic and recycled materials in the **NatureKids School in Drake Bay in Costa Rica.**
Here's the thing. What I have in mind is the **Call for Action** for nominations for the **Global Reporting Initiative Stakeholder Council and the Technical Advisory Committee** ? If you are a **GRI Organizational Stakeholder**, or a **reporting geek**, then this is your chance to get your footprint in the door.
By now, you cannot have failed to notice the massive impact the GRI has had on sustainability performance and reporting. By far the most widely used reporting framework in the world, the GRI has set itself lofty goals to main instream the transparency of more than just a relative handful of companies that report today to include **all large and medium-sized companies everywhere by 2015** while upgrading the **next generation of the GRI framework (G4)** to achieve greater harmonization of reported data and pave the way for the **Next Big Thing, Integrated Reporting.** These moves, if successful, will surely transform the landscape of business globally and provide greater impetus for more responsible and sustainable practices.
The **GRI operates as a multi-stakeholder organization** , harnessing a democracy of views from all sectors and all regions. In spite of, or perhaps because of, this consensus-

oriented structure and wide diversity of inputs, the GRI has achieved a helluva lot. Take a look at the GRI's recent **Year in Review** to get a sense of what progress is being made. Part of this progress is due to the commitment and intelligent contributions of the volunteer members of two of the GRI's key governing bodies, the **Stakeholder Council** and the **Technical Advisory Committee**.

The **Stakeholder Council** is the GRI's formal stakeholder policy forum and provides advice on key strategic and policy issues to GRI's Board of Directors. The Council approves nominations for the Board of Directors and makes strategic recommendations to the Board on future policy or business planning activities. The Stakeholder Council has 50 members, who are elected to their roles for a tenure of three years.

I had a chat with **Carlos Eduardo Lessa Brandão**, Vice-Chairman of the Stakeholder Council. Carlos is on the Board of Directors of the **Brazilian Institute of Corporate Governance (IBGC),** where he chairs the Sustainability Commission and the Editorial Committee. Carlos told me that he got involved with the GRI because of his "*interest in the relationship between business and sustainability and the possibility to be involved more deeply with a very important initiative such as GRI, as well as the governance challenge - large and diversified group that has to make important decisions while meeting only once or twice a year."* I asked Carlos about his the time he devotes to the GRI Stakeholder Council. *"Since 2009, there have been 2 meetings a year (each is two days). Before each meeting, members must read the preparatory material and the curricula of candidates (there are elections every year). Additionally, the SC members are expected to help the development of the GRI network in their home countries, which demands additional time.*" This sounds like a serious commitment. But how does a group of 50 people make decisions? Carlos said this is due to the skill of the Chair in organizing the decision making process as well as the quality and commitment of the Council members. And what's in it for Carlos? *"The opportunity to exchange ideas and enjoy a unique interaction with other Council members".* Oh, and changing the world, of course.

Nominations are now invited for the 2012 Stakeholder Council. You can nominate yourself (don't be shy!). The nominations officially started on 13 April 2011 and will run until **12 June 2011** midnight (CET) Amsterdam time. So you still have time to submit your nomination :). People can vote for you until 31st August and results are announced in October 2011. Check it all out **here.**

The **Technical Advisory Committee** (TAC) is a altogether a more intimate affair with a selected team of eight members at present (though up to 15 is possible according to the TAC rules). The purpose of the TAC is to support the development of the GRI Framework by serving as the most senior advisory body to the GRI for technical issues, a technical resource for the Board on issues related to the development of the GRI Framework and assisting in maintaining the overall quality and coherence of the GRI framework by providing high level technical advice and expertise. That sounds important, right? Members serve for three year terms.

The selection criteria for the TAC gives preference to people who have demonstrated technical excellence in an area related to performance measurement and reporting (including the use of reports), knowledge of current reporting practices and the GRI, experience with and understanding of multi-stakeholder processes, experience in the technical development of international and national standards, guidelines, or other CSR tools and more.

To understand a little more about the TAC, I had a chat with **Michael Nugent,** Technical Manager at the **International Federation of Accountants**. Michael saw involvement with TAC as "*offering a great opportunity help solve the really big issues the world faces - not that sustainability reporting is THE solution, but it is part of the solution and it is the part where I felt my background in standard-setting and assurance could be of use*." In terms of time commitment, Michael says "*It varies a lot depending on what is on. When G3 was* *being finalized involvement was quite intense, but at the same time it was very rewarding to be able to contribute to such a significant step forward. At the moment, my involvement is preparation and participation in a 2 hour call each month, reviewing documents out-of-session from time to time, and preparation and participation in a 2-day meeting in Amsterdam once or maybe twice a year. Work on G3.1 and sector supplements have been important over recent years, as has preparation for G4, which will now be the main issue for some time* ". And what's in it for Michael? "*Being a member of the TAChas been an excellent way for me to better understand different stakeholder's perspectives on sustainability reporting."* Oh, and changing the world, of course.

Nominations are now invited for the 2012 Technical Advisory Committee. The nominations officially opened on 27 April 2011 and will run until **26 June 2011** midnight (CET) Amsterdam time. Decisions will be made by the GRI Nominating Committee in July. Check it all out **here**.

So. Want to reconsider? Got a little spare time coming up in 2012?

By now, you might be wondering why I am making such a big deal of all of this. Well, I do happen to believe that 2012-2013-2014 are going to be three of the most exciting and dynamic years in the history of the GRI when sustainability reporting both becomes critical mass and reinvents itself in the process. I think GRI will be at the heart of this change. I think the outcome will make a difference to the way business is conducted, regulated and reported and, therefore, to the way we all live our lives. Being part of the GRI governance in this period would certainly be a big responsibility and also rather exciting.

I can't end up without disclosing that I have submitted my own self-nomination to serve on the TAC. Just so that you know I practice what I preach :). Wish me luck!

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- HenkHadders June 05, 2011

Hi Elaine,

Thank you for this post and this information, and let me be one of the first to wish you good luck in becoming a member of GRI's Technical Advisory Committee. It is truly a big responsibility to be setting up GRI's framework for the future. But in order for this GRI-governance body to function well, "diversity" is of course an important element, now that our context-based local and global well-being is at stake.

So I (as an advocate of Context-Based Sustainability) disclose to you, that I also nominate Mark W. McElroy as your colleague in this TAC. Of course, ...I know that this is not the proper way to do this. And I even don't know if Mark has any spare time left in 2012 or is willing to do so, but I'm -sure as hell- will ask him and press him to apply for this position, and to be given a chance to help the evolution of true sustainability measurement & reporting further on its way in the years 2012-2014. What a great image that would be: you and Mark having a serious TAC-discussion about "Context in Context"!!

Best wishes,

Henk Hadders

- UKati June 09, 2011

Hi Elaine,
I really wish for you to get elected to the TAC. Your objectivity and experience make you a perfect candidate!
I will go for SC again! Hope to work together!

The Third Israel Sustainabilty Transparency Index 2011

Sunday, May 29, 2011

You cannot have sustainability without transparency. It's like chunky and monkey. Or lap and top. Or **CSR and HR**. Or air and conditioner. Or **foot and print**. Transparency is both a window to a company's sustainability performance and impacts and also a driver of those performance and impacts. Companies who believe they can "do the right thing" and not tell anyone about it are in a Middle Ages mindset and will not be able to compete effectively over time in the current business climate. Transparency brings tremendous opportunities to engage with stakeholders in dialog which can support the identification of new business opportunities and mitigate risk. Am I preaching ? Perhaps. But in my home market, Israel, this is apparently what is needed, because for the third year in a row, **Israeli companies FAIL at transparency**. My company, **Beyond Business**, established the **Israeli Transparency Index** three years ago, with the objective of monitoring the level of transparency of the top 100 publicly traded companies on the Tel Aviv Stock Exchange. Back then, in 2009, the average transparency level of these top 100 companies, with a collective market capitalization of over $150 billion, was 31%. A year later, it was 33%. And now, in 2011, it is 35%. That's pretty dismal for a supposedly advanced market such as ours. **Download the full report here.**
There are some leading lights. The top three companies who have raised the Index for the past three years are:
Bank Hapoalim (with a hat trick of first place, achieving 99% transparency in 2011) **Bank Leumi** (achieving 95% transparency in 2011) **Strauss Group** (achieving 88% transparency in 2011)
The Top Ten are shown below.

The Top Ten		
Rank	Company	Score
1	Bank Hapoalim	99
2	Bank Leumi	95
3	Strauss Group	86
4	Makhteshim Agan	78
5	Partner Communications	74
6	Discount Bank	71
7	Cellcom Israel	61
8	Teva Pharmaceuticals	60
9	Israel Chemicals	54
10	Gazit Globe	52

Only these 10 companies (10%) achieve transparency levels of over 50%, and eight companies (8%) have no transparency **AT ALL**, as they have no website and produce no sustainability reports.

Level of transparency	% of Companies
51 – 100%	10%
10 – 50%	69%
1 – 9 %	13%
0 %	8 %

By design, our Transparency Index rewards the presence of a Sustainability Report which we believe to be one of the leading tools for establishing both transparency processes in the business and required transparency to external stakeholders. Of the full 200 points available for Transparency in the Index analysis methodology, a high transparency report such as one meeting the **Global Reporting Initiative Application level A** earns 100 points, whereas an Application level B report earns 80 points. Lower transparency reports, whether written according to the GRI framework or otherwise, earn lower points according to the level of transparency of their content. Therefore, it is no surprise that higher scores for transparency are significantly influenced by the presence of a Sustainability Report on the Company website, or similar transparent communication such as a Communication on Progress to the United Nations Global Compact, or an extensive CSR disclosure in an Annual Report. **This is because we believe that reporting adds a rigor to transparency that is not present in general website disclosures**. Consequently, Companies who lead in the Transparency Index are generally those who published Sustainability or Corporate Responsibility reports.

In the 2011 Index, a total of 14 companies reported in one form or another, up from 12 in 2010 and 5 in 2009. 2011 figures include three companies which achieved full points for a Sustainability Report at GRI level A, four Companies which received partial points for a Sustainability Report at GRI level B, and 7 Companies which received partial points for lower level transparency reports.
The Index methodology scores 4 dimensions: reporting, content, navigation and accessibility. The methodology requires no interpretation or personal judgment and the full scoring for each of the 22 data points is fully transparent (would you expect any less of a ***transparency*** index?). We devised this methodology in this way specifically to avoid

issues of objectivity. If it's there, you get points. If not, you don't.
It was encouraging this year, after we had announced that we would be analyzing websites during the month of March 2011, that several companies called us up to ask what they need to do to improve their transparency levels. Slowly but surely, we may be seeing transparency moving into corporate awareness as another dimension of competitive market conditions in the new sustainable era.
As we do each year, we awarded the Top Ten Transparent companies with a certificate at our annual **Sustainability Reporting Conference.**

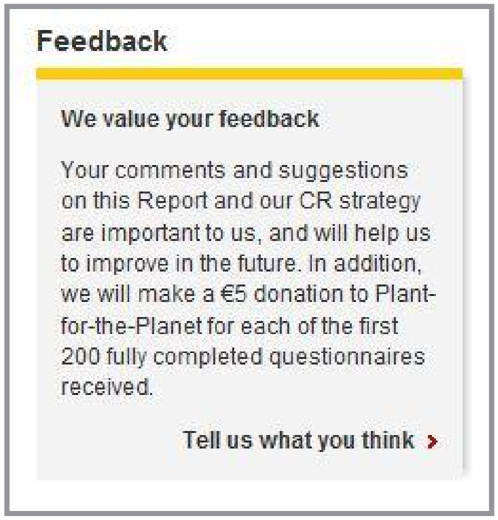
We are excited that the **Center for CSR Development in the Kyiv has decided to adopt our methodology for the development of a Transparency Index in the Ukraine.** We are looking forward to helping out.
In the meantime, here's hoping that the Israel Transparency Results for 2012 will show some improvement. Does no harm to be **optimistic**, right?

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices. Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

What is your feedback worth ?

Saturday, May 28, 2011

I was taking a look at Deutsche Post DHL recently published Sustainability Report called **Living Responsibility Report 2010** and came across their way to encourage readers to give feedback.



I wonder why Deutsche Post placed a cap on the number of feedback forms that would qualify for the Euro 5 donation (up to a limit of Euro 1,000) ? Were they worried that more than 200 people would provide feedback requiring them to donate horrendously large amounts of Euros to **Plant-for-the-Planet**? If 1,000 people took the time to read the report and fully complete the questionnaire, this would amount to a donation of Euro 5,000. Believe me, if 1,000 people genuinely took the time to do this, I believe it would be worth far more than Euro 5,000 to Deutsche Post. What do people think when they see this offer? Does it incentivize them to respond? Would they wonder if it is worth bothering to fill in the form, because if they are feeder backer number 201, no cash is thrown in the pot? Is the donation any form of motivator?

Deutsche Post is not the first reporter to offer incentives for providing feedback. **OneSteel offered a 16 MB iPad** for filling the survey response form on their **first standalone sustainability report for 2010** (a much sexier offer, if you ask me :))

Of course, the problem with providing feedback on sustainability reports is that they always seem to end up in some black hole and you never quite know whether anyone ever read the feedback or did anything with it. This is one of the big breakthroughs of the **SAP** and the **Guardian** online report execution - feedback is open and online and gets a reply.

Most companies make a plea to receive feedback but it is hard to tell if this is lip service or genuine interest in what people have to say. I tend to get about a half 'n half response from the companies I write to directly with feedback - half respond, half don't. I never get a response to any of the specific feedback forms I submit.

I believe that the best incentive for encouraging stakeholders and report readers to give more feedback is not the promise of an iPad or even the possibility of a donation to a good cause. It would be the promise of **ACKNOWLEDGEMENT**. I believe people want to see their feedback acknowledged and responded to. People provide feedback because they want to make a difference. They are not just taking the time to generously provide free advice to companies for the greater good. They want to have influence and impact. So come on reporters, if you want people to respond to you, make an upfront commitment to valuing their feedback. Let people know you are serious.

I found a nice example from DiGi.com Berhad, a Malaysian mobile and internet service provider. In their **Sustainability Report 2009,** they offer us the possibility of getting a response to our feedback. (I haven't tested this out yet, but let's give them the benefit of the doubt for the time being :)).

> If you would like a response to your feedback, please contact us:
>
> Attention To: Ms Vimal L Kumar
> Head, Corporate Responsibility
> DiGi.Com Berhad
> Lot 10, Jalan Delima 1/1, Subang Hi-tech Industrial Park
> 40000 Shah Alam, Selangor Darul Ehsan, Malaysia
> Tel: 03-5721 1800 Fax: 03-5721 1857
>
> Vimal L Kumar (vimalkum@digi.com.my)
> Philip Ling (ohling@digi.com.my)

Of course, reporting companies could always make a commitment to respond, a promise of a Euro 5 donation to a good cause AND an iPad for the winning feedback..... throwing in a pint of Chunky Monkey would make it really effective.

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me via www.twitter.com/elainecohen on Twitter or via my business website www.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- JamesFarrar May 28, 2011

Elaine --

Great post.

The idea of reward for feedback on line is not a good one. It kind of takes the focus off the point of the whole thing and ends up in a quantity versus quality problem. (seem to renmember saying something similar at that infamous GRI conf break out session last year).

I wonder if the 'acknowledgment' transaction is not without risk. Companies are often really good at acknowledging all sorts of stuff. You're right to couple that with response.

The only caveat to all this is whether panels should be paid. I'd like to see panels paid but only once the formal governance mechanism and terms of reference behind the panel is made transparent and there is assurance that the panel acts independently. Otherwise the risk is too great.

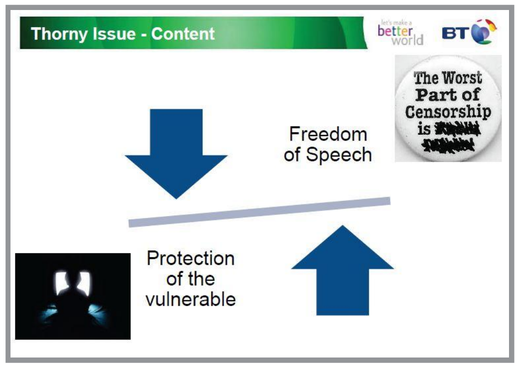
Thorny Issues for BT Sustainability

Friday, May 20, 2011

The telecom industry has its sustainability issues, just like any other sector. However, it is rare to hear them discussed so openly, and with such authenticity, as we heard earlier this week from **Kevin Moss, Head of CSR, BT Americas**, in a presentation to the **Fifth Sustainability Reporting Conference in Israel**. We were honored and privileged to have Kevin Moss as our guest speaker at the conference.

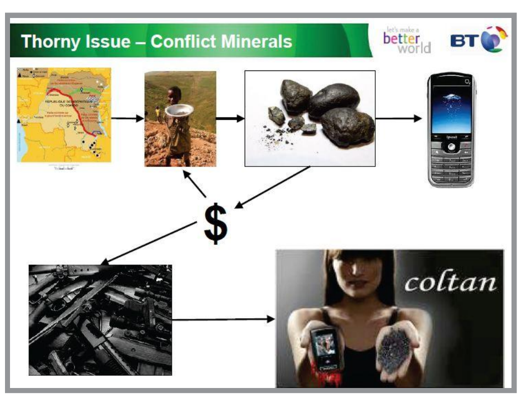
Kevin has responsibility for implementation of BT's Corporate Social Responsibility (CSR) strategy for the company's activities in North America. The role covers a broad scope of sustainability issues including environment and climate change impact, community investment and business ethics. Kevin's interactions are equally divided between internal and external stakeholders. His involvement has covered helping produce the company's annual sustainability report, to running community investment programs, to working directly with customers to help them understand how BT's products and services impact their sustainability. In his prior role, Kevin was responsible for the management of all products sold by BT across the region as well as determining product strategy, new product development and geographic expansions - a great basis, I might add, for developing a deep understanding of BT's impacts on customer and consumers. Many of you who read this blog and mingle in the CSR Twitter community will know **Kevin** well from his **blog** and his many CSR tweets. In fact, Kevin is one of the top team of sustainability influencers and thought-leaders in this space that share generously on the web and in many other speaking engagements.

In his presentation at the Fifth Israeli Sustainability Reporting Conference, organized by my company, **Beyond Business**, Kevin was the real star of the show, presenting with charisma and flair, in language we could all understand (and I mean more than simply British English). He explained the entire cycle of sustainability practices at BT, including how sustainability is a business opportunity and leads to improved business results over time, how sustainability is managed, how risk is assessed and **how materiality is determined**, how KPI's are managed and reported and how they link to financial results and how BT addresses indirect impacts. You can read all about BT's responsible business policy, and download their 2010 report at their responsibility website **here**. Selecting a few "thorny issues" to assist our understanding, Kevin helped us understand that the road to corporate responsibility is not always easy and presents real ethical dilemmas that companies must work through in a considered way.



How does a telecom company manage content issues relating to freedom of speech versus the issues of protecting the vulnerable? Examples might relate to child pornography, for example, where, as Kevin said, "most people would agree that child pornography is not a good thing" and most people would like to see restrictions on child pornography content hosted on various ISP's. However, there is, apparently a serious market for child pornography (go figure) and recently BT reported that **they block 35,000 to 40,000 attempts to access child pornography sites EVERY DAY**. The decision how to block sites, how many sites to block (i.e. how far do you go in your definition of pornography) and how to implement this is a serious ethical issue. Many say, for example, that exclusion filtering (blacklisting of websites) is not an effective way of blocking pornography and that BT should do more. Clearly, a thorny issue.

Another Thorny Issue relates to the question of conflict minerals.



Coltan is a mineral used in manufacturing electronic circuits used in cellphones. It is

mined in the Congo, often by children, and the proceeds go to fund arms for rebel militias. Often called **Blood Coltan**, this is as thorny an issue as you can get. How can a company like BT continue to market its products while avoiding complicity in the illegal activities of armed bands in the Congo? Clearly, BT has strict policies on protecting human rights, supply chain controls and responsible sourcing, but this issue goes to how how vigilant all companies must be in ensuring that all aspects of their business are thoroughly assessed for all forms of risk and relevant safeguards established.
On a less thorny note, BT maintains a range of programs to support **digital inclusion** and developing products and technologies which help BT customers reduce their carbon footprint. One example includes **BT's redcare technology for vending machines** which provides real-time data about replenishment levels and therefore enables vendor service providers to avoid making uneccessary journeys, saving both cost and considerable carbon emissions. Oh, and by the way, if you have a few idle minutes, you can always try out **BT's interactive games** to learn more about how to save the world - another element of BT's commitment to informing and influencing the public towards greater awareness of sustainability issues.
You can download Kevin's presentation at the conference website **here**. And you can view some pics of Kevin from the conference on Flickr **here**. And if ever you get the chance to hear Kevin speak about BT and CR, jump at the chance!

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- JamesFarrar May 20, 2011

Elaine

I think the conflict minerals question is thorny but straightforward. Providers should take conlfict substances out of the value chain. Period. Full stop. Imagine its a toxin catastrophic to human health - now take similar actions to remove from production and just as uregntly do so.

- KevinMoss May 23, 2011

Elaine, thank you so much for inviting me to speak and for your very kind compliments. It was a great event.

James, I hope one day we get to meet in person and not just across blogs and twitter ! Regards conflict minerals, while I agree with the intent of your position, where there is difficulty of fingerprinting whether an individual piece of mineral is conflict sourced or not, the thorny issue I was trying to illustrate is when it is right to shut out all vendors, and penalise even those who are not involved in the conflict, and when is it not.

Needless to say (!) I wrote a post about this last summer after attending a conflict minerals workshop http://bit.ly/d4f1ew

My favourite sustainability reporting conference

Friday, May 20, 2011

The Annual Conference
For Sustainability
Reporting 2011

This conference continued our tradition, **as a small consulting firm who makes a big impact**, of practitioner-oriented, sustainability reporting-focused annual conferences in Israel for those who are serious about sustainability and want to gain both inspiration and guidance. The conference is free of charge to all who register, and those who show up are the hard core of committed sustainability managers, consultants, activists and academics. This year, the conference was kindly hosted by **Microsoft R&D Center** in their fabulous auditorium earlier this week, in Herzliya, Israel.

Kevin Moss, Head of CSR, BT Americas, was the ****star**** of the conference. He made an ultra turbo impressive presentation of **BT's Corporate Responsibility practices** including reporting. He is one of the best speakers on sustainability we have hosted. Don't ask me. Ask EVERYONE who attended the conference.

The program included talks by **Dov Khenin, an Israeli Member of Parliament**, who has been seriously active for many years in driving social and environmental legislation, stressing the role that companies must play in creating positive impacts and being accountable, and **Alona Shefer Karo, the Israel Director-General of the Ministry of the Environment**, a long time activist on environmental matters, having headed up the influential environmental umbrella NGO **Life and Environment** for many years prior to joining the government. Alona explained how the Ministry for Protection of the Environment is demanding higher quality environmental reporting and will be using sanctions and fines and aligned mandatory reporting frameworks to ensure a step change for reporting by public companies on environmental risks. Important work.

Dr Daniel Federson of the **Institute of Quality Control (IQC),** a specialist standards training and auditing company, presented on the use of standards including ISO 14000 , ISO 18000 and SA8000 as drivers for sustainability.

My business partner Liad Ortar, presented on the subject of a new tool for measuring sustainability impact of companies using three local rankings.

Iris Rakovitzky, Sustainability Analyst at Beyond Business, presented the results of the **Third Israeli Transparency Index**, which resulted in a marginal improvement in sustainability transparency by the 100 top publicly traded companies in Israel, at 35%, which we still call FAIL. The Top Ten companies for Transparency were presented with Transparency Index certificates :)

I myself me presented on the state of Sustainability Reporting.

I have uploaded my presentation to Slideshare and you can view it here. My key points relate to navigating the many different dynamics of sustainability reporting today, with the multitude of options and developments in approaches to reporting and changes on the horizon. The big question companies should be facing today is not whether to report but HOW to report.

Sustainability Reporting

View more presentations from elaine cohen. As this was a *sustainability* conference, we also ordered special waste bins for organic waste which was then used for compost (*after* the conference!)

All in all, this was another successful conference which provided inspiration, practical assistance, meeting of minds, meeting of people and hopefully, a platform for further growth and development of sustainability and sustainability reporting awareness and practice in Israel. The only thing we didn't provide was ice cream. Oops. Forgot to put that on the menu. Hmph.

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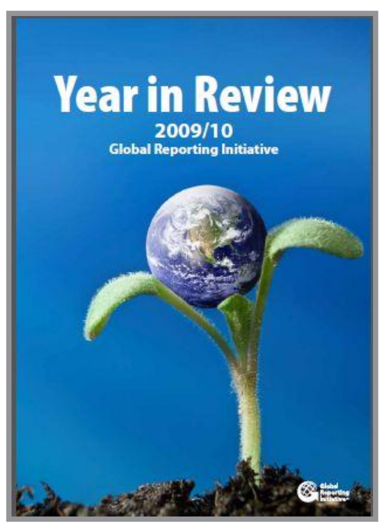
The GRI Year in Review 09/10

Wednesday, May 11, 2011



Nope, it's not a Sustainability Report (that's due later in 2011), but it is a comprehensive summary of what the GRI has been getting up to between July 2009 and June 2010. It's the **GRI Year In Review Report for 2009/2010**, released today.

The 09/10 year for the GRI was quite a memorable one which included the outstanding third GRI conference in Amsterdam in May 2010 (1,209 attendees, dubbed "the largest multi-stakeholder conference focusing on the role organizational transparency plays in achieving a sustainable global economy") at which the GRI declared its visionary goals including:

By 2015, all large and medium-size companies in OECD countries and large emerging economies should be required to report on their Environmental, Social and Governance (ESG) performance and, if they do not do so, to explain why; and by 2020, there should be a generally accepted and applied international standard which would effectively integrate financial and ESG reporting by all organizations.

Despite the fact that the achievement of these goals still seems light years away, and, let's face it, 2015 is right in front of our noses, the GRI has made considerable progress as the only global comprehensive sustainability reporting framework available, translated into 25 languages and increasing in uptake year on year. The GRI says that the data shows that more companies are having their sustainability reports assured, resulting in more accurate and trustworthy data and that statistics for 2010 reflect a global upwards trend in sustainability reporting, suggesting an increase in the use and awareness of GRI Guidelines. In 2010, 1,818 reports were recorded as using the GRI Framework (up 22% from 2009). The GRI recognizes that this does not include all sustainability reports which are estimated by **CorporateRegister.com** to reach close to 6,000 in 2010, but the GRI says that the GRI database and their **Reports List** which is freely downloadable is indicative of overall reporting trends.

The **Year in Review** opens up with an introduction by Elaine Cohen :-) (go on, take a look), and follows with an overview of updates to the GRI Framework undertaken in 2009/2010 leading up to **the GRI 3.1 update** and a review of sector supplements. Also in 2009/2010 the GRI made (welcome) strides to achieve greater partnership and alliance with a range of other organizations which promote sustainability and in some cases, reporting: the UNGC, the OECD, CDP, Earth Charter, IFC and ISO (for the ISO 26000 development). These alliances are important on the journey towards standards harmonization which the **G4 framework overhaul** will (hopefully) address over the coming year.

The **Year in Review** outlines the strides made in sustainability reporting and how reporting has been a catalyst for performance improvement in many companies, as well as the developing technology focus to support more efficient reporting processes. The GRI has also advanced a successful partnership program for SME's in supply chains, a project which should be scaled up with many more MNE's, in my view. The globalization of the GRI with the increase in Focal Points and partnership projects around the world, including the 179 times GRI staff were asked to speak at external events, and the engagement of 564 Organizational Stakeholders (members, in lay-language), completes the picture of the penetration of the GRI Framework in many countries. The GRI's position on informing government policy change is also covered, and though tangible results are still a somewhat lightweight, the GRI is working hard to engage policy makers to put sustainability on their agenda.

Finally, **what's next?** The GRI highlights expansion of its network in new geographies, translation of more publications, the G4 upgrade, collaboration with the **IIRC**, and the Next Big Conference in 2012. So far, so good, but personally, I believe this falls short of a concrete plan, with milestones, to deliver the visionary goals mentioned above. The GRI has less than 4 years to have companies required to report on ESG in OECD and emerging economy countries in order to to achieve their first goal. I would like to see more specific plans as to how this might be achieved because, aside from a few pioneers (Denmark, South Africa etc), I don't yet see significant strides towards this worthy goal.

Year	Growth
2010	↑ 22%
2009	↑ 34%
2008	↑ 58%
2007	↑ 37%
2006	↑ 38%
2005	↑ 36%
2004	↑ 65%
2003	↑ 20%
2002	↑ 14%
2001	↑ 177%
2000	↑ 300%
1999	base year

Additional data on reporting status and trends from the GRI reports database shows an increase in GRI based reports every year since 1999 (see table on left). A GRI based report must contain a GRI content index. There are many reports published which use the GRI Framework as a guideline but do not include a content index and these reports are excluded from this data.

Europe leads the pack in GRI-based reporting at 45% of all reports published globally in 2010 (Spain is the largest reporting country in Europe). Asia follows at 20% and the USA and LATAM tie in third place with 14 % of reports published in 2010.

Looking at data by country, the USA, Spain and Brazil top the list for absolute numbers of GRI-based reports published in 2010, but Sweden, Spain, The Netherlands and Japan top the list for numbers of GRI-based reports **per country GDP** which is a much more relevant measure.

In terms of sectors, the Financial Sector leads the field in 2010, followed by Energy, Energy Utilities, Food and Beverage and Mining. The GRI database shows that 12% of reports published in 2010 were Integrated Reports, and 33% of reports are sent to GRI for the Application Level check. 29% of reports published in 2010 reports achieved an Application Level A.

A whopping 47% of GRI based reports receive external assurance, though we all know that assurance remains somewhat of a **Wild West**. Another interesting piece of data shows that reporting by SME's has been increasing year on which is a welcome development and one which I expect to fully continue.

The **Year in Review 09/10** is a nice summary of where the GRI is up to and is worth a look. GRI is staying very much on the radar on Sustainability Reporting and no conversation on reporting can take place today without reference to the GRI Framework. That's quite some achievement for what is still a relatively young organization, even though there is still so much more to do. The future agenda should include not only an increase in the quantity of reports, but also greatly improved quality of disclosures and accountability for impacts (not only actions). While we must value the drive towards greater transparency of business, and the GRI Framework is an essential stepping stone to transparency, we must all retain focus on the fact that what the world needs is sustainability and not only sustainability reporting. Having said that, by now you all know that I am a strong supporter of the GRI and perhaps you might also know that I was born eternal optimist (that comes just after the fact that I was born an ice-cream addict), so with more hard work, clear direction and the vitality of the GRI team, there's a chance that it's all gonna work out.

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practicesContact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- JamesOsborne — May 11, 2011

Dear Elaine,

Thanks for this summary. However, I am curious to hear if you (or anyone else) has an opinion about why growth in reporting is at its slowest since 2003. Is it an actual trend or is it just that fewer companies notify the GRI of their reports?

Thanks, James.

- elaine — May 12, 2011

hi James, not clear why there is a drop in growth in 2010 as reporting is clearly increasing. Sometimes there is a delay in the GRI reports list so it is still possible that more reports published in 2010 will still be added. Overall report production increased by 13% according to Corporate Register in 2010, so 22% growth in GRI is good by comparison
best, elaine

Интервью с экспертом по отчетам по устойчивому развитию Элейн Кохен

Wednesday, May 11, 2011

I was recently interviewed by the Center for CSR Development in Kyiv, Ukraine, following my visit there to **speak at a conference on CSR for HR.**

For those of you who speak Russian, here goes:

Элейн Кохен, международный эксперт по отчетности по устойчивому развитию и комментатор по отчетам по устойчивому развитию для CSR Wire предоставила Центру «Развитие КСО» эксклюзивное интервью по нефинансовой отчетности и отчетности по устойчивому развитию.

CSR Review: По-Вашему, какая ситуация сложилась с нефинансовой отчетностью в мире?

Э.К.: Я считаю, что сегодня нефинансовая отчетность находится в состоянии постоянного изменения. Хотя отчеты об устойчивом развитии стали привычной практикой среди компаний-лидеров и все большее количество отчетов ежегодно публикуется по всему миру, всего их делают только около 6 тыс. компаний. Впереди еще долгий путь к тому моменту, когда нефинансовая отчетность приобретет поистине массовый характер. Существуют некоторые факторы для увеличения количества нефинансовых отчетов: повышенное внимание законодательной власти или фондовых бирж к разглашению компаниями нефинансовой деятельности, инициатива «Сделай отчет или объясни» (Report or Explain) и движение по направлению к Интегрированной Отчетности (Integrated Reporting), которую многие компании ошибочно рассматривают как сокращенный вариант полноценных отчетов по устойчивому развитию............. and as for the rest .... **click here**

Want the English version ? **Click here** or read on.

Here it is:

CSR Review:In your opinion, what is the global situation with non-financial reporting?

E.C.: I believe that non-financial reporting is in an interesting state of flux today. While sustainability reporting has become common practice among leading companies, and increasing numbers of reports are published globally each year, there are still only around 6,000 companies who report despite over hundreds of thousands which are prime potential for reporting. There is still a long way to go before non-financial reporting is truly mainstream. There are some drivers for increasing non-financial reporting which are gaining ground today – the heightened focus by legislative or stock exchange authorities to see more non-financial disclosures with “Report or Explain” initiatives now gaining ground, and the move towards Integrated Reporting which many companies might, mistakenly, see as a short-cut to full sustainability reporting. Overall, these elements will create more pressure for more companies to report.

Around the globe we are seeing different levels of non-financial reporting uptake with the UK, US and Japan leading in terms of numbers of reports, though emerging economies such as China and India are starting to gain ground. Eastern Europe, Middle East and many African countries are still lagging.

CSR Review:What are the perspectives of sustainability reporting in 5 years?

E.C.: Five years is not a long time, but as mentioned, the move towards greater integrated reporting will be tangible, I believe, though the results will not yet be entirely satisfactory. There will continue to be incremental increases in the number of companies disclosing non-financial data, with companies in countries where legislation is adopted gaining a significant lead. The format of reporting will change from paper-based to web-based, as it has been doing now for some time, and the leading companies will probably use their websites to host social and environmental data which is updated more frequently than once per year, thereby reducing the need to rush to produce an annual publication by a certain deadline. My hope would be to see more local country reporting by multinational companies, more sustainability reporting of events and more reporting by brands, as well as a much larger pool of companies of all sizes deciding to embrace sustainability reporting as a core element of their business communications. In terms of the quality of reporting, we should expect to see more focus on stakeholder engagement which is starting to be understood as a critical basis for sustainable performance, as well as more emphasis on impacts and outcomes rather than inputs. The Global Reporting Initiative upgrade to G4 should help to drive these changes.

CSR Review: **In your opinion, isn’t the GRI Reporting Framework too complex for companies and readers?**

E.C.: No, I believe the GRI Framework is accessible and workable for all companies. At the lowest level of transparency, the C reporting level, a company is required to disclose mainly policies and processes, without too much detailed information about actual performance, so that is a viable start-point for companies which have not yet embedded practices for more comprehensive reporting. Use of the framework at the highest transparency level, Level A, certainly requires much more detailed work, but if the company is good at sustainability performance, the reporting framework will be an advantage and not a hindrance.

The writing of a sustainability report does not need to be rigidly aligned to the GRI framework and it can be as creative or original as a company would like, as long as the performance data is in there somewhere, in line with the selected report transparency level. I use the GRI Framework for almost all GRI reports I write for clients, even small SME businesses, and the challenge is never the GRI framework, it is the company's ability to define a strategy, measure progress and disclose data.

Reading a GRI based report is almost always much easier for the reader than a non-GRI report as there is a logical flow to the narrative defined through the progression of disclosures that the GRI Framework requires.

CSR Review: What is your perception of the beginning of the G4 process development?

E.C.: I believe the G4 is getting off to a promising start and has the right objectives. The GRI Framework, excellent as it is, is not perfect and there are several elements which should be addressed to improve the scope and usefulness of the Framework and align it to new directions in the field of sustainability. I hope the process will be successful in delivering its objectives.

CSR Review:What country, according to your experience, is the leader in the non-financial reporting?

E.C.: It depends what you mean by leader. Objectively, statistics show that the UK and the USA lead in numbers of reports, but when comparing numbers of reports to country GDP, the picture is a little different. South Africa, Finland, Chile and Portugal feature highly on this list (2009 analysis). If you look at legislation, then Denmark has to be out in front with their "Report or Explain" legislation which "encouraged" most of the top 1,100 Danish companies to practice sustainability reporting. If you look at report assurance, then the USA and South Africa appear to have the highest rate of external verification. In terms of report quality, then it is hard to make a generalization. There are many cultural factors which influence local country reports and it is hard to compare.

CSR Review: Should the NGOs and universities make non-financial reports?

E.C.: Yes, of course. In fact, any organization which has stakeholders should use sustainability reporting as a platform for dialog and engagement. Sustainability reporting is a highly useful tool for all organizations, not just those which are traded on the stock exchange. There is a growing pool of NGOs, academic institutions and also Trade Associations and local government authorities which are now reporting on sustainability and I believe this will grow.

CSR Review: In your opinion, what company has done the best non-financial report ever?

E.C.: There are several companies who report outstandingly well and it is hard to single one report as "the best ever!". However, if I am pressed, I always come back to Vodafone and their "we said, we have, we will" reporting theme which was introduced, I think, in 2004, and which set a new kind of standard in accountability in sustainability reporting and communication. Vodafone has produced consistently good reports over the years, both at global level and at individual country level.

CSR Review: How can companies be stimulated to prepare non-financial reports?

E.C.: The CEO needs to get it. The CEO needs to understand that reporting is a business process which contributes to delivering improved business performance. However, sustainability reporting is the outcome of sustainability strategy and first, CEO's need to embrace sustainability as a new way of doing business. If they do, reporting becomes a necessary part of this. External "stimulation" for enlightening CEOs is becoming more pronounced these days with increasing regulation, shareholder pressure, competitive pressure and customer demands, but there are still many CEO's who resist. Sooner or later, however, they will realize that they will have no viable alternative than to be transparent about their sustainability practices.

CSR Review: What are the ways to popularize the non-financial reporting as now not

many people read them?

E.C.: Someone said that sustainability reports deliver value the day they are printed, whether or not anyone actually reads them! This is because the process of developing the report is just as valuable as the report itself. We shouldn't expect people to read reports as they read bestseller novels. More realistically, we should expect people to "use" reports rather than read them end-to-end, in order to understand more about a company's specific performance so as to make informed decisions as stakeholders of that company. As an investor, a potential employee, a customer or even a competitor, I can use the sustainability report to check out a company's position on issues which I feel strongly about. As far as "popularizing" reports is concerned, I feel this is the wrong objective. What companies should be doing is "popularizing" the dialog and the interaction with stakeholders. Companies should use the information contained in sustainability reports to provide different opportunities to engage with different stakeholder groups on matters of relevance to them. The report serves as the platform and a successful dialog may take place without actually "forcing" stakeholders to read the entire report. But it is important to remember that meaningful dialog cannot begin unless the company has first committed to a process of collating, measuring, analyzing and publicly communicating its sustainability performance.

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

CSR and uninvited guests

Tuesday, May 10, 2011

Preventing the unwanted visits of bugs, insects, rodents, ants, cockroaches and other uninvited guests in our homes, offices, factories, schools and museums is the backbone of **Rentokil Initial plc's** business. In addition to declaring war on these offen irritating phenomena of the earth's biodiversity and their interference with our modern-day living, the company also offers a wide range of cleaning and other services associated with the inhabiting and maintaining of buildings. Overall, it's not a small business, with over 66,000 people generating over $4 billion in revenue in 50 or more countries. Rentokil has been reporting on sustainability for 10 years now, and their CSR report is an interesting look at an industry which most of us have regretted having to experience at some point in time.

I recently reviewed **2010Rentokil's CSR Report**. The **full review appears on CorporateRegister.com**. Here are the highlights:

*At the outset, the Rentokil report looks and feels like an authentic report on performance, without understating challenges and setbacks, but devoid of a broader contextual link to sustainability and material issues. The page which lists the "potential corporate responsibility impact areas" is generic (waste management, water management, emissions, health and safety, customer satisfaction, community activity etc.) though in the section on environment, there is a brief discussion on what I would consider to be **one of the most material issues for Rentokil: the environmental impacts of the use of pesticides and rodenticides (toxic chemicals, biodiversity, safety).** Rentokil has reduced its Authorised Product List (APL) from 2,286 SKU's in 2007 to 96 in 2010, a massive achievement which ensures that pest control procedures avoid use of unacceptable toxic* *products, chemicals usage is controlled in line with regulations and excessive dosage (with the risk of leaving residue which may damage other species) is minimised. Rentokil supports the CRRU (the Campaign for Responsible Rodenticide Use), to ensure responsible and effective rodent pest control while minimising negative impacts on wildlife, and the RRAC (Rodenticide Resistant Action Committee), which promotes using smaller quantities of higher toxic materials instead of larger quantities of lower toxic materials whose large volumes are likely to leave behind a resistant population of the target pests. This is the most fascinating aspect of Rentokil's sustainability impact. In the Product Stewardship subsection of the report, Rentokil mentions the development of new pesticide technologies such as a new chemical-free pest control process and Contained Atmosphere Technology (CAT), using high concentrations of nitrogen and carbon dioxide to kill insects.*

Rentokil presents an authentic picture, albeit somewhat selective, of managing corporate responsibility and accounting for direct impacts and indeed, ***the Company should be commended for maintaining a commitment to high quality annual sustainability reporting over many years.*** *The report itself presents a rather inside-out view, focusing on responsible practices, often strong on details but not on the overall picture. The explanation for this can perhaps be found in Rentokil's approach to Corporate Responsibility which "emphasises action to match the needs of individual businesses, while ensuring compliance with group wide policies in areas such as health & safety, conduct, environment and product management." This perhaps helps us to understand why the report is populated with isolated examples of practice from individual business units rather than overall coverage of the key material issues that Rentokil faces. Aspects relating to broader quality of life and sustainability impacts of services on customers and the general public, for example, are not addressed. I feel this makes the sustainability communication rather fragmented, often jumping between issues which have been addressed through only one brief practice example, making it difficult to gain a fuller perspective of the scale and scope of specific topics across the entire business.*

Anyway, having learned much more about bugs and rodents than I thought I wanted to know, I leave you to form your own opinions about the Rentokil report and the business of pest control and its contribution to sustainability. I don't want to bug you about it, but don't forget to send Rentokil your feedback. And now I have ants in my pants which means it's time for yes, you guessed it, ice cream. Wonder if bugs like ice cream.....

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practicesContact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Sustainable Avon - lipstick by lipstick

Friday, April 22, 2011

Avon (the company for women) is rather a special business with quite a unique business model. Stop to consider the scale of Avon. It has 6.5 million Sales Representatives, selling $10.5 billion in cosmetics to over 300 million customers in over 100 countries. That's some network. The Sales Reps are mainly women who use the Avon earnings opportunity to help support themselves and their families, using $1 billion in credit, making Avon the world's largest microlender and promoter of women's economic independence. These Sales Representatives are the powerhouse of the Avon sustainability efforts, bringing the message directly to consumers, a challenge so many consumer-facing companies constantly struggle with. A staunch supporter of women's issues, Avon has leveraged this massive network to drive a highly visible and successful **Crusade against Breast Cancer** which has reached over 105 million women since 1992, and the **Speak Out Against Domestic Violence** campaign launched in 2004 in support of the billion women worldwide who are victims of such violence. Avon likes to take on big issues that limit the sustainability potential of our society in a big way and make a big difference. The Company has an impressive track record, which leaves me in no doubt that the current cause that Avon has taken upon itself to advance will achieve the same degree of enhancing awareness, driving sustainable behaviors and contributing to a more sustainable world.

The Next Big Thing for Avon is the company's focus on ending deforestation. I was fortunate enough to be able to have a chat with Tod Arbogast, Avon's VP for Sustainability and Corporate Responsibility, one of the most passionate people I have spoken with in a while, who describes himself as "amazingly optimistic and inspired by Avon Sales Representatives". Tod joined Avon in 2009, into a newly created role, after many years of sustainability related work including VP for Sustainability at Dell, and took on board the crafting and implementation of Avon's **Hello Green Tomorrow program**, designed to mobilize a global environmental movement to nurture nature and restore critically endangered rainforests in South America and Indonesia. **See this page** for many compelling reasons for this to be an important flagship program for Avon and for all of us. The reforestation work will be carried out by Avon's partners at the **Nature Conservancy** and **World Wildlife Fund** with monies raised through Avon efforts worldwide. How will the money be raised? Partially through the sales of the **Hello Green Tomorrow Reusable Water Bottle** - 100% of net profits will be contributed to the reforestation program. 2011 is the second year of the program, and Tod told me: *In 2010 we raised a total of $2.1 million. With over 50 countries participating we hope to match the 2011 number, and are doing our best to support all the Avon teams worldwide in their fundraising efforts. We are actively promoting the program to our Avon Sales Representatives, both to support fundraising as well as to drive education on the "5 Rs": reduce, reuse, recycle, rethink, replant. Through research, outreach and events over the past 3 years, we know thatAvon associates and Sales Representatives are passionate about environmental stewardship. They want Avon to take a leadership position and serve as a change agent, as we have done for breast cancer and domestic violence, and they want a way to get involved and make a difference in environmental issues. The Hello Green Tomorrow program provides all of this."*

The other significant aspect of nurturing nature in the Avon program is the **Palm Oil Promise**. Palm oil is a common ingredient in many products, including cosmetics such as lipsticks, soaps and shampoos. Palm oil plantations have had a great impact on the destruction of tropical forests and peatlands, especially in Southeast Asia. Avon has joined the **Roundtable on Sustainable Palm Oil** (RSPO) to help continue the development, implementation and verification of credible global standards for sustainable palm oil and recently announced its commitment to purchase **GreenPalm** certificates covering all of Avon's global palm oil use which will help drive demand for sustainable palm oil, increase the supply for sustainable palm oil and maintain biodiversity and habitats for endangered species. **GreenPalm** is a certificate trading program endorsed by the RSPO. Avon claims to be the FIRST beauty company to commit to 100% sustainable Palm Oil. Tod Arbogast of Avon explained that this is groundbreaking because the Avon commitment is effective "right now" and not in 2012, or 2015, or 2020 which is how most companies frame their goals, and also the commitment includes all Palm Oil derivatives as well as Palm Oil as a single product. Also, the significance of Avon's commitment is in its potential to drive awareness and change behaviors and influence global practice. Tod explained: "*Overall, 45 million tons of Palm Oil are produced each year, and 17 million* *tons of Palm Kernel Oil. Avon's total consumption of Palm Oil and derivatives is very small by comparison. Our biggest impact is awareness. The Palm Oil Promise also helps us to work more closely with our raw material suppliers - by committing to 100% sustainable Palm Oil and derivatives sourcing, we must have a robust method to account for the amounts we, and our suppliers, are using. This also serves as a tool to improve our management of the entire program and we are working with partners to put this in place. Despite costs involved for Avon, we do not expect this to result in a higher price for consumers".*

I asked Tod about Avon's packaging policy and here again, I found Tod enthusiastic and clearly focused in his explanations. *" Our packaging approach is three-fold: (1) minimizing the amount of packaging we use relative to product (in terms of weight) (2) increasing the use of sustainable materials in packaging and (3) driving awareness for end-of-life solutions for packaging. Actually, I believe Avon has one of the most efficient packaging to product ratios in the industry. This is because of the unique nature of our business model. Our products do not need to carry their marketing messages on their packaging to stand out on a retail shelf. When we sell a lipstick, it's a shrinkwrapped tube. Competitive products often have 2 or 3 additional layers of additional packaging. We continue to work to improve our sustainable packaging performance in all three focus areas."*

Finally, everyone knows that I cannot have a conversation about sustainability without talking about reporting. **Avon's last report was published in 2009** and the 2010 report will be published later this year. That's certainly a report which I will be intrigued to read. Watch this space!

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices http://www.greenleaf-publishing.com/productdetail.kmod?productid=3282 **Contact me via www.twitter.com/elainecohen on Twitter or via my business website www.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)**

The Footprint revolution

Thursday, April 21, 2011

Once there was a footprint, which was an indication that you had been somewhere and left your mark. However, as the world of sustainability began to develop, footprints started to shoot up all over the place. There was the ecological footprint which soon became a carbon footprint. Then there was a water footprint and a social footprint and now, a new **Oxfam methodology for a defining a poverty footprint.** Sounds like we are in the midst of a real footprint revolution. **The question is: how many footprints can a business have?**
I think it would make sense for us to standardize our footprint lexicon in the interest of **RATS** (responsibility, accountability, transparency and sustainability) so here is the first, unique, globally relevant, applicable-to-all-businesses footprint guide.
The CSR Reporting Blog Global Sustainability Footprint Guide (CSRRBGSFPG)

Ecological Footprint: The overall impact a company leaves on the world's ecosphere which future generations may not be too pleased to inherit. **Social Footprint:** A footprint which gets along with everyone**.**
Carbon Footprint: The thing every company has, many companies measure, some companies reduce and a few companies pay others in carbon offsets to take it away.

Water Footprint: The mark you leave when walking on water. To date, there has only been one really famous person who has achieved this.
Poverty Footprint: The mark you leave on the world when you have no money.
Reporting Footprint: The lasting impression that sustainability reports leave in the minds of stakeholders before they end up in the recycling bin.
Philanthropy Footprint: The world-changing effects of donating shoes to the global (barefoot) poor. (footprint... philanthropy ... shoes.. get it ?)
Ice Cream Footprint: The inches left on your waistline resulting from the enormous volume of ice-cream you eat in a given day... errr... ok ... in a given hour.
Animal Footprint: The mark an animal leaves when it has been somewhere, using its feet. Snakes, for example, do not have animal footprints.
Biodiversity Footprint: The mark you leave when you tread softly so that you do not kill any rare insects.
Human Rights Footprint: The result of the basic right and freedom of all people to leave footprints wherever they wish as enshrined in global international human rights conventions.
Laptop Footprint: The mark you leave when you don't go anywhere without your laptop.
Coffee Footprint: The mark you leave when you spilled coffee on the floor and trod in it.
Geographical Footprint: The exact location where you left your footprint, as found in an atlas.
Psychological Footprint: The mark you THINK you left when you went somewhere.
Economic Footprint: The value placed on a footprint by investors and analysts, who don't quite know how to measure it.
Partial Footprint: A fraction of a footprint.
Timberland Footprint: The mark anyone leaves when wearing classic Timberland boots.
Digital Footprint: The mark left by a robot.
Sand Footprint: Something you leave after a walk on the beach.
Ellen DeGeneres Footprint: Size 8.5
Fooprint Footprint: The mark that twins leave when they have trodden somewhere.

Anyway, I hope to be reading more about Footprints in Sustainability Reports in the future. In the meantime, if you are not sure where you left YOUR footprint, take a tip from Groucho Marx :

"I don't have a photograph, but you can have my footprints. They're upstairs in my socks."

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practicesContact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm) The mark you leave when you don't go anywhere without your laptop.

The new GRI 3.1 guidelines explained

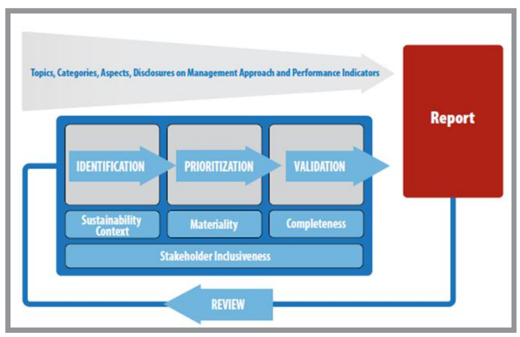
Wednesday, April 20, 2011

One of the big advantages of being an **Organizational Stakeholder** of the **GRI** is the opportunity to attend no-charge webinars on diverse and interesting aspects of reporting. Sometimes the webinars are corporate Sustainability Officers presenting their experience of the challenges, successes, best practices etc of reporting, and sometimes it's the GRI expert staff providing news and updates. I try to attend every one and blog about as many as I can, time permitting. It's almost worth being a GRI Organizational Stakeholder just for these webinars :)

This week, I was online with Letshani Ndlovu and Bastian Buck of the GRI as they walked us through our paces on the new GRI Technical Protocol and the updated 3.1 Reporting Guidelines.

The new GRI Technical Protocol The Technical Protocol (TP) was created to provide process guidance on how to define the content of a sustainability report. This includes deciding on the scope of a report, the range of topics covered, each topic's relative reporting priority and level of coverage, and what to disclose in the report about the process for defining its content. In defining content, we all know by now that "materiality" should be a prime consideration. The TP gives a detailed explanation of materiality, starting with: *Material topics for a reporting organization should include those topics that have a direct or indirect impact on an organization's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large.* Why is this important? Because: *Sustainability impacts create both opportunities and risks for an organization. The ability of an organization to recognize opportunities and risks, and act effectively in relation to them, will determine whether the organization creates, preserves or erodes value.* Each organization defines its own material issues, using feedback from stakeholders as well as internal and external scans of sustainability impacts.

Defining the reporting content is an "iterative" process which can be shown in the following diagram:



For details of how to apply all these stages, **download the Technical Protocol from the GRI website**. Note that the TP is an advisory document and supports reporters in providing responses to Profile Disclosure 3.5: "process for defining report content". This assumes, of course, that a reporting company uses a process to defining reporting content... and strange as it may seem, most do not. The TP should help companies move away from "shopping-list" mentality to a "what's material" mindset and guide reporting content accordingly. A defined approach should be used for prioritizing material issues and this should be "*systematic, documented and replicable, and used consistently from year to year. Changes to the assessment approach, and their implications, should be documented."* This should also help those providing assurance for Sustainability Reports. Note that the TP is a supporting document and does not directly influence the assessment of the report's Application Level.

The new 3.1 Guidelines

The 3.1 guidelines are a stepping stone to the **big promise of G4 in 2013** and address just three specific aspects of the current G3 framework relating to: community impacts, human rights and gender equality.

Community impacts:

This replaces the former SO1 performance indicator with three new ones which refer to

(1) the percentage of operations with implemented local community engagement, impact assessments and development programs, (2) those with significant actual and potential negative impacts on communities and (3) prevention and mitigation measures to address these negative impacts. The assumption is that everyone is always delighted to report about positive impacts (yes, we know!), so requiring reporting on negative impacts balances up the picture.

Note that the GRI does not define performance indicators for community investment in the form of strategic philanthropy, donations, pro-bono support or employee volunteering programs. Actually, this is one of the most commonly found elements in Sustainability Reports but the GRI does not consider this to be related to the core business model. Bastian Buck explained that these aspects are an "add-on" and therefore not an essential part of a sustainability program. I recently performed a benchmark study for a client on community investment reporting by 12 large companies in the hi-tech sector (more about that in a future blop), and it is notable that this is (a) always reported and (b) vastly inconsistent in the way it is reported. I disagree that this is not core to a company's business model. Community investment is I believe quite a strategic element of sustainability programs, serving to help companies get closer to stakeholders, enhance reputation and most significantly, attract, retain, develop and engage employees. Even if the GRI does not consider this as material as the negative impacts, the fact is that every reporting company wants to report about this. Why not make the GRI framework a little more accommodating and provide guidelines and indicators for reporting on these issues as well?

Human Rights impacts:

The updates in the Human Rights section of the GRI Guidelines are based on the work of John Ruggie, the UN Special Representative on Business and Human Rights and his **"Protect, Respect, Remedy"** guidance. Several of the framework Management Disclosures have been updated to reflect this new thinking on Human Rights and two new indicators (HR10 and HR 11) have been added relating to (1) the percentage and total number of operations that have been subject to human rights reviews and/or impact assessments and (2) the number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms. The methodology for conducting human rights assessments is not prescribed, leaving companies to decide for themselves what a human rights assessment actually is and to what extent due diligence should be applied. Is a human rights assessment sitting round a table at HQ discussing potential issues or is it a third party verified audit of all human rights risks in all parts of the supply chain? Reporters will have to work this out for themselves, but I feel that new 3.1 indicators could have been a little sharper in their requirement of minimal accepted good practice in defining and assessing human rights impacts for reporting purposes.

Gender Equality:

The focus here is on non-discrimination against women and the advancement of women's rights. There has been much work done in recent years relating to women's rights which are enshrined in internationally accepted basic human rights documents and are internationally recognized as being fundamental to sustainable development. Yup. We agree, don't we gals? The 3.1 framework includes several changes to Management Disclosures to include more specific reference to gender equality, an update of LA14 Performance Indicator (this has been updated to refer to salary AND remuneration ratios between men and women, rather than just salary alone, recognizing that there can be major differences between the two), and a new Performance Indicator LA15 which covers return to work and retention rates after parental leave by gender. What constitutes "return to work" and "retention rate" is left to companies to decide. However, much of the complexity here is precisely in the nature of these definitions: Does return to work mean return to the same of similar job with the same prospects for advancement? Does

retention rate mean one month, three months, one year or more after returning to work? In response to LA15 we will need to be aware of the small-print nuances in gender equality accounting and whether meaningful measures are used as a basis for reporting. The 3.1 guidelines are available now (**download here**) but they will not become mandatory for the declaration of report Application Levels until they are incorporated into the new G4 which will replace G3. In declaring a reporting level, companies will be able to choose to continue to report against G3 or step up their game and report against 3.1, but in either case, A, B or C Application Levels are available.
Confused? No Problem. All you need is a good consultant :).
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Starbucks sustainability reporting challenges

Tuesday, April 19, 2011

Starbucks 2010 Year in Review tenth Corporate Responsibility update is now online and downloadable, complete with separate **scorecard (PDF).** 2 out of 12 goals achieved, 6 on track, 3 needing improvement and one not achieved (reduce energy consumption in company-owned stores by 25% by 2010 using 2008 as a baseline - only 1.6% was achieved in 2010 - the target has now been pushed back to 2015). Not a totally bad picture, indicating the challenges of a continuing journey against measurable sustainability goals. The clarity of presentation and the honesty of the update against targets is positive. Also, I still love those little icons on the Starbucks online report site, which jump and wiggle about when you click on them. The report claims to conform to the GRI Framework at application level B+ with a **downloadable index** and a (brief and rather limited) **assurance statement from Moss Adams Accounting firm,** covering only coffee purchasing practices.
Starbucks new report is exactly what it says it is - an update of the **2009 online report which I blogged about last year.** Same format, roughly the same overall content, specific updates. A reference to stakeholder engagement, which was lacking in 2009, is still lacking in 2010. In fact, the three GRI profile disclosures which require a full response at GRI B level are not covered, because "there is no information available" or they are "not applicable". These indicators are: **4.15:** Basis for identification and selection of stakeholders with whom to engage.
4.16: Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.
4.17: Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.

In addition, according to Starbucks GRI Index, the report responds in full to only 14 Performance Indicators, and not the minimum of 20 required for a B level report. This report does not appear to conform to Application Level B of the GRI. I find this rather startling, for a company who works hard to build trust and advance sustainable development. Integrity in reporting also includes representing your report in an appropriate way. **I may not know my Frappucino from my Macchiato** but I do know how to analyze a GRI report.
Some of you may accuse me of a tick-boxing approach to reporting by honing in on

Starbucks adherence to the GRI framework, rather than focus on the material issues and sustainability performance. You may be right. In all the reports I read, write and review, I look for clues of honest representation of what we can expect to find and this includes whether the report meets its own declared standard. No apologies for that.

Anyway, moving on to look at Starbucks sustainability program, I started with coffee sourcing. Starbucks is not surprisingly one of the largest users of specialty coffee in the world purchasing 269 million pounds of coffee in fiscal 2010. 84% of that was from C.A.F.E sources (Coffee and Farmer Equity Practices) which are **Starbucks guidelines for ethically sourced coffee.** This is a great achievement, shows commitment to an ethical supply chain, and progress is evident. Starbucks target is to reach 100% C.A.F.E sourced coffee by 2015. Since 2008, Starbucks has moved from 77% C.A.F.E sourced coffee to 84% in 2010. That's 16% in 5 years to go, (over 3% per year) after an achievement of 7% in 3 years (just over 2% per year). I am wondering how Starbucks plans to achieve this stretching target and the implications for Starbucks coffee sourcing and the cost of an espresso. I would have liked to have read more about this in the Starbucks report.

Similarly, in another major area, highly material for the Starbucks business - recycling and reusable cups - Starbucks is way behind the goals it set. For example, the Starbucks goal is to serve 25% of beverages in reusable cups by 2015. Today, in 2010, this stands at only 1.8%, up only by 0.5% in the past three years. I would have liked to have read more about how Starbucks believes it can meet this target in just over 4 years' time. In **an interview with Starbucks VP for Global Responsibility, Ben Packard, posted on Triple Pundit**, Ben says that the cup is "not the most significant environmental impact" that Starbucks faces - he stresses overall energy reduction and use of renewable energy as the key areas of impact. 58% of energy used in Starbucks owned stores comes from renewable energy, more than double last year, making Starbucks one of the "top five green power purchasers in the country". Starbucks now plans to have all 100% renewable energy at company owned stores by 2015.

Starbucks is clearly serious about sustainability and doing much more than many. Starbucks has set ambitious targets and does not hide the complexities of meeting them. The massive potential to influence consumer practices through the billions of customers who visit Starbucks all over the globe each year is both a responsibility and an opportunity for Starbucks and it's squarely on the agenda. The far-reaching impact Starbucks has on coffee-growing communities is also a central element of Starbucks sustainability and the Company is active in this area too.

Overall, I think the Starbucks 2010 Report is evidence of the challenges any company faces when setting ambitious targets and aligning the organization, as well as external stakeholders, to meet them. It shows that Starbucks is making progress, though I feel the Company's reporting could be more forward looking and disclose more specific plans to achieve tough targets. In addition, I would recommend that Starbucks be more comprehensive in terms of the level of transparency of its reporting and more rigorous in terms of the way the GRI framework is applied.
And now, time for coffee. Or should that be a caramel frappucino? Or a gingerbread latte ? Or an espresso con panna? Or a peppermint mocha? Or a pumpkin spice latte? Or even a Tazo® Green Tea Crème Frappuccino® Blended Beverage? Hmm. Seems like choosing what to drink at Starbucks is no less challenging than implementing a sustainability program.

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Comments

- eccemarco April 19, 2011

Very nice review Elaine. I find that the issue of materiality with GRI has a huge potential to bring about real progress towards sustainability. Starbucks is doing some good progress, again as you say there is a long way to go and its challenges are quite common. One thing that I find a good way to make the most of GRI and add a strategic perspective is through a framework for strategic sustainable development, which helps select priorities, manage trade-offs, and choose stepping stones towards long term goals.
Cheers.
Marco

- elaine April 19, 2011

thanks for reading Marco and for your comment. I completely agree with you about materiality. Starbucks has selected some issues which may fit the materiality bill for them, but it is not clear in their report if their selection is in response to any form of structured stakeholder engagement.
warm regards
elaine

- Cathrine November 03, 2011

Hello Elaine! Very nice article.
We are two Danish students writing an exam assignment about Starbucks and their CSR initiatives.
We are having difficulties with finding the application level of G3 guidelines which Starbucks has employed.
You write that "The report claims to conform to the GRI Framework at application level B+ with a downloadable index" and we wondering where you have found this information?
We hope to hear from you.
Kind regards and thanks in advance for your help
Natalie & Cathrine

- elaine November 04, 2011

Hi Catherine and Natalie
It's a little hard to find but you can download it here
http://assets.starbucks.com/assets/global-reporting-Initiative-indicators.pdf

If you have trouble, just search GRI Index on the reporting website and it will get to to the above link.

Good luck with your assignment

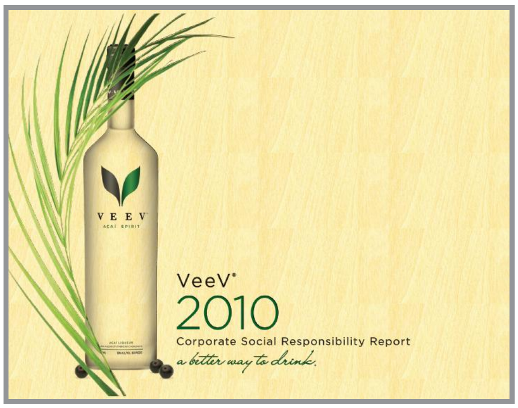
elaine

- Anonymous November 06, 2011

Hello Elaine,
We're group of students writing some notes about Starbucks economic and environmental indicators in GRI(Starbucks) versus Starbucks financial statements and CSR.
Would please write to us what you've found in these indicators of Econ and Enviro'parts.
Thank you Elaine,
Rodah

The Spirit of Reporting

Saturday, April 16, 2011



A press release about a company I had never heard of caught my eye. The headline was **VeeV Açaí Spirit Releases First CSR Report** Having a soft-spot for first time reporters, I couldn't resist taking a quick look. Fortunately, this report is only 10 pages long (with lots of pictures), so quick it was. VeeV® is an interesting company built around one "cool" brand (Does the fact that I had never heard of it make me not cool ?). VeeV® is an alcoholic drink made from the Açaí Berry which apparently can only be found in the Brazilian Rainforest and is sustainably and wild harvested there. The berry has high antioxidant properties which makes it a healthy fruit which forms the staple ingredient in the diet of many Brazilians. The two founders of the VeeV® company are environmentalist types and wanted to bring to the market a sustainable product in a sustainable way. This first report, after four years of activity, demonstrates this commitment with $1 per each bottle sold donated to Brazilian rainforest preservation, a distillery powered by renewable energy and overall carbon neutral activity. Seeds of the Açaí berry are made into fashion-statement jewelry promoting living wage and fair trade for Brazilian workers. The company has 32 employees and sends them a Green Tip of the Week by email to get them started on another week full of environmental inspiration. This apparently works because all employees have Personal Sustainability Programs and report on them quarterly and what's more, part of their bonus is dependent upon green performance.
All this is very nice indeed, and I have no doubt that this **first Corporate Social Responsibility Report** is a source of pride and a reflection of a genuine social-enterprise environmentally-activist small private business. It's great to see such a passion for

sustainability embedded into the core business strategy. However, the 10 pager is a more like a marketing brochure than a report. Had this been called a "review" or an "activity summary" or anything but a report, I would be able to read it for what it is, and be impressed. Calling it a report implies a willingness to be transparent, to share data, to account for impacts on stakeholders in a rigorous way. This document showcases the way the VeeVers have put their personal sustainable philosophy into action, but it does not report in a complete way on sustainability impacts. For environmental data, we are referred to the **Climate Action Registry** but all that appears there is a report from 2007 when the operation was run from the home of one of the partners and generated just over 12 tons of carbon emissions.

We all appreciate and understand the challenges of voluntary SME reporting, the resources required and the time needed to write a first report, whether the GRI framework is used or not. Nonetheless, sustainability reporting is a serious thing, (and yes, I can now speak from experience of producing **my own company SME first report**), and while no-one has patented the use of the word "report", it should not be bandied around for every document a company issues that happens to have the words eco-conscious or recycle included somewhere in the narrative.

The spirit (and practice) of reporting should be more in line with the GRI definition which is: "A sustainability report refers to a single, consolidated disclosure that provides a reasonable and balanced presentation of performance over a fixed time period." Companies who assign the name "CSR Report" to a marketing document, even if their practices are sustainably minded, lose credibility points in my view.

Anyway, let's give this exciting little business the benefit of the doubt and hope that this first CSR Report is the start of a reporting journey which will become a fuller articulation of sustainability impacts in the future.

Wonder what a Chunky Monkey + Veev® Açaí Spirit float would taste like?

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practicesContact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- Recyclingorganicwaste January 23, 2012

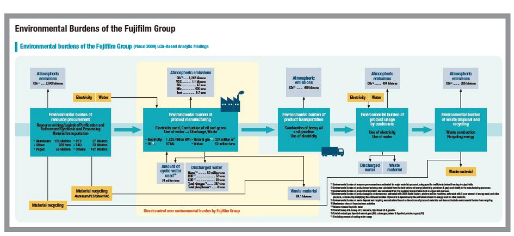
I appreciate and understand the challenges of voluntary SME reporting, the resources required and the time needed to write a first report, whether the GRI framework is used or not.

Why don't Japanese reports win awards?

Thursday, April 14, 2011

One of my favorite annual publications is the **Global Winners and Reporting Trends** published following the **Corporate Register Reporting Awards (CRRA).** This year's version, CRRA '11, as its predecessors, is choc-a-bloc with data and insights about reporting and reports and how **the winners** won. Produced as a PDF on a diskonkey and not as a printed brochure, it offers a great view on how reporting is progressing.

In Paul Scott's (CoprorateRegister.com CEO) introduction, he notes that there has been an increase in the quantity of reports, but that we should "await the increase in quality". Global reporting output reached almost 5,000 reports, but the true figure including reports published in different languages is closer to 6,000. This follows a very consistent year-on-year increase in reports published every year since 1992, and is a testimony to the appreciation of transparency as a key business practice. Even if the quality is not quite there, efforts to be more transparent are crucial.
Europe is way out in the lead on reporting, producing around half of all reports published globally. The top 3 all-time reporting countries are the UK, the USA, Japan, Germany and Australia, in that order. Japan is a prolific reporter and would actually be top of the list if all Japanese language reports not available in English were included. Let's see whether recent tragic natural-disaster-related events in Japan create a change in this picture for 2011.
First-time reports (my faves) continue to represent around 20% of all reports while integrated reporting remains at 5% of total global output, despite all the buzz and talking up of this approach. Brazil and South Africa are showing greater interest in integratedization, with 15% and 18% of all reports showing up in the one annual document. The Jo'burg Stock Exchange's requirement for integrated reporting should boost the number of South African integrated reports in coming years. Less than 25% of reports are assured each year.
CRRA '11 shows a continued uptake in GRI reports (those which contain a GRI content index) which reached 40% in 2010, with Spain, Portugal, South Africa and Brazil being out in the lead.
Whichever way you cut the data, reporting is very much in the frame, though, of course, there are far more companies that still do not report than do. Will the 2011 reporting year bring us any closer to mainstream?
Anyway, the CRRA awards are a great annual event. This time, there were nine winning reports from nine companies (in previous years, reports won in more than one category). In CRRA'11 you would have had to read 843 pages of sustainability reporting to read all the first place winning reports, but only 699 a year ago. And despite Japan being out there with the reporting leaders, not one Japanese report made it to the top ten in any category. I wonder if that is because Japanese reports are always loaded with diagrams. Take a look at the **Fujifilm Holdings Corporation Sustainability Report 2010** , one of the Best Report category entrants. This report, GRI undeclared (**with a GRI online index**), externally assured, the Company's fourth, is packed with diagrams. Here is one of my faves:



It takes a while to figure this out, but actually, it's very good and provides great detail of environmental impacts in the life cycle of Fujifilm products. This is one of thousands (ok, a slight exaggeration) of diagrams in this report.
Another very interesting thing in the Fujifilm report is their Environmental Cost Accounting Balance Sheet.

► Environmental accounting for fiscal 2009

(¥ Million)

Environmental Conservation Costs	Capital investment		Expenses		Environmental Conservation Benefits: Economic impact inside the Group			Economic impact outside the Group		
(Fiscal Year)	2008	2009	2008	2009	(Fiscal Year)	2008	2009	(Fiscal Year)	2008	2009
1. Costs incurred within the business site	9,759	1,487	14,680	11,831						
(1) Environmental damage prevention	7,476	850	7,920	6,073	Reduction of pollution levy	19	2	Reduction in SOx emissions[1]	0.1	0.1
								Reduction in volume of SOx emissions	18 tons	20 tons
								Reduction in volume of NOx emissions	174 tons	158 tons
								Reduction in VOC emissions[2]	56	55
								Reduction in volume of VOC emissions	161 tons	156 tons
(2) Global environmental protection	1,850	594	3,681	3,005	Energy conservation	2,593	545	Reduction in CO_2 emissions[3]	251	62
								Reduction in volume of CO_2 emissions	162 kilotons	39 kilotons
(3) Resource recycling	433	43	3,079	2,753	Reduction of raw materials and resources used	10,032	7,363			
					Water resource consumption reduction[5]	189	803	Reduction of waste materials through reuse and recycling[6]	10,753	10,667
					Recovery and recycling			Reduced volume[7]	107.5 kilotons	106.7 kilotons
					Silver	1,224	1,521			
					Polymeric materials	1,013	860			
					Aluminum materials	792	317	Reuse of aluminum materials	60	63
					Other recycling	1,523	331	Reduction in volume of CO_2 emissions	40 kilotons	40 kilotons
					QuickSnap recovery	99	—			
2. Upstream/downstream costs Recovery from the market	36	11	10,835	10,584	Recovery of parts from used equipment	10,477	10,069			
3. Cost of management activities	80	45	9,687	9,147						
4. Research and development costs	1,274	1,125	18,069	17,483				Customer benefits are shown in the table above.	61,269	59,101
5. Costs for social programs	0	0	154	86						
6. Costs for handling environmental damage Pollution levies	1	1	78	329						
Total	11,150	2,669	53,503	49,460		27,961	21,811		72,389	69,948

This shows the Fujifilm investments in environmental conservation in 2009 (Yen 49,460 million) and the environmental conservation benefits inside the Group (Yen 21,811 million) due to energy savings and other elements, and energy conservation outside the Group (Yen 69,948 million) which is based on reduced emissions and environmental cost benefits realized by customers resulting from purchases of new products. This is a very interesting calculation which I have rarely, if ever, seen expressed so clearly.
Overall, this report from Fujifilm is meticulous and detailed in a way which reflects the reporting style of many Japanese reporters. While it's not an easy read, its a model of transparent reporting and shows consideration for the reader by introducing some Japanese art at the start of different sections to enable us to contemplate on the beauty of Japanese culture as we dive into the next diagram-laden section. Fujifilm deserves a thumbs up for being one of the more deserving reports entered in the CRRA Awards.
I will now sign off with a 16th century Japanese crane which introduces the report's "Enhancing the quality of life" section ... enjoy :)

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Comments

- JudyKuszewski April 14, 2011

Hi Elaine,

Thanks again for a thought-provoking column.

I've often wondered myself why Japanese company reports aren't more successful, especially in light of how good they are on the environmental dimensions (in fact, back in the olden days when we were reading strictly 'environmental reports', they enjoyed more success). Rarely does a western company report provide the same sort of detail on the sources of environmental impacts, performance breakdowns and explicit commitments to impact reduction as are common in Japanese reports.

To some extent, this detail (often in the form of graphs and charts), is, as you point out, hard to understand. Moreover, these reports lack what to western sensibilities would be deemed 'emotional appeal'. That is a problem for anyone wanting to be seen as the world's best.

But it must also be said that in general, Japanese reports are very lopsided in favor of the environment, and very under-representative of the social and economic aspects of strategy and performance. When an international award or assessment scheme goes to evaluate them, this gap is often seen as a fairly acute absence.

A Japanese contact once explained to me that the Japanese attitude toward corporate governance is very different from that of a western company, in part because Japanese shareholders are so passive that companies are unaccustomed to thinking in terms of investors' needs when it comes to communications like reports. Western companies are much more keen to present their CR activities as contributors to a more robust and successful company - and therefore to demonstrate an integration of sustainability factors into core business. On the other hand, the Japanese culture and mentality are geared toward the role of CSR in creating a strong and harmonious society (NOT companies), and therefore more drawn to philanthropic and community-oriented activities rather than internal social responsibility efforts.

My bleeding heart worries about tripping over into gross generalizations and national stereotypes, but these observations have tended to ring true in my own experience. There must surely be cultural differences that strongly determine how companies conceive of CR reports - what they are for, and what they should reflect - everywhere you go. I have to think this plays a role in the awards phenomenon you point to here.

And it is a shame, because these are some very strong reports in many respects.

Judy

- DominikZynis April 15, 2011

thanks for mentioning this Elaine... I am always struck by the fact that it is very easy to find the CSR section when I visit the websites of Korean and Japanese businesses... not exactly the case in the USA.

Dominik Zynis

- elaine April 19, 2011

hi Judy, thank you for your great insights. The question of cultural differences in CSR is a very interesting one. Looking at all the reporting awards etc that are around, it tends to

be European and American reports who win (with one notable execption at the GRI awards last year when Brazil took all the awards). I quite agree that there are some great reports coming out of other countries.
warm regards,elaine

- elaine April 19, 2011

hi Dominik, thanks for reading and commenting. Interesting point about website accessibility - I will ook out for that in future.
warm regards, elaine

Praise for sustainable packaging: HP

Tuesday, April 12, 2011

My kids had been wanting a printer (for absolutely essential and non-negotiable-needs-to-be-printed homework for educational purposes only) so I invested in a small HP deskjet printer. I was pleasantly surprised on unpacking the box to see the ecologically conscious and creative way the printer was packaged. The printer was NOT packed in **big blocks of environmentally-yucky expanded polystyrene** as shown in the pic below:

Insteead, HP now pack using board made from post consumer recycled waste and industrial paper waste and place the printer itself in a reusable shopping bag. See pics below:

See **what HP say about packaging in their 2009 sustainability report** and the reductions of packaging levels per product. Not only did I gain a printer, I also gained a bag for my shopping to add to my weekly shop collection, and I have less stuff the throw into my garbage.
Well done to HP! Thanks for being environmentally conscious and helping me to be too!

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Sustainability in any language

Saturday, April 09, 2011

An interesting article about the power of language to determine thought (and we all know that thought leads to action) was posted by **Lis Duarte** on Twitter. The article quotes linguist Benjamin Lee Whorf who first posited in the 1930s that language is so powerful that it can determine thought. Certain words, it seems, can shape our thoughts and feelings, depending on the language in which they are presented. For example, you may read the words:

Sustainability Report

This may not create much of a reaction . But then you read the words:

Le Rapport Développement Durable

These words, on the other hand, may make you rush to read the latest sustainability report published. This might take you to **General Mills' Sustainability Report 2011**, a company which employs 33,000 people in the pursuit of Nourishing Lives (funny, I thought **Campbell's Soup** had cornered that concept). Anyhow, General Mills' report starts out with the words "We made a lot of progress in 2010 and have a lot to be proud about". Not lacking in modesty, then, Ken Powell, CEO, then talks about how General Mills has improved the health profile of products and increased corporate philanthropy and employee volunteering, as well as some interesting initatives on renewable energy sourcing and a new oat burner which both makes products and provides steam for heating. Back to health, I was caught on the progress GM has made in reducing sugar content of breakfast cereals advertized to children which is now under 10g per serving. What I don't know here, not being a nutritionist, is whether 10g is good or bad (it's better than previously) but compared to industry norms, existing regulations and recommended serving sizes, whether this is good enough, or just good, or not even scratching the surface. General Mills provides a separate brochure called the **Benefits of Breakfast Cereals** which goes some way to explaining the context around breakfast cereal food properties.

The GM Sustainability Report is not aligned with the GRI framework but GM has established a cross functional team to evaulate the merits of GRI based reporting. While this report covers a lot of ground in its 86 pages, it seems rather light on data and is mostly about stories and policies. A more rigorous (and assured) framework for GM reporting would be welcomed. Still, we were talking about words....

If you read the words:

First Sustainability Report

you might **not** be motivated to rush out to prepare your company's first Sustainability Report, despite the fact that the mainstreaming of sustainability reporting is now a clear mission for the GRI and many stakeholders. However, if you read:

erste Nachhaltigkeisbericht

you may start putting pen to paper immediately.

If you read the words:

We need help writing our Sustainability Report

you may be prompted to contact me. Hahahaha. Who said I am not allowed to shamelessly promote my report reviewing and writing services on this blog (very) occasionally? However, if you read :

**Нам нужна помощь в написании
наш первый Отчет об устойчивом
развитии**

you might consider contacting a Sustainability Reporting consultant in Moscow. And then contact me. Haha.
(**Disclaimer:** If the above does not mean "We need help writing our sustainability report", please refer to Google Translate. The writer bears no liability for the consequences of whatever the above translated sentence might mean!)
On the other hand, if you read the words:

Chunky Monkey

you may be prompted to forget all about reporting and go back to dealing with the more important things in life . Chunky Monkey is the same in any language.

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Reporting by association

Wednesday, April 06, 2011

Another trend we can see building momentum in susty reporting these days is the number of industry associations that report on sustainability. Industry sector reports are a fascinating breed. They are a sort of publication du jour for these associations, offering them a fun marketing ride on the back of sustainability. At one level, the industry association's purpose is to promote the sector - that's what members pay them to do - so inevitably sector reports are good great news and marketing oriented. At another level, their reports address the collective sustainability challenges that sectors face and therefore may loosely be described as some kind of sustainability report. By and large, they tend more toward the marketing end than the reporting end, but they are often nice publications which can give you a good overview of the material issues in a particular sector and the general approach being taken to address such issues. They also help you to become familiar with the sustainability jargon of the sector. Great for jargon geeks.
The Consumer Electronics Association (CEA) published a 2010 Sustainability Report, its second, in which it highlights how the "consumer electronics industry is acting boldly and continuing to raise the bar in addressing environmental and societal challenges." (No surprises so far, right?). The CEA promotes growth in the $170 million U.S. consumer electronics industry through its 2,000 members and the report includes data and case studies from published fiscal year 2009 sustainability reports for the 10 largest companies in CEA membership from a global revenue perspective (Dell, HP, LG Corp.,Microsoft, Nokia, Panasonic, Philips, Samsung, Sony and Toshiba). Well worth a look to get a quick view of the nitty-gritty issues for this sector. And as for jargon, the CEA has an **eCycling** initiative, sales growth of **EPEAT** products, green lubricants for shredders, the green grid, power islands and more.

Another mine of interesting information (if you're a beef geek) is the **National Cattlemen's Beef Association (NCBA)** who recently published the **Cattlemen's Stewardship Review**, which as far as I can tell is their first. It is dedicated to "the nearly 1 million U.S. cattle farmers and ranchers who work hard every day to raise good food, keep their animals healthy, protect the land and environment and build strong communities". An interesting fact is that 97% of all cattle ranches are family owned - we tend to think of beef as a highly commercialized industry but when you get down to where it all comes from, its about good people trying to make a sustainable living with "cattle-raising traditions passed from generation to generation". More than 10% of cattle farmers and ranchers are women :). The U.S. Beef industry produces 20% of the world's beef with only 7% the cattle. For the health-minded, you can also learn that a sirloin steak has 34% less total fat today than it did in 1963. The report is a nice overview of the beef industry and the key sustainability issues relating to beef life-cycle, animal care, educating consumers about beef and healthy diets, antibiotics use and disease, and environmental aspects such as use of land and water, managing manure though methane emissions from cattle are barely referenced. And for the jargoneers, **BQA** , the Code for Cattle Care, beef fabrication innovation opportunities, retail meat case knowledge, beef shoulder clod, **the DASH diet** and more should enrich your vocabulary.

My final example today is where green turns to yellow, or vice versa, with the **Yellow Pages Association's first Sustainability Report.** The YPA is the "largest trade organization of a print and digital media industry valued at more than $31 billion worldwide" and it's report is a 16 pager, which goes straight to the jugular of the YPA's main business to consider the Life Cycle Assessment of a Telephone Directory (what's one of those, remind me?) though disappointingly, the report does not reveal any data from a directory LCA assessment that the was conducted by the National Council for Air and Stream Improvement (NCASI). The key conclusions are that the main components of a Telephone Directory Life-Cycle are paper production, printing, and end of life management (interestingly, distribution is not mentioned). But this is report is flimsy and not terribly informative and closer to the bon ton marketing brochure which any self-respecting trade association cannot now be without. Jargon lovers will enjoy consumer search habits, recovery rate of directories, coldset ink, ZIP code, waste paper landfill leachate and more.

Despite Sector Sustainability Reports being interesting, they provide only a very shallow and high level view of what's happening in an industry sector. Indeed, this is one type of report that the GRI framework accommodates less well. Often the direct impacts of the Association itself are limited. The power of an Association is in the leverage of its membership and its ability to influence new directions. I think this is an something that could benefit from a GRI sector supplement to help address the different ways Industry Associations could report more effectively on sustainability.

In the meantime, I wonder if the Global Ice-Cream Manufacturers' Association will be publishing a Sustainability Report this year? Free ice cream for everyone who reads it ?

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Comments

- ReanaRossouw April 07, 2011

Thanks for this interesting article. I was just looking at the World Steel Sustainability Report.
Another very interesting concept is that some producers of Steel (i.e. Sinosteel) is now also producing country specific reports (i.e. Sinosteel Africa Sustainability Report).
I believe the greatest value these industry based sustainability reports deliver is that they could actualy assist their members in identifying the most material issues and of course with benchmarking.
However, one would expect to see greater coherence with regard to targets and performance. The members of these associations should use these reports to firstly benchmark themselves against industry standards and secondly for possible collaborative efforts to address industry based challenges, issues and solutions pertaining to critical sustainability issues. Therefore these industry based sustainability reports could potentially become important.
I look forward to that - however it seems as your article rightly mention this could only materialise if these industries take responsibility for their collective impact and therefore own up to their responsibilities.

- MehrdadNazari April 07, 2011

Thanks for your review, Elaine. An outstanding industry association report which deserves to be mentioned is from the International Council on Mining and Metals - better known to sector insiders as ICMM (www.icmm.com). I blogged about it here:
http://prizmablog.com/?p=697

- elaine April 07, 2011

hi reana, thanks so much for your comment. Country specific reports are produced by many companies and i have often said that I believe this shoudl be more widespread. I will take a look at Sinosteel africa, thanks for the pointer.
elaine

- elaine April 07, 2011

hi mehrdad, yes, I recall seeing your blog now that you mention it. Another great example, thanks for reminding me
elaine

Inflating community impacts

Monday, April 04, 2011

Once again, the clarity of sustainability reports often leaves me with more questions than they answer. I was reviewing **AT&T's 2009 report** for a client benchmarking project I am working on, and came to their section on **Community Involvement.** AT&T has 282,720 employees, but the Company records volunteers **including** retirees, and notes that there are 325,000 volunteers in total. AT&T has more volunteers than it has employees! (Incidentally, 325,000 was the number that AT&T reported also in its 2008 report). Additionally, AT&T records a total of 8.5 million hours volunteering in the community for the year 2009. 8.5 million hours means that **every** single employee in the company volunteers for 2.5 hours **every** month. This is possible but it's not likely. What we are not told is what proportion of the total volunteers is represented by retirees, and what proportion of the total hours volunteered was actually volunteered by employees. Did **anycurrent employees** actually spend volunteer time in the community? There is no

contact point for queries listed in the report, so if any AT&T people are reading this blog, I would appreciate being enlightened.
As a general point, I do not believe that recording retiree volunteer hours combined with employee hours is appropriate. Just as adding in volunteer hours by employees' family members, friends, friends of friends, neighbors or even local golf club members is equally inappropriate. A sustainability report including community investment should specifically focus on identifying **employeee** community involvement, and record the numbers accordingly. This is important information for stakeholders.
If a company includes others in its community programs, in essence, this is a good thing. Providing retirees with a framework in which they can volunteer is positive and may well serve to enhance the quality of life of retirees as well as strengthen the local community fabric. Including employee families in community programs is positive as this may provide emotional support and positive family experiences about the workplace for employees. It makes sense for a company to want to share this in a sustainability report - it's a part of their total impact - but I would prefer to see the numbers separately.
Otherwise it looks as though a company is inflating its community impact. Now why would a company want to do ***that?***

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Comments

- Anonymous April 05, 2011

The more pertinent question would be "why waste time documenting volunteer work"?

It's rather obvious that the biggest community impact a company can make is NOT charity, but rather the role its own product and services make.

AT&T should focus on making communication simpler easier and more affordable for communities, and spare use the nonsense charity accounting. It's all too easy to clean out the pockets of the poor and throw a few pennies of "charity" back as as sop.

- elaine April 05, 2011

Hi Anonymous :)
Thanks for reading and thanks for your comment. I agree that charity is not the most significant of impacts and that this should not detract from a core business strategy which addresses sustainability issues. However, I also believe that community involvement and employee volunteering (not just donating cash) bring many advantages both for the community and for the business, as well as offering possibilities to employees to experience positive things that they do not get in a regular day's work. My point is that companies should be clearer about how they communicate this.
warm regards
elaine

- Anonymous April 06, 2011

Employees can volunteer on their own and are always free to do so, as individuals.

If a company has funds or resources available to spend on the redundant activity of organising volunteer work, then I would like to know what that money isnt instead being spend to develop more socially valuable products and services - or reducing the price of them.

The reason companies like to focus on charity is that it provides cheap marketing impact. It gets you a mention in the press and among people. But that is an INTERNALLY focused benefit, it is not the best use of those resources if you are actually interested in DOING something for the community.

Better yet, if communities matter so much why doesnt AT&T tie its high paid executive bonuses to community impact, rather than rounding up low paid employees to go spend their time making the company look good.

As I said, once you look carefully at this, it stinks.

A very tasty CSR conference

Friday, April 01, 2011

This time last week I was engrossed in fascinating conversations at the Justmeans **Redefining Value: Integrated Reporting and Measuring Sustainability Conference** in London on 25th March 2011. But before I talk about content, I can't help but mention that the conference was held at the best conference venue I can ever recall in having visited in London - **the Brewery** - complete with a sustainability policy and gourmet food worthy of so many sustainability people, hungry for change and hungry for the best conference lunch in London. (OK, no ice cream, but what the heck!). The conference itself was serious, thought-provoking, no ribbons and bells, just 5 intensive sessions with lots of talking, many insights and a few challenges to the status quo. Some sessions were more valuable than others, as inevitably happens, but all were interesting. Lunch provided a welcome break for ribbons and bells, with the announcement of the **Social Innovation Awards** winners in a tastefully done ceremony where every winner got to say a few words about their accomplishments.

The conference started out with a powerful panel session moderated by **Justmeans CEO, Martin Smith**, intended to be a catch-up with what's happening in the world of non-financial reporting, with leading players in the form of the **GRI** (Nelmara Arbex), **A4S** project (Jessica Fries) and the **CDP** (Paul Dickinson) .There is a consensus that sustainability reporting is not mainstream, despite the daily Sustainability Report announcements that fill our RSS feeds. **The GRI, as my regular readers will know, is moving towards G4** which should address some of the current shortfalls of the GRI framework while A4S is planning a pilot program to enhance non-financial reporting without increasing complexity and length, among other things. The CDP has now completed 9 reporting cycles, demonstrating that "repetitious normalization" is gaining the attention of 551 investor groups who represent $71 trillion in funds, more than the GDP of the world. 3,000 companies reported to the CDP, rather less than the number who issued sustainability reports, last year. The single biggest challenge for reporting is mainstreaming sustainability reporting in a harmonized way (GRI), providing data to shareholders (CDP) and getting the right systems in place (A4S). The point was made that reporting should not only be about the past but how a company intends to create its sustainable future. It is true that this often gets lost in backward looking reports and even

companies who express targets do not often explain how they expect to achieve the targets in their reporting .
"What is driving the growth of international standards?" was the question that led the next panel session , led by **Judy Kuszewski** whom it was nice to meet in person after our twitterous acquaintance to date. The fascinating takeout of this panel was the collection of perspectives from **Carsten Ingerslev, the Director of the Danish Government Center for CSR**, who said that "if we leave things up to the market, they won't happen quickly enough". It is certainly a good thing to see a government body taking initiative to drive CSR, and of the 91% (I think) of the top 1,100 companies in Denmark who chose to report following the law which came into effect in FY2009, 43% were reporting for the first time. (The Danish law, which was an amendment to the Financial Statements Act, requires companies to report on non-financial matters or give a reason why not. Of course, not too many companies are happy to say they don't give a hoot about sustainability, even if they are not sharing sustainability prime-time, so reporting becomes the only viable alternative.). Carsten said that the companies who did report confirmed that they gained benefit and were able to understand risks and opportunities for their businesses in a way they had not before. The Danish motto: you can't fly below the radar. Sustainability reporting is the radar. The "comply or explain" model is surely one which will be emulated, I suspect. **Wim Bartels** made the point that building the systems required for good non-financial reporting needs accountants. But who would have expected less from a partner in sustainability services at KPMG. He has a point, but some pushback was felt from the audience who suggested that sustainability reporting needs anything BUT accountants. This, when you consider that the **IIRC** is comprised of almost exclusively accountants and financial specialists, may already be a lost cause.

The next session showcased reporting leaders from **Novo Nordisk**, **Novozymes** and the data collection systems company **Enablon.** The best quote from this session was "you can't internally manage unless you externally report" (Dan Vogel of Enablon) . The question of how far you can monetize sustainability in integrated reporting was one of the interesting aspects raised, as the drive to fit sustainability into financial reporting frameworks may just create pressure in this direction. All agreed that better models to measure impact and the cost-benefits of sustainability impacts are required.

Toby Heaps of Corporate Knights and the 100 Best Corporate Citizens posed the question: Will social change happen through capital markets? and then proceeded to answer it by explaining that radical transparency is the key. Wow. Sounds so easy. The 100 Best Corporate Citizens has honed in on 10 core indicators which are the clue to radical transparency. Caution. This is a buzzword. Use it sparingly. Considering that only 2% of **UNPRI** signatories, according to Toby, disclose non-financial information, transparency has apparently not reached radical levels quite just yet. **Bloomberg**, in the form of Curtis Ravenel, align with Denmark in the belief that regulation is the only way forward.

Finally, a large lunch, a few exquisite muffins and some delightful pastries later, (N.B. Don't diet at Justmeans conferences), **BP** (Nicholas Robinson) took center stage and explained what it's like not to sleep at night when you need to produce a sustainability report when everyone is accusing you of being about as sustainable as a rabbi at the Vatican. After being slapped with the largest class action law suit in history, trying to produce sustainability report sounds like something only Merlin the wizard might attempt. However, without Merlin's assistance, apparently, but with a strong dose of **Triazolam**, BP has done it (**see here** - more on that in a later post). The complexities of reporting for companies who are dual listed (US and UK) were interesting to hear about from BP, who took four years to combine their different submissions into one report that meets both requirements. Hmmm. And that's only financial reporting. At that rate, integrated reporting should be with us by the time my great-great-grandchildren will wonder whether separate reporting was ever an option. Another interesting discussion in this panel was about what happens when Greenpeace decide you are the bad guys and **viralize a gory video about endangered orang-utans**, attacking one of your iconic brands. Invite them to the table, was the answer from Niels Cristiansen, the Public Affairs guy at **Nestle.** I just hope the conference room refreshments did not include **Kit Kat.** Greenpeace asked Nestle to develop an auditing plan for their rainforest impacts and Nestle agreed. Not only this, but the Head of Operations at Nestle is reported to have said "I am glad they did because it made us a better company." Who needs **McKinsey** when Greenpeace can help you improve your bottom line?

By this time, my head was reeling with many old and new concepts, and my waistline was begging for relief, so it was probably a good thing that Justmeans didn't cram any more into this day. I will certainly be happy to attend another Justmeans conference, but only if they hold it at **the Brewery.**

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- MichaelLuehrs April 04, 2011

So much information here, Elaine. It inspired me to write a post of my own: http://lessconversationmoreaction.com/2011/04/04/sustainable-event-reporting-like-eating-your-vegetables/

I find important your points that organizations must not simply report backward looking findings but should, rather, show how they'll use sustainability measurements to inform action plans for improvement.
Thank you for this. It sounds like we missed a great conference!

- elaine April 04, 2011

hi Michael, great post!! Enjoyed it! Hope to see more event reporting in future. With vegetables!
elaine

- kuszewski April 07, 2011

Wow, Elaine, so glad you enjoyed the conference so much, and it was great to meet you, too!

I may not share your enthusiasm, completely, however - although I realize that's probably because I am equal parts jaded and impatient! The integrated reporting agenda should be much more substantial by now, and less characterized by fuzzy intentions and buzzwords, and my hopes of significant enlightenment on this weren't met. That being said, the JustMeans conference was definitely the best platform so far for the discussion of these matters, and many of the panels and panelists were excellent. I particularly enjoyed hearing from Paul Dickinson, Susan Blesener, Claudia Kruse and Nick Robinson.

And the food was great! I look forward to continuing the debate.

- elaine April 07, 2011

thanks for reading and commwnting, Judy. Was great to meet you too! I sense the Integrated Reporting debate is far from being at the point where it will sharpen up .... so you had better stock up on patience for a while to come.
elaine

- Anonymous April 08, 2011

Elaine, interesting post, could you share anymore on the ten issues that the companies are honing in on for transparency?

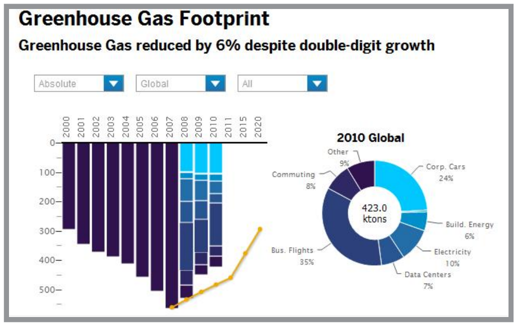
SAP 2010 Sustainability Report

Wednesday, March 30, 2011

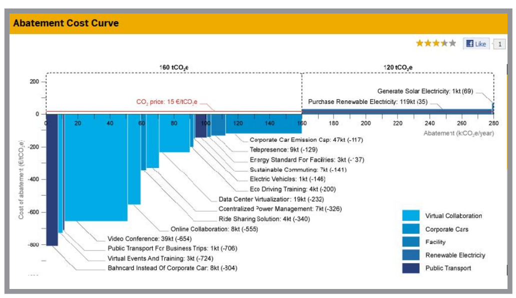
I can't resist taking a few minutes out of an extremely heavy workload (it's reporting season, folks!) to record a few impressions from my conversation last evening with **Peter Graf, the Chief Sustainability Officer** of **SAP**, who talked me through the highlights of the **SAP 2010 Sustainability Report**, the online showcase for everything that SAP can do to "help the world run better." Moving from "having a sustainability strategy" to having a "corporate strategy which is sustainable", SAP seems to be doing and saying some great things, some of which managed to cause even me to be impressed, which takes some doing, and presenting them in a creative and innovative way in their second fully online PDFless twitterable facebookable report, complete with interactive customizable graphs and data. Whereas last year's report was more about the social media song and dance, I feel this year's report has matured and reflects a stronger focus on accountability for impacts rather than actions. Indeed, the SAP Advisory Panel, which includes **Aron BSR Cramer** and **Bill Cradle-to-Cradle McDonough,** amongst others, together with online feedback on the last report, was instrumental in urging SAP to attempt to quantify to what degree they are helping the world to run better. The Advisory Panel engages in regular conference calls and meets annually with the SAP Board. That's good practice.

SAP's response to feedback is evident in **SAP's attempt to define customer impact**, claiming that SAP solutions have improved the safety and health of 800 million people. 800 million people? Skeptical? SAP thought you might be. So they included a pop-up describing how they calculated this not insignificant proportion of the global population. The customer section reads like one big marketing campaign but there is some substance to the proposition that SAP's core purpose is about helping businesses to operate more efficiently and therefore save the world. If you have it, I guess you might as well flaunt it. Next to **Ecomagination** and **Plan A**, this is probably one of the best demonstrations of how a truly strategic approach to sustainability actually does pay off. It is encouraging that the business case for sustainability seems in no doubt at SAP, though this comes only after achieving a certain level of maturity on the sustainability continuum.
We are apparently becoming a global community of Sappites. But this may not be such a

bad thing, given the big strides SAP is making in environmental sustainability. **SAP's absolute carbon footprint reduced by 6% in 2010** and is presented nicely, with the graph bars shown below the line, because emissions are always a liability and not a demonstration of positive impact. The shorter the line is, the lower the emissions are, and SAP appears to have been working hard to reduce the bar-length since their emission peak in 2007.

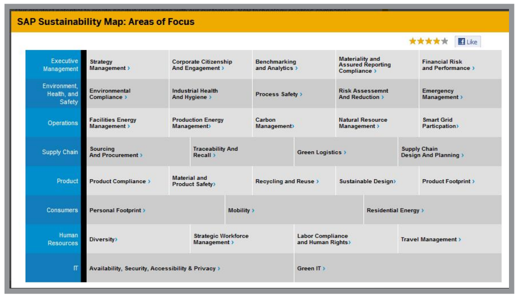


Graph options allow you to view this data by region, normalized to Euro revenue and number of employees and by GHG Reporting Scope 1, 2, or 3. But the best of all is the **Abatement Cost Curve**, which shows how SAP intends to reduce emissions to 2000 levels by 2020, generating not only emissions reductions but also significant cost savings, which will fund the purchase of energy from renewable sources and the generation of solar energy. This is a strong commitment and will require many changes in corporate and individual behavior. I admire a company who makes clear plans and commits to them in a public report.



One of the changes relates to vehicles. 79% of SAP's Scope 1 GHG emissions are from company cars. One of the ways SAP is addressing this is through more virtual interactions (43 telepresence stations) and the use of electric cars. These cars are now being used in SAP USA, Germany and India and SAP is building 16 charge spots in the SAP Palo Alto site, the largest charging site in corporate USA at this time. SAP is even enabling 1,000 people to test drive the Nissan Leaf for short periods so they can get the feel of the future. Sometimes it pays to work for a large company.

The SAP strategy is defined in terms of three impact areas - **operations,** (which includes environmental impacts), **customers** and **social** and in each area, SAP defines key strategies, metrics and impacts. At the center of this is **SAP's sustainability map**, a very nice overview of what's on the SAP sustainability radar. (Yes, I "like" 'd it and gave it 5 stars!)



What's material about SAP's business? Again this year, SAP presents their **D-I-Y Materiality matrix** in which you can see the way materiality has changed over the years and develop your own matrix of issues as a SAP stakeholder. It also has a very beneficial therapeutic effect, a little like **Tetrix.** If you look at SAP's materiality in real-time, you can see they have a lot to be thinking about!
The user interface of the report seems to be a little easier to navigate this year, or maybe it feels that way because it's the second time around. However, the best way to find what you are looking for is the **GRI Index page**. I understand that for PDF geeks like me, and print-it-out investment analysts, a 3 page Exec Summary will soon be produced.

However, one test the SAP report failed is my EN22 test. This is a core indicator and should be reported fully in a GRI A level report. **See a previous post of mine on this subject.SAP's response to this indicator is not in line with the GRI requirement** despite it being noted as fully reported. I have not checked the rest of the indicators one by one (maybe I will, one day, just for fun :)), but the EN22 test is an indication of a lack of rigor both in reporting and in verification.
Another poor performance area is SAP's advancement of women where the rhetoric is not aligned with the performance. "Diversity as a business driver" is the pronouncement, but despite all these wonderful Nissan Leaf cars, there is not much driving being done at SAP from the gender equality perspective. Women at SAP represent only 11.5% of top management which is 0.1% higher than the 2006 level. Clearly all the nice words around advancing women are not getting through to the male (chauvinist?) SAP leadership which includes **16 Supervisory Board Members** of which one appears to be female, if am guessing the gender correctly based on members' forenames, and **an Executive Board of 6 members** which includes one women in the HR role who just made it into the report, having been appointed in 2010. Two out of 22 top roles makes 9% of women in the key leadership positions in the company. SAP says *"In 2010, we established a global women's program advisory council to promote career development for female employees".* I say that there needs to be more than a council. There needs to be a major mindset change among men at SAP. Statistics prove that companies with women in leadership positions deliver greater shareholder returns. **As I have often said,** women do not need to be counseled, trained, mentored and fixed. They need to be promoted. SAP should **stop womenwashing** and get on with it. A good start would be to replace SAP's two male CEO's with one woman CEO providing a chance for both a cost saving and improved performance. :)

There are some other very nice features of the SAP report but time prevents me from elaborating here and now (it's reporting season, folks!), but **I recommend you check it out.** It has never been easier to provide feedback on a sustainability report so let SAP know you value this. I understand from Peter Graf that last the 2009 report generated over 100 meaningful queries and suggestions, many of which were incorporated in SAP practices and in the 2010 report content. Influence is a wonderful thing and SAP are making it easy for all stakeholders to grab a slice of the action.

My conversation with Peter Graf was fascinating and covered many points which I have not been able to expand on here, but I will follow up in additional posts as relevant over the next few weeks. Peter, of course, didn't tell me what to write about in this blog but I am sure he will be pleased to hear that I applaud SAP for an excellent demonstration of transparency and overall encouraging sustainability performance.

The only thing I forgot to ask Peter during our conversation was "What was it that SAP chose NOT to report?" . Hmm. Probably a good thing. Why burst the bubble ?
elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- DougHadden March 30, 2011

SAP doesn't talk about the impact of the software footprint for customers. The minimum requirements for computers and network bandwidth has significant electronic power implications given so many customer installations. SAP should talk about how it plans to eliminate software bloat to optimize the product technical footprint with reduced power and bandwidth needs. Perhaps the ByDesign service will have a positive impact.

It just seems ironic that SAP has developed tools that monitor environmental impact without acknowledging the roll ERP software makes to needlessly increasing carbon footprints.

- MehrdadNazari April 01, 2011

Interesting blog post, Elaine. - Reflecting on your comments, I am not convinced that it is appropriate for SAP to “claim” that its solutions have improved the safety and health of 800 million people. It is a bit like Canadian miner Teck, which supplied the precious metals used to produce the Olympic medals, claiming that it enabled and hand-picked the winning performers of the 2010 Vancouver Winter Olympics. I think this attempt to desperately find the causal linkages (silver bullets) of a CSR-related strategic impact oversimplifies the very many signals and activities which are required to generate any sort of major impact. Not sure if any health & safety professionals who have worked hard on introducing and maintaining a health & safety culture and performance would or should share their achievements with SAP - or any other spreadsheet provider. Let me end with this question: will SAP also claim the incidents, injuries and fatalities which occurred at those companies which run SAP software?

- elaine April 01, 2011

Hi Doug, thanks for reading and commenting, I am not much of a technical expert but I think I understand your point. It does seem to make sense that power savings at customers should be a priority. Having said that, data collection and analysis is one of the most significant challenges companies have in managing their footprints so I do believe that such software is a key element of developing sustainable business
warm regards, elaine

- elaine April 01, 2011

hi mehrdad, I also viewed the 800 million as rather sensationalist and difficult to substantiate.

Your point about reciprocity is a good one!
warm regards
elaine

- MarkMcElroy April 04, 2011

Hello again Elaine:

Two things struck me about your coverage of SAP's 2010 Sustainability Report. First was that you lauded it as "an excellent demonstration of transparency and overall encouraging sustainability performance" despite the fact that you know there can be no meaningful reporting of sustainability performance at all in the absence of context. Notwithstanding your reservations about the viability of establishing context as a basis for reporting, the fact that you have such reservations does not in any way invalidate the point that context is fundamental to measuring and reporting sustainability performance. Thus, SAP's report is not a sustainability report at all - some other kind of report, perhaps, but not a sustainability report.

Next is a similar infraction, this time committed by SAP's assurance provider, KPMG. In their 'Assurance' statement at the end of SAP's report, they say: "Nothing came to our attention to indicate that the other information in The Report is not, in all material respects, fairly presented in accordance with the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative."

Well, what about GRI's reporting principle of 'Sustainability Context' and the fact that it is utterly missing from SAP's report? If costs are missing from income statements, are they still income statements? Of course not. The same goes for sustainability reports. Instead of costs, however, we have what GRI rightly requires as 'sustainability context'.

If ever there was a vivid illustration of the crisis we have before us in mainstream sustainability measurement, reporting and assurance, this latest case of reporting by SAP and the failure of its assurance provider to catch and call attention to the absence of the most basic element of sustainability reporting, context, provides it.

Regards,

Mark

- elaine April 05, 2011

Hello Mark, thank you for sharing your perspectives. By now you know where I stand on your definition of context-based reporting so it will come as no surprise to you that I respectfully beg to differ.
elaine

- MarkWMcElroy April 05, 2011

Elaine, it's not about definitions. Definitions are political, if not arbitrary and a function of custom and habit over time. Choose any words you like. What I'm talking about is the absence of comparisons between impacts in the world, and the capacity of the systems being impacted to withstand them. All of that is missing from the SAP report, ergo it is not a sustainability report.

Of course, if that's not what sustainability means to you, then I guess we're living on different planets - literally.

Regards,

Mark

Drumroll for the CRRA 11 winners

Friday, March 25, 2011

Once again, amidst great fanfare, the annual iconic CRRA Awards Winners were announced on the evening of 24th March at a special super-duper gala event in London hosted by **CorporateRegister.com**, the global CR resources website which hosts the world's most comprehensive directory of corporate non-financial reporting, profiling 31,000 reports across 161 countries. This year, the competition's fourth, the number of entries were capped to enable a reasonable and un-overwhelming selection of reports from 90 companies for the 35,000 registered site users to vote on. This approach has created a change in the line-up this year, breaking the strongholds of Vodafone, Coca Cola and Novo Nordisk who have taken Best Report, Best Creativity and Best Integrated Report for the past three years running.
Reports from ten countries made the winning line-up this year - with the UK (8 winning reports) and the USA (7 winning reports) leading the national reporting efforts. Brazil took only two reports (Banco Bradesco and Natura Cosmeticos), rather a different picture from the **GRI Readers Choice outcome**. But don't despair, the three hat-trick winners of previous years found alternative categories for report recognition, with 2 of the trio taking first place awards (Vodafone -Best Carbon Disclosure, Novo Nordisk -Best Honesty) while Coca Cola took second place in two categories, Best Report and Best Creativity. This time around, 6981 valid votes were placed, showing the continuing popularity of this largest online annual reporting competition worldwide.

So, without further ado.... **drumroll**..... here are the winners. (NB. Links are the report profiles on the CorporateRegister.com website, so you need to be registered to view tham).

Best report
Winner: **Hewlett-Packard Company**
1st Runner-up: **Coca-Cola Enterprises Inc**
2nd Runner-up: **Bayer AG**

Best first time report
Winner: **Virgin Group Ltd**
1st Runner-up: **McGraw Hill Companies Inc**
2nd Runner-up: **Hyundai Engineering & Construction Co**

Best SME report
Winner: **Pacific Hydro Pty Limited**
1st Runner-up: **ArcelorMittal India Ltd**
2nd Runner-up: **Lipor**

Best Integrated report
Winner: **Natura Cosméticos SA**
1st Runner-up: **SolarWorld AG**
2nd Runner-up: **AXA SA**

Best Carbon Disclosure
Winner: **Vodafone Group plc**
1st Runner-up: **General Electric Company**
2nd Runner-up: **Banco Bradesco SA**

Creativity in Communications
Winner: **Virgin Group Ltd**
1st Runner-up: **The Coca-Cola Company**
2nd Runner-up: **Hewlett-Packard Company**

Relevance & Materiality
Winner: **SABMiller plc**
1st Runner-up: **L'Oréal SA**
2nd Runner-up: **Novo Nordisk A/S**

Openness & Honesty
Winner: **Novo Nordisk A/S**
1st Runner-up: **Co-operative Group Limited**
2nd Runner-up: **Microsoft Corporation**

Credibility through Assurance
Winner: **Co-operative Group Limited** (assured by Two Tomorrows)
1st Runner-up: **General Electric Company**
2nd Runner-up: **Royal Dutch Shell plc**

Congrats to all the winners!!! and comiserations to all the non-winners.
But take heart ... only one year to go till the CRRA 12 !

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

33 reasons to attend a conference on reporting

Saturday, March 12, 2011

The main reason I attend conferences is to keep up to date, learn new stuff and gain new insights from inspiring people doing inspiring things. Of course, networking is a big bonus, and more and more these days it's about meeting people face-to-face after months or years of positive interaction on social media, as well as catching up with those you have not seen in a ling while. As plan my trip to the UK later this month, I thought I would share my 33 reasons for attending the Justmeans **Redefining Value: Integrated Reporting and Measuring Sustainability Conference** in London on 25th March 2011.

33. The Agenda looks great
32. It's about sustainability reporting.. my favorite subject in the whole wide world (sorry Chunky Monkey)
31. I haven't been to a Justmeans conference before, and it's about time I checked them out
30. Some of the great thought leaders in sustainability and reporting, and sustainability reporting will be on stage - Wim Bartels, Thomas Conde, Toby Heaps, Judy Kuszewski and more
29. I am interested to hear what Niels Christiansen, Vice President of Public Affairs, Nestle S.A, has to say, given Nestle's sometimes not so comfortable positioning in the media.
28: It's in London, a very convenient location and the home of fish and chips.
27. There are plenty of breaks to download emails whilst networking.
26. The winners of the Social Innovation Awards will be announced. I always like a scoop!
25. I will be interested to hear Carsten Ingerslev, Director, Danish Government Centre for CSR, given Denmark's prowess in so many areas of sustainability including mandatory ESG reporting.
24.Maybe they will serve ice cream in the breaks.
23. The venue is close to Oxford Street. Yeah! Shopping.
22. The GRI, CDP and A4S will be updating us on the State of Reporting. Three leading lights.
21. I won't have to make dinner for the kids.
20. I won't have to make dinner period.
19. The attendance list reads like the top 100 corporate citizens list.
18. The venue is corporately responsible
17. This line is intentionally left blank.
16. The Social Innovation Awards shortlist is intriguing.
15. I happened to have March 25th free.
14. Integrated reporting is a complex topic and thinking is evolving. It's important to be where integrated reporting is being discussed. Every voice counts.
13. I can't attend the pre-conference workshop so the conference will be my compensation.
12.I am looking forward to watching everyone tweeting from the conference (what was that hashtag again?)
11.The conference promises to showcase best practices from companies at the forefront of reporting. Who would want to miss *that* ?
10. You never know, there just might be someone attending who is looking for a great Sustainability Reporter to help them write their next Sustainability Report. (Darn! I told myself I wasn't going to plug the services of my company, Beyond Business, in this post. I always had a problem with self-discipline.)

Keep going. Only 9 more to go. I saved the best till the last.

9. I get to meet up again with Martin Smith, the Justmeans mastermind.
8. It's something to do before my flight back home.
7. I am hoping to meet many co-#CSR-tweeps. #CSR tweeps are fabulous.
6. The conference is on a Friday. That means we can #FollowFriday it.
5. It's something to tell the folks back home about.
4. Do you really think they will serve ice cream in the breaks?
3. I will have lots of material to blog about.
2. It sounds like fun.

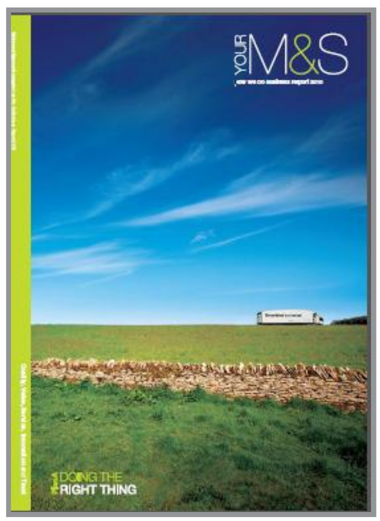
1. It's gonna be a blast.
0. I have the opportunity to be really generous and pass on a substantial discount to just a few people who register quoting a secret code that I am able to reveal to a few lucky friends. (If you also have 33 reasons to attend this exciting conference, just **drop me a line** and I will see what I can do.There are just a few places still open).

If you are at the conference, please come and say : Hi Elaine, how about ice cream?

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict.Author of CSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Is Marks and Spencer's ladder standing against the right wall?

Friday, March 11, 2011



I am often approached by students to provide assistance with their studies on sustainability. This time, an MSc student from the UK challenged me with several questions about the **Marks and Spencer 2010 report.** Whilst I don't manage to response to everyone in such great technicolor detail, I used this student's questions as a great opportunity to study the M&S report and blog about the iconic Plan A, all the while assisting with the study of sustainability.
Here are the questions in **red** with my answers in boring old black:
What is the GRI Application Level sought by the last report by M&S 2010? I have read that it is C, but looking at the GRI index at the end, it is not clear. How do I get this information?
Yes, it's true, some reports don't clearly state the Application Level of their report in a very visible and accessible way. The M&S Report notes on page 40: *"To provide a common point of reference, the Global Reporting Initiatives's (GRI) third generation G3 framework has been used as a checklist. As the Report is mainly based around our Plan A commitments it has been prepared in accordance with the level C"*. I interpret this to

mean that they have not rigorously applied the C framework but have more or less, in a roundabout way, generally speaking, rather, somewhat, glanced at the GRI C framework. In actual fact, after a quick review I can see that one of the mandatory disclosures, 4.15 (basis for identification and selection of stakeholders with whom to engage) is not reported. You can look at the **GRI Application Levels** table on the GRI website to know what indicators need to be reported at each level.

M&S doesn't explain how they selected their core of stakeholders (4.15). However, although there is lot of literature on M&S, I never found a stakeholder unhappy to be left out. Most of the NGOs and Think Tanks commentators are positive about M&S's report (and therefore M&S's way of selecting stakeholders). Here is the contradiction: apparently they haven't reported properly (4.15) but nobody is complaining as if they have done well practically. Is this correct?

Actually, the Stakeholder Dialog section in the M&S report (pages 42 and 43) is quite impressive and certainly has more breadth and depth than most of the reports I read. Stakeholder dialog is one of the most important parts of a sustainability report and most don't do it well, mainly because they don't have a structured approach to stakeholder engagement and therefore revert to reporting about general conversations with customer and suppliers and mentioning a few industry associations they are affiliated with. True stakeholder dialog is the fundamental basis for legitimacy any organization can seek, and representing it well in the Sustainability Report one of the strongest pillars of credibility. M&S report on how they engaged an external party, Ernst and Young to gather "impartial feedback" from a range of organizations, which the report lists. All of these organizations are NGO's which focus on different aspects of sustainability. The broad stakeholder responses gained from this exercise are listed and are quite enlightening being not simply complimentary but offering good suggestions for M&S's sustainability direction. M&S's responses to the responses are also listed. In addition, M&S reports the channels for stakeholder interaction with other stakeholder groups.

This is a good overall representation of stakeholder engagement. We might of course ask how the stakeholder groups were selected, how many stakeholders from each NGO consulted provided feedback, and why they elected to use an external party to facilitate dialog rather than create a direct route for discussion involving M&S people. We might ask for more information about the true nature of stakeholder dialog with employees, suppliers, customers and regulators, some of which is only briefly referred to in the body of the report. We also might wonder how much stakeholder feedback and input influenced the selection of Plan A commitments (and we may need to go back to January 2007, when Plan A was launched, to find out) or the new 80 commitments launched in March 2010. In response to the point about no-one complaining because M&S did not disclose against 4.15, I would say that, first of all, we don't know who complained and if so, because M&S does not disclose this. In general, however, M&S does do well with a strongly branded and well-communicated Plan A, and a very detailed report against the commitments they have made, so I doubt there will be a stakeholder lobby about a gap against profile disclosure 4.15.

They said that they reported on 4.17 (what the stakeholders have to say). However, they reported only what the stakeholders said on the issues that M&S selected. So, we don't know whether the stakeholders presented other issues as material or not. Again, I never read practical criticisms of materiality on regard of M&S report 2010. I only read your comments to the report of 2008, on regard of the lack of transparency of what happened when employees were made redundant. So, am I right that 2010 report still lacks of transparency on materiality but that, at the same time, the public seems happy with it?

This is a good point. M&S have not published a materiality matrix. We are left to assume that the 100+ commitments reflect the most material issues. We don't know from the way M&S reports anything about the relative intensity of the feedback the company has received from different stakeholders, nor do we know how these issues tie into M&S's core business strategy, aside from some obvious assumptions relating to growth and cost savings. The plan A commitments range from aiming to make all UK and Republic of Ireland operations (stores, offices, warehouses, business travel and logistics) carbon neutral by 2012 (no. 1), to maintaining a non GM food policy (no. 53), to introducing a range of recycling services for customers including a project for used clothing (no. 44) to providing improved health and lifestyle information to employees (no. 100) and a whole lot more in between. Which of these are material? Which are more material ? Which are most material? And why? M&S did not meet commitment no. 49, to triple sales of organic food by 2010. In fact, 2009/10 sales were below 2005/6 levels. Is this of any material significance? Will the general health of consumers be seriously affected by avoidance of organic foods? Will M&S's share price take a hit because of this? Will fertilizer and pesticide volumes used in M&S products be increased as they sell less organic food? M&S have a checklist of performance indicators, their own kind of GRI, and they work through this. The difference between Plan A and the GRI framework is that the GRI framework, imperfect though it may be, is a multi-stakeholder consensus driven platform which is now widely accepted as leading practice. The M&S Plan A is a unilaterally developed performance program. It's a bit like the ladder against the wall analogy. M&S are outstanding ladder-climbers, but is the ladder standing against the right wall? And how do we know? In response to the point as to whether the public are happy with it, it seems they are. M&S enjoys much participation from consumers and gains much kudos from thought leaders in this space. The company deserves great credit. They are doing far more, and doing it far better, than many. Perhaps that is the limit of their stakeholder aspirations (and perhaps they know that).

I have the feeling (from many readings, but I can't point to any specific one) that the supply chain issue is better covered by other competitors, such as Sainsbury. However, M&S is famous for being very demanding with its supply chain, being mostly the only big retailer that is sending auditors everywhere.So, could M&S be weak on reporting on supply chain, but strong in practice? Why would it be so?

I think part of the response to this is the format M&S uses for its reporting. Rather than describe policies, goals, objectives, case studies, and provide a platform for stakeholder voices in the report, the Sustainability Report is a list of commitments and status statements against Plan A. This makes for a very disjointed view of the M&S performance. We only know about anything insofar as it is encompassed in one of M&S's commitments. Reporters who weave goals and objectives into a body of narrative which flows logically may well give an impression of more comprehensive reporting when in fact they may be doing less than M&S.

Marks and Spencer report is a C Level but why is it self-declared and C only (not C+)

given that it was externally certified by Ernst and Young ?
The assurance statement by Ernst and Young could qualify for the GRI "+". However, as mentioned earlier, M&S are very hedgy about their claim to Application Level C. They have not really declared and Application Level but merely assessed their level of disclosure to be in adherence with Level C guidelines. They could have said C+ guidelines just as easily. However, the assurance statement did not assess the M&S report against the GRI guidelines requirements, which I would expect it to do if assuring a true GRI report. Perhaps it was just easier all round to leave this point rather fuzzy.

So, that was, for me, an interesting review of the Marks and Spencer report, based on an even more interesting set of questions from our London student. I think that definitely deserves a Chunky Monkey next time I am in London, don't you ?

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practicesContact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- AdamGarfunkel March 14, 2011

Elaine

Thanks to you and the student for this interesting snapshot of the rights and wrongs of applying the GRI for a mature reporter. For me when you said 'M&S have a checklist of performance indicators, their own kind of GRI' you summed up something about the GRI itself for me. Which is that leading companies see the GRI as a checklist, the leading checklist sure, but still just a checklist of issues they should consider. And treating the GRI in that way may be fine for stakeholders - as you said, nobody seems to be giving M&S a hard time for their variations on GRI indicators.

The GRI therefore needs to abandon its vision that we will use GRI reports to compare performance between companies. The GRI is (only) a sound collection of good ideas about what and how to report sustainability performance...

Context in context

Saturday, March 05, 2011

This post a response to Mark McElroy and Henk Hadders. Both have been urging me to "pronounce" on the subject of context, or lack of it, in sustainability reports, in particular following my outline of the way the GRI guidelines and integrated reporting will be progressing over the next few years.

Mark McElroy is the founder of the Center for Sustainable Organizations, and has been working tirelessly for over 10 years to advocate for context-based sustainability reporting for which he has developed a particular methodology. I chatted to Mark on the phone yesterday.

The GRI relates to the question of context in the GRI guidelines, as one of the reporting principles for defining content. The guidance on the principle of context states that reports should present the organization's sustainability performance in the wider context of sustainability. This is the explanation: *"The underlying question of sustainability reporting is how an organization contributes, or aims to contribute in the future, tothe improvement or deterioration of economic, environmental, and social conditions, developments, and trends at the local, regional, or global level. Reporting only on trends in individual performance (or the efficiency of the organization) will fail to respond to this underlying question. Reports should therefore seek to present performance in relation to broader concepts of sustainability. This will involve discussing the performance of the organization in the context of the limits and demands placed on environmental or social resources at the sectoral, local, regional, or global level."* This is rather broad and of course, the degree to which context is reported in detail is left open to interpretation. The GRI offers nothing more specific on this subject. Mark McElroy, however, sees context in a very specific way. These are the tenets of the Context Based Sustainability Reporting approach a la Mark McElroy.

Mark says that whilst the GRI does a good job of structuring reporting, it doesn't go far enough in defining and requiring context in reporting. He says it's like leaving the costs out of a financial report. According to Mark, the issue of context can be described as the need for standards of performance when talking about sustainability. You are either sustainable or you are not, according to an agreed standard. The question is, who defines what that sustainable performance standard is? Companies measure themselves against their own past performance or their targets, or even their peers, but what is really needed is some absolute measure of sustainability so that companies can report whether they are on track, behind or ahead. Sustainability performance, then, according to Mark, should be measured in terms of vital capital resources which are required for our sustainable wellbeing such as: natural capital, social capital (social networks etc.), human capital (personal health, knowledge, skills and experience) and constructed capital (physical infrastructures etc.). The sustainability performance of an organization is a function of the organization's impacts on these vital capital resources. In plain language, if there is only so much water available in a particular country, (water levels can be calculated with some accuracy), this needs to be divided between all the stakeholders that use that water. Some of these stakeholders are individuals, some are also people who work for companies. Everyone has a ration, or an allocation based on a calculated quotient. A company's allocation might be related to the number of people it employs. So by doing all these calculations, using precodified values, it is possible to say that company X's rightful allocation of water was Y cubic meters out of the total amount of water available. If the company used more than Y, its performance was not sustainable. I likened this a little to food rations in war time. There is only so much to go around, so everyone gets an allocation. The tricky thing in all of this, of course, is who decides the allocations and on what basis? In the case of a company, which contributes value to society in many different ways, it might be appropriate to give a greater allocation than to a private individual. This step hasn't been bottomed out completely yet, but remains the subject of ongoing research. If you want to see this methodology in more in more detail, take a look at this presentation, which is called the Social Footprint Model.

The theory here is that reporting in a vacuum gives us no indication that a company is sustainable, because, even though it may have been reducing emissions, energy, water and other materials consumption, as well as investing in the health and wellbeing of employees and communities, it still might have been be using more than its "fair" share of resources and therefore the company's performance might not have been all that sustainable after all. Mark believes that stakeholders have a right to know this, and even if the methodology is not 100% complete, it's a basis for debate and gets closer to providing tangible tools to deliver change, and should be included in sustainability reports.

This is a great approach. If only the world's resources could all be parceled up into neat packages that we could all share out according to a mutually agreed formula, life would be so much more simple. However, despite trying hard to understand this approach and wanting to believe that it can work, I am afraid I don't. I believe we would spend so much time arguing about the definition of the quotient and the formula for the allocation that this methodology in itself would not be sustainable. I don't believe it's possible to separate all the combined factors that influence the sustainability performance of a company at local and/or global level and reduce them to over-quotient or under-quotient in every specific impact area. Mark believes this is possible. He may be right. But I don't. Not for quite a few years anyway. I see how companies are struggling just to *understand and report* their own data, let along trying to contextualize it in such a specific way.

My definition of context in terms of what I like to see in a sustainability report is closer to the way the GRI frames it. Context should explain why a company adopts a particular sustainability strategy and invests its resources in doing certain things. An energy company, moving to renewables, might state the broader context of finite levels of non-renewables. An IT company investing in emerging economy infrastructure might talk about the impact of digital inclusion on sustainability. A food company might talk about population projections and food security requirements. A pharma company might talk about health risks and trends. Companies might state local factors which are crucial to their business sustainability such as population demographics or dominant environmental factors. Their sustainability strategies should be related to these external realities in a way which stakeholders can understand. This is high level context and wouldn't meet the criteria for Mark McElroy's detailed context-based reporting, but I tend to see a company's performance in terms of the company's **contribution** to global sustainability, rather than its performance relative to a pre-defined level of expected impacts. If a company has consistently reduced **absolute** resource consumption over time, then it appears to me they are in the right direction.

Is this is enough? Well, we probably know already that it's almost never going to be enough. In the absence of regulation which imposes limits, such as the UK Climate Change Act, each company with its own individual considerations must make an assessment of its own sustainability (will resources continue to be available to a company at the level required to maintain operations?) as well as its contribution to global sustainability. The Unilever Sustainable Living Plan was hailed as one of the boldest commitments any company has ever made to sustainability. In this plan, Unilever committed to halving the environmental footprint of their products. Is that enough? Is that sustainable? I don't know. I am not sure any methodology will enable us to accurately answer that question.

Anyway, there it is. I have pronounced on context. I would like to see more context in Sustainability Reporting, as many reports don't even meet my fairly general expectation. Whilst I can appreciate they may be merit in the visionary context-based approach proposed by the quotient methodology, I am not sure it is possible to achieve a general consensus on the quotients and the allocations, and companies are still at such a basic level in sustainability metrics management that it's like wanting to be able to land on the moon back in the 1960's. Ah, but we did that, right? So I guess anything's possible.

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream

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Comments

- RalphThurm March 05, 2011

Dear Elaine,

Is this really a case of either/or? I witnessed all of these discussions while leading the principles workstream of the G3 development, and let's not forget this was in 2005 and 2006. The GRI network of stakeholders, represented by the participants in the workstream, the stakeholder council, the technical advisory council, the board, and all the participants in the public comment period were not able to make a decision to take the ecological footprint as a contextual marker to assess the real performance of a company against global and/or regional boundaries. Times are changing and we might be a step closer for the G4 development process. So, in the spirit to seek contextual information where possible and agreeable through passing the GRI due diligence process, the GRI community can definitely make staps to integrate more context-based indicators. Again, important to remark here is that the GRI is not the people in headquarters in Amsterdam, its all of us that take part in the process in whatever form!

The question though here is: is the GRI the right place to set the context? Does a reporting requirement drive political and civil society will? Well, it can create demand for it, and the GRI stakeholders have become more vocal. But in the end the GRI can only include it if the right steps, e.g. through legal requirements or globally accepted methodologies, are there.

The G4 process will demand more context alignment as well as using the technological progress made in information aggregation and delivery. But it will also only be a testimony of what the state of possible contextual delivery is for late 2012. It will articulate further need for more since we will not have all contextual boundaries handy, but it will be again a step forward. In that sense the GRI process is a litmus test of how far the people of this planet are to wanting to measure their real impact. The GRI can do its bit and consolidate these views and - as they do now - demand more mandatory reporting, but it is US that need to make the change!!!

- MarkWMcElroy March 05, 2011

Dear Elaine:

First, thanks so much for the time you spent with me yesterday and now for your thoughtful post in response. Of course I do not agree with your conclusions, which, as you might imagine, I've heard many times before. A few things come quickly to mind here.

The first is the presumed need for consensus as a basis for action. Not once have I claimed that agreements on context or on allocations of resources are required as a precursor for doing context-based sustainability. To me that is big red herring that serves only to perpetuate context-free sustainability reporting, as if everyone must agree on everything before we can proceed - an excuse not to take action.

The fact is we do not need consensus in order to proceed. Indeed, clients of mine have done so in the complete absence of consensus - successfully. Not everyone will agree on the decisions they've made as to how much water should be allocated to them, or what their greenhouse gas reductions should be, etc. But so what? Are their attempts to manage the sustainability of their water use any less genuine? Are the sustainability reports of other companies that fail to even attempt to include context any less context-free and therefore devoid of sustainability content, per se?

As I said, it is far better to have debatable standards of performance (context) than no standards at all. You seem content to live with the latter; I am not. And it frankly puzzles, and deeply disappoints, me that an advocate of sustainability would tolerate such a thing when other options exist. Companies that are trying to do the right thing by including context in their sustainability programs should be encouraged to pilot, test and evaluate their ideas about how to do so, not told by sustainability pundits that they should wait for consensus to arrive before they do so. Are you willing to live with the consequences if it doesn't?

In holding off on your support for context-based sustainability until consensus arrives, it is you, no I, who is asking for the impossible. And while we wait, thousands of sustainability reports will continue to be produced that tell us little or nothing about the true sustainability performance of organizations, and countless instances of unsustainable performance will continue to occur (and sustainable ones, too) because you and others must have consensus in order to proceed.

Let me ask you this, Elaine, if we had the kind of consensus you are looking for, would the consensus view, whatever it is, necessarily be the correct one? What if it's not; and given the possibility it might not be, what is the point of waiting for it? Isn't it possible that context-based management efforts today could be legitimate even in the absence of consensus? Or is it consensus for its own sake you are looking for? Or consensus because the consensus is always infallibly correct? Funny, I thought we were talking about sustainability, not group think.

Regards,

Mark

- Anonymous March 05, 2011

Dear Elaine,

Nice post, seems to me however that your position on "context" hasn't crystalized yet: "This is a great approach, …I don't believe its possible, ..I'm not sure… (not for quite a number of years),….I guess anything is possible." We are talking here about the evolution and development of Sustainability Measurement & Reporting systems and tools, of which GRI is the defacto standard in this world. You pointed out, that organizations are not ready and having enough problems "to understand and report their own data" (= their own actual outcomes and impacts), let alone to contextualize them. In short, they have to develop and evolve, but I'm puzzled why you (as a thoughtful CSR and GRI leader) didn't formulate a "Man on the Moon" statement and vision for the next generation of Sustainability Reporting, and for the GRI community as a whole, regarding "context". Something to collectively strive for, with all the trial & error that goes with it! To get inspired and be authentic!

As you seem still puzzled about McElroy's efforts to operationalize the GRI-notion of "context", you come up with your own "Context a la Elaine Cohen". For you it is sufficient, in the next developmental stage of Sustainability Reporting, that "context" explains why organizations adopt a particular sustainability strategy and invest in certain things. This means that they should “talk” about this in their reports. But for me this is no development or something NEW (one can find these “talks” in all mainstream reporting). Is this the progress from context-free sustainability reporting towards more context-based sustainability reporting ……Storytelling? For me this isn’t sufficient, and shouldn’t all this be about Measurement, measuring the (positive, negative or neutral) impacts of organizational activities on the world? As you mentioned the Ecological Footprint of Unilever, …you Elaine of all people…, must know one has to able to quantify and measure context in order to use this tool in a meaningful and purposeful way.

I’m afraid, your position will get you stuck at the present evolutionary stage or level of Sustainability Reporting, embracing how GRI G3 now frames the notion of “context” and thereby preventing something new to emerge in the future. Personally, I don’t see this as a development to a higher level, if this should remain unchanged in GRI G4, as you would like it to be! To me this would seem a rather (pathological) fault in GRI’s development ;-)

You see a company’s performance in terms of its contribution to global sustainability. Right, but this is no different from evaluating performance with a normative knowledge claim of stakeholders, what they expect the impact of the organization to be. But is it possible to do more context-based sustainability measurement & reporting, by comparing actual impacts of an organization on the world with stories they tell about the world? Haven’t we heard enough fairy-tales!? This will continue to legitimize producing “Thin Value” (Umair Haque), instead of measuring the “Thick Value” needed by people, communities, societies, the natural world and the future generations! I absolutely disagree with you, that lower absolute resource consumption over time should be a sign of moving in the right direction!

The issue of “consensus” (about the quotient and the formula of allocation), suggested your struggle with the “fact-value dichotomy”, where finding “truth” is easier while discussing objective, scientific facts than subjective and normative values and knowledge claims of stakeholders. For me, it’s possible to agree on standards of performance with organizational stakeholders, even when scientific knowledge is missing on a specific area of impact (and using the Precautionary Principle). I will stop now, but there are many other issues to address, like what is Global Well-being or Global Sustainability and what is Global Well-Being Governance (is it handing out coupons at a global level, like during the war or not?).

Best wishes,
Henk Hadders

- elaine March 06, 2011

Hi Ralph, thanks for your insights. The issue for me isn't really about whether the GRI is demanding context-based reporting according to the quotient methodology, or not. It's more about whether the quotient methodology really does move us forward on the sustainability path in a meaningful and manageable way. As you can see from my post, whilst intuitively I can see some merit in this approach, I havent quite absorbed the potential of this yet, not least because there is so much work to do to get to first base. This is the change I focus on in my work and writings.
warm regards, elaine

- elaine March 06, 2011

Hello Mark and Henk, yes, I anticipated your reactions and am glad to provide a platform on my blog for this debate. I understand that you have both invested much time and

energy in considering the quotient approach and are convinced that it is the right way forward. Thank you for taking the time to familiarise me with the methodology and for the discussion. I did my best to reflect your position on my blog in a fair way. I will be interested to follow, not lead, this discussion going forward, and reserve the right to change my view (and I might!) as and when I am convinced that the quotient methodology is a meaningful and manageable way to advance both business and global sustainabililty.
warm regards, elaine

- MarkMcElroy March 06, 2011

Dear Elaine:

Thank you, as well, for diving into this. Two short follow-ups, if I may:

One is that I find it interesting to observe that no one is really denying the importance or relevance of context-based sustainability (CBS) to sustainability measurement and reporting. Instead, the debate seems to be more about the approach and timing. How ironic it is, then, that we all agree that measurement and reporting in its present form is context-free and fails, therefore, to express sustainability performance in any sort of literal or genuine sense, and yet the global community of sustainability practitioners, standards-makers, etc. puts up with and promulgates it, nonetheless, as if it did (including GRI).

Second, to be clear, the quotients approach, as you cite it, is only one possible implementation of CBS. It is merely the one I developed and advocate. But it should not be confused with CBS, per se - the real subject of interest here - which can take other forms, as you know. One I mentioned when we spoke is the Ecological Footprint Method. Others include just about every environmental permitting system around the world, whose permits are tied to the carrying capacities of local ecosystems. These are all instances of CBS, many of which do not involve quotients at all, and most of which have not made any real inroads in corporate sustainability management, per se. Hence my push that we all take steps to do so.

Regards,

Mark

- BillBaue March 10, 2011

Elaine,

Thanks so much for making the commitment to educate yourself deeper on the issue of context-based sustainability. I have to agree with Ralph, Mark, and Henk that your pragmatic assessment that it will take too long to get consensus on thresholds side-steps the bigger question of the need for context.

I just posted a blog on this issue encapsulating my perspective (and coining the term "sustainability footprint"), so I please check it out and let's continue the dialogue.

http://murninghanpost.com/2011/03/10/stepping-toward-corporate-sustainability-footprinting/

Best,
Bill Baue

- elaine March 12, 2011

Hi Bill, thank you for your response. I have read your post also with interest. I note that you write: "the world lacks commonly agreed thresholds across the broad spectrum of factors that determine sustainability." I agree. And I wonder about the value of individual corporations trying to adopt this approach in the absence of such agreed thresholds. I agree that great visionaries have never waited for consensus before pursuing a vision. However, at the present time, my interest lies more with helping companies to quantify and improve their direct and indirect impacts, which I believe must be done more consistently, more transparently and more professionally by many more businesses. Perhaps that does not reach your ultimate vision of context-based sustainability reporting, but it is certainly a necessary step towards achieving it, in my view. Happy to continue thinking and talking about this
warm regards, elaine

- BillBaue March 13, 2011

Elaine,

Thanks for reading my blog over on MurnPost. As you noted, I advocate for creating consensus on sustainability thresholds by which companies can consistently measure progress. AND, I also advocate for companies to move forward creating their own definitions of thresholds. I don't see this as an either/or, but rather a both/and.

Just like companies are moving forward with integrated reporting before IIRC has come up with even a preliminary framework. It is these first movers who play a vital role in testing and refining practice in an iterative process.

You say your focus is "helping companies to quantify and improve their direct and indirect impacts, which I believe must be done more consistently, more transparently and more professionally by many more businesses." Bravo! You infer a contradiction between doing this, and encouraging companies to take a sustainability footprinting / context-based / thresholds approach.

I respectfully disagree, and believe that you can help move the ball forward best by supporting companies to comply with commonly-agreed practices and frameworks where they exist, and where they don't yet have consensus, to encourage companies to consider and experiment with a context-based method that tells themselves and the world more about their actual sustainability footprint.

Indeed, if companies and individuals always waited around for consensus, there would be no progress in the world. I believe progress is best made through a balance of compliance with existing standards and pushing the envelope where standards are still in development.

I look forward to hearing your take -- and please consider chiming in on the very active comment thread on MurnPost!

Best,
Bill

Is reporting waste a waste of time ?

Thursday, March 03, 2011

One of the biggest issues, I believe, in GRI-based reporting is that of comparability, which is the ability to compare performance across companies. Included in the ambitious vision of the GRI was the aspiration to become a platform to enable company and sector comparisons of key sustainability performance metrics. Whilst on a broad scale, some degree of comparability is possible with companies who report with a high level of transparency, there still remain vast gaps in the quality of reporting against individual indicators. Because the GRI check is limited only to a sampling of indicators reported, these gaps are not necessarily picked up by the **GRI application level check.**

To explain how this shows up in different reports, I took a look at Performance Indicator EN22 which is all about something we all create (ha-ha some more than others): **waste.** The GRI indicator requests details of hazardous and non-hazardous waste created by the organization's operations by disposal method, reported in tonnes. Companies are asked not only to detail what they waste but also what they do with their waste. This is as important to the financial sustainability of the company (waste is money) as it is to the sustainability of our environment. It sounds like a fairly simple thing to report, right ? Well, perhaps not.

Arizona Chemicals Sustainability Report 2009 First report from this company, published in 2011, GRI Application Level B GRI Checked. This company has published a printed report summary. **The GRI index appears online only.Indicator EN22 is noted as fully reported.** In the summary report, we learn that Arizona generated approximately 2.5 million pounds of hazardous waste in the USA in 2009 and less than 10 million pounds in Europe. Over 98% of hazardous waste is sent for off-site incineration and the remaining waste at 2% is landfilled or recycled as required by law. Solid waste, which is not hazardous, is landfilled (80%), incinerated (13%) and recycled (3%). And that's it. Total amount of waste is not reported, I have to really search for the relevant data and also do some number-crunching to understand their hazardous waste levels in tonnes, and frankly, I really have no idea exactly how much this company is sending to landfill each year. **EN22 is not reported in full.**

Hoffmann la Roche Annual Report 2010 GRI Application Level A+, third party checked **and** GRI Checked. This report is an annual report which also confirms to GRI A+ Application Level. **The GRI Index is a PDF which has to be downloaded separately** and not part of the printed report. **Indicator EN22 is noted as fully reported.** In the printed report, we learn that Hoffman La Roche generates waste to landfill (inert waste 1,226 tons; construction waste, 14,900 tons; reactor waste 7,208 tons) and separately we are told that the organization generates 27,249 tonnes of general waste and 29,020 tonnes of chemical waste. Now, it gets more complicated. The PDF download GRI Index also has embedded downloads, such as **this one one the subject of waste**. In this third download, we are told that 95% of chemical waste was incinerated and the rest was landfilled. Then there's this: ***In addition, 4279 metric tons of residual substances could be sold as valorised socondary products. Another 16,369 metric tons consisting of mainly solvents were recycled.*** As regards general waste, 19% of the 27,429 metric tons noted above were incinerated and the rest landfilled. 14,900 tons of this was rubbish from demolished buildings. ***In addition, 92,141 metric tons of residual materials were recycled.*** So, by this time, I am totally confused. Is Hoffman's total waste 1,226 **PLUS** 14,900 **PLUS** 7,208 **PLUS** 29,020 **PLUS** 4,279 **PLUS** 16,360 **PLUS** 27,429 **PLUS** 92,141 =192,563 tonnes ? How much of this total waste, whatever total means, is hazardous ? The report does not distinguish between hazardous and non hazardous. In addition to having to download three documents, try to make sense of non-sensical figures and add everything up myself, I still remain perplexed as to the total waste levels of this company, despite their pride at having reduced waste levels, so they say, during the past five years. Here we have an A+ report checked by two separate external parties, and I can't even get a simple figure such as total waste. **EN22 is not reported in full.**

UltraTech Cement Company, India This is an Application B+ level report, checked by the GRI. In this report, the GRI Index is part of the report (whew!) and **EN22 is noted as fully reported.** And lo and behold! We have data. See this:

Waste Disposals	Cement			RMC		
	FY 07-08	FY08-09	FY 09-10	FY 07-08	FY 08-09	FY 09-10
Weight of Wastes by type (EN 22)						
A. Hazardous Waste (Medical Waste, Grease, Oil Sludge and Batteries)						
Solid - [tonnes]	192.73	167.89	235.34	5.83	15.69	28.53
Liquid - [tonnes]	862.26	517.41	1,252.88	11.53	12.43	2.67
B. Non-Hazardous Solid Waste (metal scrap, plastic bags, refractory, cables, bed flyash and other wastes)						
[thousand tonnes]	604.45	951.24	1,429.76	11.78	30.49	51.78

Here we have clear reporting. Hazardous and Non-Hazardous waste separately recorded, split by type and tonnage. Great. Now, where did all those millions of tonnes of waste end up? Oops. Who knows? This is not reported, as far as I can tell. So, all in all, whilst I have a much easier time getting to clear numbers about waste generation, I still do not know how the Company manages waste disposal and Indicator **EN22 is not fully reported.**

How should Companies report this indicator?Let take a cue from Vestas Sustainability Report for 2010 Clear numbers, clear narrative, clear graphics, clear reporting, **in conformance withEN22 performance indicator.** At a glance, we know how much waste, the split between hazardous and non-hazardous, and what happened to it. Well done Vestas!

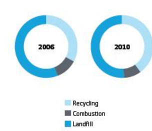
Waste

Vestas is striving to minimise its generation of waste and maximise the proportion of waste that can be recycled. In 2010, the total volume of waste generated was 88,663 tonnes, against 97,471 tonnes in 2009. The amount of waste decreased due to a reduction in production in 2010. In 2010, 40% of the total volume of waste was recycled, against 35% the year before. This relates to the production and shipment of 4057 MW in 2010 and 6,131 MW in 2009.

The majority of waste generated in Vestas comes from casting sand in the foundries and from fibreglass cut-off during blade production. In 2010, this represented 48% of the company's total waste. These two operations are therefore the most critical when it comes to reducing the amount of waste generated.

Waste disposal 2010 (tonnes)

Recycling	35,410
Combustion	7,693
Landfill	45,559
Total	**88,662**



So, at least there may be light at the end of the tunnel, as one out of four reports I randomly reviewed appears to be able to get it right. As I often say, the GRI guidelines are good. The problem we have is adherence to the GRI guidelines in a rigourous way. Despite checks and verifications, comparability evades us because reporting companies are not applying the correct degree of rigour in their reporting. What's worse, they are telling us that they are. In the meantime, therefore, let's not add to overall waste levels by making reporting waste a waste of time, as time, as we all know, is one of the most valuable non-renewable resources of all.

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict.Author of CSR for HR: A necessary partnership for advancing responsible business practicesContact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- kuszewski March 03, 2011

Elaine, this is all absolutely true. I think GRI's biggest dilemma over the years has been the tension inherent between materiality (or 'flexibility') and comparability: on the one hand, companies want free rein to create a report that tells their 'story' in a way suitable to their reality, and on the other, many readers and stakeholders won't be able to use or value the information without the sort of rigorous, comparable data you describe. Companies interpret the materiality principle to allow them not only to select what issues should or should not be included in the report as a whole, but even which bits of indicators they can keep or lose, which seriously undermines the exercise.

But I also think the external checking of these reports is beyond pathetic in many cases - GRI does not have the resources required to perform a truly reliable review of G3 application; and the third party auditors clearly seem to have problems with it as well, judging by the experiences we have all had in reading reports where indicators are described as 'reported in full' when they are just not.

Reporters - and also their third-party suppliers - need to be held to account on this. How?

- MarioVellandi March 03, 2011

It appears that the format, structure, and display of data enables (or disables) the ability to clearly report, or readers to understand, findings.

Data communication gurus like Edward Tufte expound on the importance of arranging your information in a coherent manner in the beginning, along more than two variables, so one can understand it better as one goes along building it. That allows easier comparability as well.

If such clarity is not afforded the reader, one can assume 3 things:
- Lack of skill in communicating data.
- Lack of data to communicate along multiple variables, or visually.
- An intent to obfuscate the data through narrative format because of a lack of data and/or potentially reader-perceived weaknesses the reported indicators may expose when showing unknowns in tables or equations.

Therefore, I can only blame the reporting organization for any weaknesses and not the GRI reporting guidelines themselves, unless you believe Elaine (as you're more knowledgeable in this regard), that the G3 guidelines do not provide enough guidance on communicating data.

- elaine March 03, 2011

hello Judy, thanks for reading and thanks for your comment. My personal view is that the GRI should take just a little more ownershio and for all those reports that are A B C checked, there must be a thorough check, indicator by indicator. At least then the GRI Checked label would be more meaningful.
elaine

- elaine March 03, 2011

hiya Mario, i agree with you. The GRI guidelines are basically solid and the protocols are

very clear in what should be reported and how. Every single term is defined. I believe the fault is with the reporting organizations. Why ? Your three options and possible others. I think thats another post:)
elaine

- aequology March 03, 2011

Very interesting post Elaine & great comments too. I personnally believe that the GRI guidelines are good enough, I don't think that it's a problem of materiality, and I'm not sure I want to "shoot the reporter", even if totally agree with Mario about the importance (and lack) of communication skills. I find Mario's 3 possible options really interesting, the 3rd one in particular. Now, I'm not sure about those specific companies but I've seen many others that don't have the proper business intelligence and analytics systems to support the production of a coherent report on the GRI indicators. They often don't track in a single system, when they track at all, those indicators. When those data are available, often through spreadsheets or legacy systems, the reporting organization doesn't necessarily have the skills to convert them in meaningful information. Fortunately software vendors have developed specific solutions that allow companies to report on sustainability issues. The problem is that they might not see the ROI and the need for such solutions. Well, until our experts like Elaine start to question the consistency and transparency of the indicators provided.

- elaine March 03, 2011

Thanks Frederic, I agree with you that IT solutions can play a big part in getting data together in a way that can be more easily reported. Indeed, this is one of the focus areas of the new G4 revision. However, in many cases, I believe this is only a partial answer. I will explore this in another post. I have one or two additional ideas .... having worked with many companies on reporting myself.
Thanks for commenting!
elaine

Interesting times for Sustainability Reporting

Saturday, February 19, 2011

The next few years are looking interesting, we might even say exciting, on the sustainability reporting front. Two significant step-changes in reporting that we know we can expect are (1) the GRI G4 guidelines and (2) the Integrated Reporting framework. Last week, I attended the GRI webinar for Organizational Stakeholders where **Nelmara Arbex, the Deputy Chief Executive of the GRI**, took us through the paces on the way GRI is approaching both of these major developments.
The G4 - next generation of GRI guidelines G4 is the new improved ! **GRI framework** which is scheduled for launch by 2013 for use in reporting probably during 2015. The process of developing the G4 will be the GRI's familiar multi-stakeholder process whereby broad consultation over a prolonged period will lead to the development of a final G4 draft by the end of 2012. G4 has ambitious objectives, designed to meet several needs as GRI expects to ramp up the number of companies reporting over the next few years. Whilst reporting has made massive headway, particularly amongst the larger public companies, the fact remains that upwards of 80,000 public companies have not chosen to disclose sustainability information.
The G4 identifies two broad goals: improve the G3, and prepare for scale-up. This is how Nelmara Arbex presented the objectives:

Improving G3:

- Provide better guidance on how to report on governance issues
- More robust definitions to better support assurance processes
- Updated sustainability scope
- Guidance related to current stages of normative frameworks such as UNGC and OECD reporting guidelines
- Revision of the current Application level definitions

Prepare for scale up:

- Offer a variety of flexible reporting elements for use by reporters dealing with different requests
- Develop a user friendly format
- Link to the International Integrated Reporting Committee framework
- Link to broader ESG reporting requests and ESG information users

Much of this might look like **sudoku** to you at this point, so let me try to fill in a few blanks from my own perspective.

G4 is the right direction I will start by saying that I agree the G4 is the right way to go, and that there are many ways the current framework can be upgraded and modernized. As the GRI gains ground and becomes the de facto single reporting standard in the world, **the name of the game will be not only to report on sustainability but also to do so in line with the GRI framework**. As reporting "scales up" to achieve the aspirational mainstream, it makes absolute sense to reposition the common denominator and provide a platform which enables what we all want - a fair and balanced reflection of a company's sustainability performance and material impacts on all stakeholders in a way which is auditable, comparable and aligned with the business results. Additionally, disclosures should be accessible and presented in a way which makes it easier for stakeholders to use the data in a range of decision making tools.

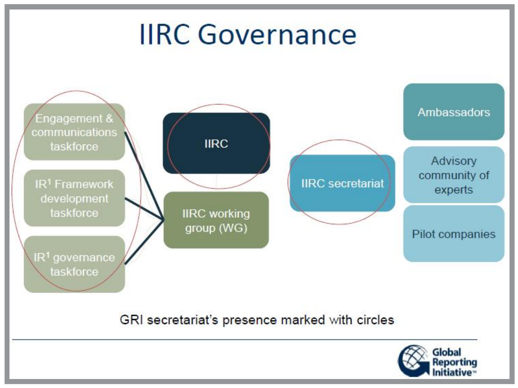
Updated sustainability scope The G3 is long and detailed but not long and detailed enough. The GRI's aspiration to "modernize" the G3 by including new sustainability issues which have emerged more visibly during the last five years since the G3 was developed in 2006 is absolutely relevant. Some issues have become more important such as the entire approach to water management whilst some represent new territory for the GRI such as the question of internet privacy and online exposure and intervention of corporations on social media, as well as a company's approach to managing employee presence on the world wide web. Other issues are not specifically covered in G3, and I believe should be considered, such as the issue of road safety and how companies manage employees who spend a lot of time on the road for work purposes, a significant source of fatalities and other accidents which endanger not only employees but the general public. Many **Sector Supplements** have been developed during the past 5 years and it may be that some indicators which have been identified via a single sector should be mainstreamed into the overall framework. **My recent editorial for CSRwire.com** refers to the mushrooming of sustainability fragments - specific industry associations that address single aspects of sustainability common to industry groupings - and it may be that these are also throwing up issues that G4 should address as basic opportunities for a common approach to disclosure. Updating the sustainability scope, providing the broadest possible scope for companies to report against the indicators which are material to them, is therefore a challenging but worthy objective for G4.

Improve the robustness of the GRI framework application It is painfully obvious that many Sustainability Reports that have not applied the framework lack rigor and balance. Regrettably, this can also be said of many who do use the framework, given a widespread lack of attention to detail when reporting on specific indicators. Far too often we find a GRI index at the back of a report which is neatly ticked off as fully disclosed only to find that, after detailed scrutiny, there is some fuzzy blurb which does not meet the requirements of the indicator. This is not helped by the hands-off approach by the GRI. **The GRI Application Level Check**, whilst very useful in providing an element of rigor in how the framework has been applied, only covers a small portion of the disclosures in any report and entirely skips over the quality of the assurance process. Given that the GRI framework is not positioned as a "standard" in the same way as ISO standards, for example, but as a helpful tool for organizations, the GRI has distanced itself from any kind of "policing" or auditing of the use of the GRI framework, leaving the door wide open for all of the 1,500 users of the framework to "self-declare" pretty much anything they like. Sustainability is about impacts (outcomes) and not only inputs (actions), and as the GRI framework is the gold standard of how to report on sustainability (outcomes), I believe there has to be a greater connection between what companies are saying they are reporting and what we can actually find in the report. Therefore the GRI ambition with G4 to improve the framework to enable more rigorous assurance is a good objective of the G4 process.

Provide a solution for harmonizing of reporting As attention to sustainability has grown, so has the number of users of sustainability data, ranging from investor-targeted analysis and players in the financial markets, but also large companies who have understood that the sustainability of their business is linked to the sustainability of their broader supply chains. Companies such as Walmart and many others require sustainability data from their suppliers. Focused initiatives such as the Carbon Disclosure Project require data in a specific form. Local regulators are now requiring companies to include sustainability data in annual reporting. The **UNGC** and the **OECD** with whom the GRI has formed alliances, have their own reporting requirements as well. The plethora of requests to disclose that any company has to deal with is now becoming overly burdensome. The G4 aspiration is that reporters will be able to kill 43 birds with one stone and cover off all bases with one set of guidelines. Harmonization should utopically make it possible to ensure all the data anyone might need is contained in one report. This is massively challenging but if achievable, is well worth the effort.

Revision of the current Application Level definitions Aah, application levels. This is an interesting and controversial debate. At present, the Application Levels tend to be seen as an indication of the quality of the report, though as we know, the C, B or coveted A represents the measure of transparency, rather than quality. Arguably a more transparent report is of higher quality, but transparency still does not address the quality of the information provided. The gap between the levels is problematic - where a C report requires 10 indicators, a B report requires 20 and an A report requires all 79 plus a published Sector Supplement if relevant. The random selection of indicators, including some which are fairly lightweight and non-material to a particular business, can mean that a C reporter can actually produce a sustainability report without disclosing hardly anything about their true sustainability impacts, and a B reporter may not be much better. In my view, the Application Levels are unnecessary. What should be required is a summary table of indicators, in addition to the GRI detailed index which shows what has been reported and where to find it, which presents a quick n' easy overview of how many and which indicators have been reported **in full**. Profile and Management Approach disclosures should be required for all reports (currently C reports do not require Management Approach disclosures) as should, I believe, a minimum number of core indicators against which all companies should report. In other words, **G4 is an opportunity to raise the threshold for all reports.** Additionally, reporters should make it easier for us to see what else they have included. In this way, we would have a 45 report, or a 79 report, or a 15 report, or a 23 report, where the number refers to the number of indicators reported **in full,** in addition to the "pass" level of minimum disclosure. Partial disclosures are a bonus but, in order to achieve harmonization and a realistic assessment of sustainability performance, we need to look at full disclosures against indicators and not only work-in-progress or wannabe disclosures.

Alignment with the IIRC framework For the uninitiated, the IIRC is the **International Integrated Reporting Committee**, established in 2010 by the GRI and the Accounting for Sustainability movement to create a globally accepted framework for integrated reporting. The objective is that G4 should help companies to prepare for managing an integrated **process** in their companies and produce an integrated report in line with whatever framework the IIRC comes up with. The governance of the IIRC is as shown in the chart below, presented by Nelmara Arbex:



The **members of the IIRC working group** are predominantly accountants and investment experts, which tends to predict the nature of the output as predominantly geared towards the interests of financial markets, which is a double-edged sword and needs to be managed carefully. One of the objectives is to understand the link between sustainability impacts and financial results, if you like, a kind of platform for the financial ROI of sustainability as it is applies in a given company. This may yield some interesting outputs, but the integrated reporting framework is still a moving goalpost, and the preparatory alignment of G4 with the IIRC expected directional outcome makes sense, provided G4 does not become a pawn in the scheme of increasing the financial wealth of the already wealthy at the expense of other stakeholders.

G4 Technology Another aspiration expressed for G4 is the use of new technology to make sustainability disclosures more accessible and allow for deeper analysis of data. New tools, ranging from **XBRL** to online reporting to iphone applications and direct realtime data feeds to a range of applications could take reporting to another level and give stronger presence to sustainability performance for stakeholders. The GRi has also begun licensing **software applications for GRI reporting**, and once can understand an interest in these being more widely used. How technology can be used effectively for improved content development, greater accessibility and transparency of non-financial disclosures, as well as providing support for public consultation, is a challenge. Part of this is how the GRI presents the new G4 framework and what technical tools, in addition to a set of indicators, the GRI will provide. Thinking will have to transcend the basic excel tables and PDF's but not force reporting down a mechanical join-the-dots approach, exemplified by the**"Let's Report" C level template.**

Continue the debate What's clear, is that the debate will continue, and if you have got this far in this obscenely long post, you might be interested in hearing more of Nelmara Arbex and other throught leaders in this space at **a conference in London on 25th March, hosted by Justmeans, called Redefining Value,** which I will also attend. I love a good debate!

I could continue ... and I probably will at some stage ... but in the meantime, is there anyone who doesn't agree that the next few years will be an interesting time for Sustainability Reporting ?

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- HenkHadders February 19, 2011

Dear Elaine,

I've read your post all to the end. Sure, the next years of Sustainability Reporting will be interesting, but will it also be worthwhile ? I have commented on your post "The Paradox of Sustainability Reporting" (22-10-2010), while advocating for Context-Based Sustainability (Metrics). In your post on 14-11-2010, you described " 12 CSR Reporting Trends for 2011", but you were still unsure about the importance and the use of "context" in sustainability-issues, and decided to further contemplate on this. Although I personally think that in that post, you didn't really understand what that notion means, we're now moving well beyond 2010, so it seems to me that you can no longer be silent about the importance of "context" in GRI G4 measurement and reporting terms (aiming for a Gold Standard). I'm very anxious to learn your reaction, and I'm sure that many others in this world will too.

With kind regards,

Henk Hadders

- elaine February 19, 2011

Hello Henk, congrats on reading the full post. Ha-Ha. Bet there aren't many others around who will. However, yes, the question of context is complex and quite how it should be reflected in the Gold Standard is even moreso. I do tend to keep silent until I feel I have something worthwhile to add to the debate, and when I do, I promise I will post about it :) Thank you for the reminder, though. I appreciate your continued interest and challenge and debate.
have a great weekend, elaine

- HenkHadders February 19, 2011

Eliane, hope you are well and thanks for your reaction. But it's rather funny that you remain silent, while at the same time you say, " that G4 is an opportunity to raise the thresholds for all reports". For me, all these companies should reflect the real (social and ecological) thresholds in this world, and for me this can only be done with ....Context-Based Sustainability (Management). I just had the urge to cite Umair Hague, but I won't.

With kind regards,

Henk Hadders

- MarkWMcElroy February 23, 2011

Hello Elaine:

My name is Mark McElroy, and for what it's worth, I wanted to chime in and add some thoughts to this discussion. Henk and I know each other well, and so I know nothing I say here will be news to him. I also happen to agree with his perspectives on the subject of GRI, measurement and reporting, etc. – and most importantly, 'context'.

That all said, I think the direction of GRI's further development is constructive, but deeply misguided in terms of the priorities it reflects and what it leaves out. Imagine a case where we were talking about financial reporting, and the issue before us was how to improve it. Now imagine, as well, that financial reporting (income statements, in particular) at the time routinely excluded costs. Profitability, in other words, was strictly seen in terms of revenue, nothing more.

Now imagine, to take things further, that improvements were being proposed to improve financial reporting, and that they included the same kinds of things you listed for G3: "Improving" it, "Preparing to Scale It Up", etc., but none of which addressed the absence of costs in financial reporting, as if the absence of costs was a non-issue.

Exactly what part of such proposals should we be expected, in that case, to take seriously, since costs would still be missing? Without them, how could income statements tell us anything about the actual profitably of organizations? They could not. Why? Because thresholds for profitability (i.e., cost levels that should at least be exceeded by revenues) would still be missing. Unbelievably, the same thing is happening with non-financial reporting today, notwithstanding the fact that everybody knows it (including GRI), and yet is failing to act on it.

Let me put it this way. The improvements GRI now has in mind for G4 are a big distraction. Even if/when we achieve them, GRI will still fail to enforce the idea that the equivalent of costs should be included in sustainability reporting – a point that GRI, itself, has been advocating for years. Read the GRI standard; it refers to this reporting principle as 'sustainability context'. Thus, if/when G4 materializes in 2013 under the plan you describe, we will still have a sustainability reporting standard that fails to make genuine sustainability reporting possible. How tragically (and irresponsibly) ironic. Time to take this seriously, eh?

Regards,

Mark

- ChrisMilton February 24, 2011

Hi Elaine, Great post, thanks for sharing!

Two things I've always hankered for in G3 are: an enforcement of materiality and a G3-lite for smaller companies.

I don't believe any standard can even start to be gold unless it requires the reporter to report against relevant sector performance. If this isn't done the rest seems like well intentioned navel gazing.

Also there are many companies which don't have the financial clout to do G3 (as Mark mentions, it's pretty onerous stuff) yet would like to have a believable standard they can apply. So while G4 may raise the threshold, it should also broaden and deepen its reach.

Just my uneducated tu'pence worth.

- elaine March 01, 2011

Hello Mark, Thank you for reading and commenting - Apreciate you taking the time - sorry for my delayed response - I am busy writingn sustainability reports! I would like to talk to you more about your presepectives on context and will try to make countact outside of this blog
regards, elaine

- elaine March 01, 2011

HI Chris, thanks for your thoughts. GRI Lite ... well, I think the C APplication level fits that bill - any more lite than that and its not a sustainability report at all. Re sector benchmarking, yes, I believe there is some merit in this through even within sectors there is great differentiation. Re G4, I believe there is a great need to adapt the reporting guidelines and allow some choice by sector/company size etc regarding what to report, but it should also create a broader playing field which has minimum standard content more clearly and rigorously defined.
best, elaine

- AlexisLindsay March 21, 2011

Hi Elaine, I agree with you in that I don't think application levels are necessary. I would rather see evidence that an organisation has conducted a materiality assessment and have greater confidence that what the organisation has reported is relevant and reflects stakeholder concerns. I'm an advocate for the GRI and greater transparency but I also think organisations need to be clear on why they report what they do. This is important for readers, but also for internal stakeholders who are often the harshest critics of the time and effort that reporting can absorb. Clarity on choice of indicators (GRI or other) can reinforce the value of reporting and its linkages with other strategic efforts. Looking forward to the G4 discussions to come. Alexis

- Mickey April 02, 2011

Hello Elaine
Thanks for your post here, it helped me to understand the expected G4 framework better.

I was a little disappointed though that you sidestepped conversation here that I think others would probably benefit from. Meaning that the questions that were raised by both Mark and Hank brought some interesting dialog forward. I think that taking them offline offered little to the reader and maybe provided more legitimacy to the points that both of them raised.

Thanks again for your posts and I look forward to reading further your thoughts on this upcoming rollout

- elaine April 04, 2011

Hi alexis, thanks for your comments. I think we agree:).

Hi Mickey, thanks too, for your comments. I am glad you found the post helpful. I followed up with Hank and Mark and posted separately on the issues they raised. I do believe the G4 is an important development and will try to keep abreast of the changes.

warm regards, elaine

- EduardoSerra October 11, 2011

Another step-change in reporting is the legislative framework that the European Commission is considering in order to make sustainability reporting mandatory and based on the "comply or explain" principle. We have written a post
http://www.publicpolicy.telefonica.com/blogs/blog/2011/07/27/towards-a-common-framework-in-reporting/
mentioning the assets of a common framework.

- elaine October 19, 2011

Hi Eduardo, thanks for reading and commenting, yes, I am following the European Commission debate and it will be interesting to see they will legislate for "report or explain" and how that will play out.
Best, elaine

Emily and my CSR surprise

Saturday, February 05, 2011

I love waking up to nice surprises! Today, my nice surprise was Emily, the famous and fabulous presenter of the CSR Minute, announcing the **Beyond Business Sustainability Report 2010** on **The CSR Minute** .

The CSR Minute, now an **icon** in CSR news communications, is produced by **3BLMedia** and is 3BL Media's own daily video digest of the most relevant and timely CSR and Sustainability content all in about a minute. 3BL Media's own correspondent, the wonderful Emily Polk, reports on the latest CSR trends, topics, and breaking news every day. See all the daily videos since April 2009 here on **the CSR Minute site**. Using the **weekday calculator**, I reckon that it would take only around **182** minutes to view every single CSR Minute news video since the service started to bring you up to date with all the most important CSR headlines during the last 10 months. So get in some popcorn and Chunky Monkey and settle into your favourite armchair to become the most informed person in the CSR world.
For BeyondBusiness, a **little** consulting firm who makes a **big** impact, being featured on the CSR Minute is a **big** deal and we are delighted. **Thank you** to all the team at 3BL Media for this great opportunity to show the world how **small businesses can practice and advance sustainability and do so on a low budget.** Thank you also to **McKesson Corporation** , the largest pharmaceutical distributor in North America with a strong tradition of corporate citizenship, delivering healthcare to our communities, for sponsoring

this edition of the CSR Minute.

Here is the CSR Minute for 4th February 2010.

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practicesConntact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

David fights Goliath Thales on bad ethics

Friday, February 04, 2011

Should I be flattered or concerned ? I came accross an interesting (unintended?) use for the the Expert CSR Report Reviews that I regularly publish on **CorporateRegister.com**. This was a review I wrote about the Thales aerospace and defense company Sustainability Report of 2008 (**read it here**). My review was critical of the Thales report, referencing the lack of transparency and highlighting the greenwashy language used in the report. As with all my report reviews, which I write on a voluntary and unpaid basis, of companies with whom I have no personal or commercial relationship. I base my assessment on what I find in the report itself, plus additional review of material in the public domain - company website, previous reports, online news. My reviews are my own independent professional assessment, as a general stakeholder of all companies, and include my impressions of the reports and the way they deliver on content, communication and credibility. Whilst I know my reviews are used in academic curricula, it was quite a surprise to find one being quoted in private disputes between companies and their suppliers. However, this has happened in the case of "DataSonic versus Thales".

A company, DataSonic Ltd UK, which was established with the support of Thales to supply proprietary specialist training systems, was allegedly forced to cease trading as a result of a personal vendetta by a Thales Purchasing Manager who cancelled partially-fulfilled orders, reneged on agreements worth quite a lot of money to a small supplier and claimed rights to designs owned by the supplier. Allegedly, complaints to Thales did not yield any reasonable conclusion of this issue and Thales continued doing their stuff whilst this small supplier went out of business and the owners suffered significant personal financial hardship. The former directors of DataSonic, David Giles and Matthew Pitt, have published a **website** called EthicalThales which describes the story in all its gruesome details and personal profiles of all the Thales people involved, accusing the company of stealing, lying and cheating.

Hmm. My thoughts on this:

The ethical behaviour of corporations almost always comes down to the individual behaviour of a single person in the organisation. Any unethical process or practice can always be traced back to one person. One person, therefore, has the power to make or break the ethical reputation of any company. In this story, one person is cited as being responible for a series of unethical practices which have now become public. Whether this will make a big hole in Thales' reputation or not remains to be seen, but it's certainly something that investors, managers, employees and other suppliers will not relish reading. The value of embedding ethical behaviour right down to the last employee, and ensuring that ethical practices are positively unpeld in the business by all employees, is critical, as this sad story shows.

The ethical behaviour of big businesses can often be measured by the way it treats small suppliers. Small suppliers have few options to ensure they are treated ethically by big customers if the big customers themselves do not behave ethically. Payment terms, timeliness of payments , ordering procedures, complaints handling, dialogue, behaviour around price tenders, confidentiality of information, rights to intellectual property and more are issues which can make or break small suppliers, who do not have the bandwith to fight court battles on each of these issues. As a small supplier myself, I know only too well how cashflow management can be nightmarish if large customers so not pay on time, or how price-squeezing by multi-million $ companies can force us into agonizing decisions about whether or not to offer suicide prices just to get the business, or how non-negotiable payment terms means we are funding our large customers with our own (expensive) credit (one large client, who I now do not do business with, unilaterally advised me of payment terms "current month plus 94 days", after accepting our offer based on regular current plus 30 days terms, and after the work had been done - meaing work that we did in Month 1 was actually paid in Month 5!), or how we are given the runaround, attending several meetings and discussions in the course of providing offers for our services, only to find that subsequent decisions are made based on non-commercial factors, such as personal relationships. As a small business, when this happens, we learn and move on, refusing to do business with suppliers who are unethical, and trying to ensure our exposure is never such that one big company can bankrupt us. However, this is a lesson some learn the hard way. DataSonic was apparently very dependent on the Thales business and was not able to recover from a major change in policy and alleged defaults on commitments. In this case, I can understand a small supplier who has been burned resorting to the internet to publicise an ethical issue which apparently no-one else takes any interest in, and the accused company refuses to engage. Purchasing process is a key element of CSR and ethical purchasing practices are a very telling aspect of corporate behaviour. All companies must ensure Purchasing Managers behave in accordance with ethical standards. The boomerang is never too far from returning home.

No issue is a small issue in CSR terms. **Everything counts**. A small issue can be symptomatic of bigger issues. Or a small issue can grow into a big issue. Therefore CSR-minded companies cannot afford to leave small issues to fester. Things need to be resolved to adequate solutions. As a qualified mediator, I have often found that mediation can be a very positive tool in disputes such as these. Refusing to engage, without closing out issues in a respectful way, can only place strain on an organisation in ways it might not fully anticipate.

Should my report review be "evidence" supporting the case of the small supplier against the big customer? At one level, I am flattered to see that my reviews are being read and quoted. At another level, I am a little concerned that my review is quoted in this context. The anti-Thales website states:

We are not alone in questioning the validity of Thales 'ethical credentials'. Written in 2010 and without our first hand experience, an article by Elaine Cohen of BeyondBusiness Ltd suggests "**there is little evidence, beyond rhetoric, of embedded processes and practices**". This reflects our direct experience precisely; read the full text here. I must point out that I did not question the validity of Thales "ethical credentials". I criticized the quality of their Sustainability Report. This is not the same thing. I am not sure I am happy with my reviews being used in this way which I feel is a touch misleading.

Things are not always what they seem. There are two (or more) sides to every story . The anti-Thales website tells one side of this painful issue (though a **letter from a former Purchasing Manager at Thales** appears to give DataSonic's claim some legitimacy). Whilst the alleged facts and figures are presented from the point of view of DataSonic, in

rather emotional style, what actually went on may be a combination of other factors as well. I do have sympathy with a small supplier who is obviously suffering significant pain and can undertand how such situations come about. It will certainly be interesting to know if the EthicalThales website generates any response from the company and what action ensues.
I will continue, of course, to write my report reviews. I just hope I don't get hit with a subpoena one of these days :)

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me via www.twitter.com/elainecohen on Twitter or via my business website www.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- AleksandraDobkowski-Joy February 04, 2011

Elaine, what an interesting turn of events!
I especially agree with your assessment: "The ethical behaviour of big businesses can often be measured by the way it treats small suppliers."

In our experience as a small business, we've found that the procurement process is a telling predictor of how a future business relationship will work, and whether the relationship will be based on mutual respect, professionalism, and fair dealing-- or the reverse.

We're learned to heed red flags and excuse ourselves from bid processes. See our recent blogpost Procurement Lament: A Ballad in Three Parts and let us know of your own experiences!
http://frameworkcr.com/blog/

- elaine February 04, 2011

thanks for this Aleksandra. Yes, we have also declined to tender when terms have been impossible. We have also been invited to tender, tendered (after a lot of hard work) and then told we are not elligible to tender because we are not in Europe (this was by a UN agency)!
elaine

2011 Sustainability Reporting - a slow start ?

Saturday, January 29, 2011

I just took a look at the **GRI** Reports List (which you can download **here**). For those of you who don't know, there are two authoritative sources for finding CSR and Sustainability Reports on the web, without having to search by individual company webpage: one is **CorporateRegister.com**, the largest global hosting site for corporate responsibility reports with over 30,000 reports from over 7, 400 companies. Another is the GRI Reports list, which records all the reports which have referenced the GRI since 1999, though the lists for more recent years are more complete.
In any event, as we are nearing the end of the first month of another reporting year, I was

expecting to find a whole list of new reports published in 2011. However,only four reports are listed. (There may be more that have not yet been updated, such as **our own report from Beyond Business** :)). Here are the four reports listed:

The Arizona Chemical Company This is a GRI B level, GRI checked report, and it is a first report for this company. It's a 28 page nicely designed report but the GRI index can be found **online only,** which makes it rather difficult to read the report if you are interested in checking out specific GRI related disclosures. The report covers the year 2009, though a materiality assessment was completed in early 2010. It's a little lightweight, but we all know the challenges for first-time reporting, so let's give Arizona some credit.

Management Care Environmental Solutions This is the first report I have seen which is written on the GRI Let's Report Template (and a reminder why the template is a great idea in theory but not in practice) and it is presented as one of those ebooks which move around the page and zoom in and out as you are trying to read it, like trying to catch a lizard. It's a self-declared application level C, which as you may know, requires reporting on most of the profile disclosures and 10 Performance Indicators. Of the 10 indicators that this 27-people SME which markets and sells sanitation products for mold and other irritable things selected to report on, disclosures for seven of them are "not reported externally" or "not relevant" or "not material". What did catch my eye though is reporting against indicator SO1 (community impacts), in which the report refers to the S.H.I.T project (no joke!) which is apparently described on the **MCES website**. My interest piqued, I looked at the website and found no mention of S.H.I.T. I can't work out why this company selected to report if they are not serious about reporting.

Studiosus Reisen Muenchen

This appears as a GRI Checked A+ Level report on the GRI list, but the download link is broken, and the "Objekt ist nicht verfügbar". This travel agency does have a **sustainabiity section on their website**, but nothing that looks like a report. The website deals with socially responsible travel and ofers some interesting options that I can discern even with my rather rusty German. They also support **EPCAT**, a very important organization and participate in the UN Global Compact. But no report. Yet.

Tyco Electronics This is a self declared B level report from Tyco Electronics who call themselves the "world leader enabling connectivity", providing connectors, cables and relays which are found "almost everywhere and in everything" (I hope they didn't get cables and connectors into my Chunky Monkey). Tyco has 89,000 employees, and this is a first report. Here again, the **GRI index must be downloaded** from the Tyco website and not included in the body of the report. It's a nicely put-together report, but I am pretty sure it would not pass the GRI B level check without several modifications and additions. However, it's a reasonable first effort and Tyco should be encouraged to report more rigorously in the future.

So, all in all, not a massively encouraging start to the reporting year. However, we can expect things to pick up, not least in the US, where the **GRI** will mark its **official launch in the United States with the Focal Point USA meeting to be held at the New York Stock Exchange on Monday 31st January.** The meeting will take place from 0900 - 1100 (ET) and include a panel discussion with some of the big names in sustainability. The event will be webcast globally and the live webcast can be viewed **here** . I am sure it will be worth looking in on (for those like me, who will not be attending in person), not least because the USA has been lagging in terms of Sustainability Reporting to date, and the new Focal Point provides promise, especially under the capable leadership of **Mike Wallace**, that US companies will hear the call and start making transparency a priority. I hope so!

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream

Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- MarjellaAlmaGRI February 05, 2011

Elaine, I have an encouraging thought :). We are still registering reports that were published in 2010. End of February should give us the final number; from then onwards we'll start focusing on 2011. Experience shows, that reporting peak season starts around this time and January is usually a slow period.

- elaine February 06, 2011

Hello Marjella, nice to see you on this blog and thanks for commenting. Yes, I have absolutely no doubt that we will see a big boost in the coming months. I am expecting at least a 30% increase in reports this year versus 2010!
elaine

The most special CSR Report of all.....

Thursday, January 27, 2011

Which report is the most special report of all ? Your own report, of course. So it is with great pleasure that for the first time in the history of this blog, and all manwomankind,I am able to write a post about our own CSR Report. Yes, it's the **Beyond Business Sustainability Report 2010**, entitled "
" How a little consulting firm makes a big impact".
Please download the report from our website here: http://bit.ly/gOzRCr, and of course, give us your feedback!
Report highlights:

- covers Beyond Business's Sustainability performance **2009-2010** (the first two years of our new, merged business)
- conforms with GRI Application **Level A**, checked by the GRI
- includes a **materiality matrix**
- confirms Beyond Business as a **carbon neutral** company
- the **first** sustainability report from a consulting firm in Israel

- includes **case studies** from several clients and partners
- tells the story of how it is possible, with the limited resources of a small consulting firm, to make a big impact through operating responsibly, serving a wide range of clients in advancing their sustainability, and working tirelessly to create awareness for sustainable change.

Whilst our report may not have the scale of **Pepsico**,**Starbucks**,**Intel**,**Vodafone** or **Microsoft**, or the multimedia appeal of **Manchester City Football Club**,**Burts Bees** or **Virgin Media**, or even the interactivity of **SAP**, the frequency of **Timberland**, the integration of **Novo Nordisk**, the creativity of **WPP**, the brevity of **GoLite** (ha-ha), the controversy of **Monsanto**, the charm of **Impahla** or the tradition of **BT**, **Body Shop**,**Shell** or **GE**, it does present an example of a small business who believes transparency should be an essential part of any business's DNA. We believe that SME's should report, because it both serves their business interest and also because it ensures that, as essential links in the supply chain of larger businesses, they are playing their part. Even a small business such as ours learnt something in the process of reporting, not least of which was setting sustainability targets for ourselves for the coming years. Whilst we have a built-in advantage versus other SME's in that we can write our own report, as this is our expertise, the investment for producing such a report for a small business is not so devastating as to make it prohibitive. As a strategic businesss investment, we believe it's an essential tool.

As far as Beyond Business is concerned, a further reason for reporting is the need to practice what we preach. When we talk to clients, encouraging them to be more transparent, we will now feel much better knowing that we have personally undertaken this voluntary reporting approach ourselves.**Walking the talk** is just as important in consulting as it is in any other business. Sustainability consultants who provide sustainability services should produce their own reports. Some great reports which I am aware of by local sustainability consulting firms are:

- **FrameworkCR**
- **Sustainability Services South Africa**
- **Article13 (Communication on Progress)**
- **Banarra**

I mean, why would a company, who is interested in developing its own transparency, work with a consulting firm who is not transparent to help it become more transparent? Anyway, I digress.

I do hope you will take a look at our first report and tell us what you think. Thanks in advance.

And now... you know what sustsinability reporting **dessert** looks like, don't you? Hint: Rhymes with Funky Punky. Second hint: It's really tasty. Final hint: I don't think it really contains monkeys.

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

The GRI Report Survey Report

Saturday, January 22, 2011

You will all recall the **GRI Readers's Choice Awards** last year and the reporting survey that formed part of the competition. Some of you may recall how the Brazilians cleaned up, winning six first place awards out of a total of six first place awards (**see the awards brochure here**).

Well, now you can read what went on behind the scenes. **The Reporting Change : Readers and Reporters Survey 2010** has just been published by **Futerra**, **KPMG** and **Sustainability.** The key thing about the survey was its simultaneous focus both on the readers of reports and those who write them, to assess whether there is an expectation match and a mutual alignment of needs. Three great sustainability minded firms have analysed the results. Here are their conclusions:

The first conclusion is that the future of reporting is global. This is immediately followed by a revelation that over 70% of the (5,227) respondents were from Brazil (73% actually, with 10% from India, 5% from the USA and 12% form the rest of the world). Maybe the future of reporting is Brazilian? However, the report makes the point that the emerging strong presence of BRIC countries in the reporting arena shows that *"appreciating cultural differences vitally important in reporting".* **The second conclusion** is that purpose of reporting is performance. *"Reporting is driving performance worldwide .....Above any other business case for reporting, making real progress on sustainability is the priority".* This is a very important assertion, putting to bed once and for all the cry that "No-one reads reports" as an excuse for not writing them. Reporting, as I too have always maintained, is a catalyst for performance and for engaging employees and others in the sustainability effort. **The third conclusion** is that reporting isn't stakeholder engagement. Reporters apparently, see reports as an engagement tool, but readers do not. Of course, if reporters do nothing to proactively engage stakeholders around the report, and just dump it on their website for people to (maybe) find, then this mismatch is understandable. **The fourth conclusion** is that reporting is trusted. But then, the report goes on to say, less that 10% of readers believe that reporting presents a complete picture. So readers believe what they read, but think it's selective. Partial trust, I guess, is better than none. **The fifth conclusion** is that standards have value. This means that the **GRI framework** improves comparability and transparency. This is true, up to a point. **The sixth conclusion** is that all assurance is not equal. Aarrrgh.. Don't get me started on **assurance**. This is the understatement of understatements. Assurance quality is more diverse than the **biodiversity in the tropical forests of Panama.The seventh conclusion** is that readers influence each other. Stakeholders share information with each other. Some even blog about reports. Like me. Though they didn't mention that in the Reporting Change Report.

The eigth conclusion is that reporting changes behaviour. Hear this: *"Readers are investing, seeking employment and buying Reporters' products and services based on sustainability reports. One-third of Readers are also inspired by reports to take further actions that contribute to the broad sustainability agenda."* I also believe that the reporting process changes the internal behaviour of people in the business. More about that in coming months. **The ninth conclusion** is that ... haha .. gotcha... there were only eight conclusions. Though I do wonder why ice cream didn't figure in any of them.

Overall, this is a nice overview and presents the positive aspects of Sustainability Reporting from an audience which is already tuned in. There are no real "dissenting voices" in this survey, with the exception of about 10% of American readers who say that reports don't influence them at all. The survey really didn't ask any tough questions such as "Is sustainability reporting really worth the effort?" or "Can you really survive another reporting cycle without a nervous breakdown?".

Notwithstanding (love that word), we can all be encouraged by the survey results which show that ***"60% of Readers claim their commitment and connection to an organisation is positively influenced by reading a sustainability report."*** That's a nice piece of quotable data if you are trying to convince your CEO to make the move towards reporting. Especially if she lives in Brazil.

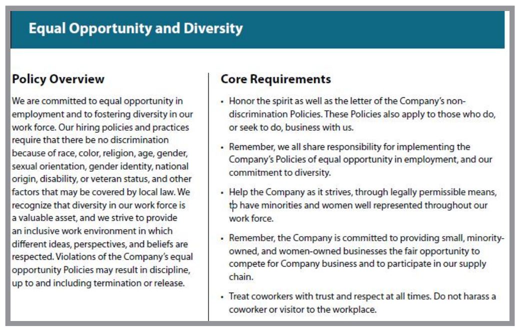
elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Women teach Ford a lesson on CSR

Friday, January 21, 2011

You have to watch these trailers. **View them here.** Please watch the trailers. They are from a **BBC Films movie called Made in Dagenham, directed by Nigel Cole.** The movie, funny, sad and well-written, carries a very very important message, telling the true story of 187 female machinists employed in the Ford car plant at Dagenham which also employed 55,000 men, who took unprecedented strike action in 1968. Ford Management at the time downgraded the machinist jobs to "unskilled" and reduced pay to the women by 15%. Little did the Ford management realise at the time, but this would spark outrage amongst the women who eventually brought the plant to a standstill as cars could not be made without the leather fittings made by the machinists, who demanded not only reclassification as semi-skilled workers, but also equal pay. Reaching the highest echelons of British politics and earning the intervention of the incredible and unbeatable **Barbara Castle**, Secretary of State for Employment at the time, who resolved the women's issues and led through the **Equal Pay Act of 1970** which became a template for similar legislation around Europe, the women of the Ford Plant at Dagenham changed history.

Whilst the Ford management's approach at the time (we can't give them equal pay, they're women!) seems totally pathetic and the women's claim for equal pay may seems obvious today, we still live in a world where women are not paid equally for equal work, and where women are not given equal opportunity to advance. However, this step by a group of fearless, principled women put equal pay squarely on the political and social agenda for the first time in the UK. Ford, who resisted with all their might, supported by corrupt union leadership, learnt the hard way that, sooner or later, management by values and social responsibility serves their business more effectively. This is what Ford say today about **Equal Opportunity** :



Equal Opportunity and Diversity

Policy Overview

We are committed to equal opportunity in employment and to fostering diversity in our work force. Our hiring policies and practices require that there be no discrimination because of race, color, religion, age, gender, sexual orientation, gender identity, national origin, disability, or veteran status, and other factors that may be covered by local law. We recognize that diversity in our work force is a valuable asset, and we strive to provide an inclusive work environment in which different ideas, perspectives, and beliefs are respected. Violations of the Company's equal opportunity Policies may result in discipline, up to and including termination or release.

Core Requirements

- Honor the spirit as well as the letter of the Company's non-discrimination Policies. These Policies also apply to those who do, or seek to do, business with us.
- Remember, we all share responsibility for implementing the Company's Policies of equal opportunity in employment, and our commitment to diversity.
- Help the Company as it strives, through legally permissible means, to have minorities and women well represented throughout our work force.
- Remember, the Company is committed to providing small, minority-owned, and women-owned businesses the fair opportunity to compete for Company business and to participate in our supply chain.
- Treat coworkers with trust and respect at all times. Do not harass a coworker or visitor to the workplace.

"Made in Dagenham" should be compulsory viewing for anyone in business. It shows us the value of CSR, introduces us to people willing to take a stand for principles and demonstrates the potential of anyone, anywhere to change the world. It's also a wonderful, entertaining movie (my 12 year old daughter also enjoyed it!)

I should also add that I was privileged to see Made in Dagenham at the invitation of another inspiring women who is always at the forefront of advancing women's rights and the position of women in society, **Sybil Goldfiner, founder and CEO of comme il faut fashion house**, who held a private screening for all comme il faut employees.

Get the movie. Watch it. Share it. It's an important lesson for all of us.

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

CSR: does it pay off ?

Friday, January 21, 2011

CSR Europe has published a paper called **Does Corporate Repsonsibility Pay Off?** With a title like that, how could we not be tempted to take a look? This is the question everyone asks about CSR. CSR has moved from being a values-based feel-good-look-good option to a business-building strategic imperative which needs to deliver results to maintain its legitimacy. Of course, there are some who believe it is both :)

Anyway, the CSR Europe report maintains that **CSR is sector specific** and therefore public policy on CSR should *"support the integration of CSR into the strategic decisions of companies and to avoid consumers' impression that a company can pick and choose CSR activities and ignore the areas where the most societal or environmental concerns are evident."* The report goes on to recommend that *"To make CSR concrete and targeted in each sector, leading companies, business associations, trade unions and NGOs should jointly develop a common agenda for respective industry sectors. The European Commission could play a strong convening role in promoting this agenda-setting."* This makes sense. It aligns with the **GRI approach of developing sector-specific reporting supplements**, of which there are now several. It also reminds me of a **great report which was issued some time ago by the Hauser Center** which presented a model for materiality reporting by sector.

Anyway, again, the report looks at the chemical sector, the construction sector and the textile sector in detail, and makes recommendations as to how to link competitiveness and CSR in each sector. In **chemicals**, for instance, the focus should be on supporting and promoting innovation, implementing health and safety standards and ensuring high (eco-)efficiency. In **construction**, the focus should be on public procurement processes, establishing standards (e.g. for energy consumption), enforcing the implementation of existing norms and regulations (e.g. occupational health and safety) and tackling corruption. In **textiles**, it's about "quality control and ensuring credibility" (though I can think of many more sector-specific issues in the textile sector).

Anyway, anyway, anyway, the most important conclusion of this report is that **"Sector wide CSR challenges need joint action"**. This is not a new insight, however. We have seen many sector-specific initiatives developed by or concerning specific sectors over the past years, and I suspect there are many more to come. One of the best is the **Access to Medicine Index** which focuses on sustainability acpects of the innovative and generic pharma industry. Another is **Edana, the European Association of the Nonwoven Industry** which publishes sector specific sustainability reports. The World Business Council for Sustainable Development has been leading a **cement industry sector initiative** with a roadmap for carbon emission reduction up to 2050. The **Sustainability Consortium** leads many sector working groups focusing on electronics, food, home and personal care and more, involving many corporate players in their sectors. And countless more.

However (yep, no more anyways), the CSR Europe report is unique in its focus on calling for public policies to be aligned by sector, and that "common agendas" should be developed by sector and **supported by public policies.** *"Corporate CSR measures could be evaluated if they are in line with the sector agenda and contribute to solving sector specific problems. In doing so sectoral CSR initiatives would stimulate, focus and mainstream action and contribute to a sustainable Europe."*

This is one reason we should always look for a **materiality analysis** when we read Sustainability Reports. Each company has a set of unique material issues which are driven by its business strategy, size, location, sustainability performance, economic landscape, competitive environment and other factors, not least of which is the sector in which it operates. Navigating a Company's sustainability impacts requires this focus.

Anyway, however (got em both this time), the CSR Europe Report is interesting and whilst it provides very detailed analyses of potential competitive sector impacts, it doesn't give quantitative data or concrete findings to answer the most-asked question Does Corporate Responsibility Pay Off ? Guess we will have to keep asking that one for a while longer :).

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible

business practicesContact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- aequology January 21, 2011

Interesting post. I´d like to suggest another example, Spanish Telco leader Telefónica that has included in its 2009 Corporate Responsibility & Sustainability Report a specifc part which highlights a number of issues directly affecting the sector. (Block 2)
In order to carry out this analysis, Telefónica made use of
the analysis of the materiality of the Information and Communications Technology sector, performed by the Global e-Sustainability Initiative (GeSI).
www.telefonica.com/rc09

Branding your sustainability programme

Monday, January 17, 2011

Recently I reviewed the **Arcadia Group's** Responsibility Report for **CorporateRegister.com**. Arcadia is an interesting company, privately-owned, with a "Fashion Footprint" that is quite sizeable. In fact, Fashion Footprint is the core concept on which their sustainability programme is built.
Read the first couple of paragraphs of my review and you will see what I mean:

The fourth Responsibility Report for the Arcadia Group, or "RR10", as they call it, is as impressive as it is frustrating. Arcadia is the UK's largest privately-owned fashion retailer with well-known high-street brands (Burton, Dorothy Perkins, Evans, Miss Selfridge, TOPMAN, TOPSHOP and Wallis), which they sell in the UK in more than 2,500 outlets. The group operates in 36 countries in Europe, the USA, the Far East and the Middle East with a further 597 international franchise stores. In 2009, Arcadia integrated the Bhs department store chain into its operations. Arcadia has 41,500 employees and had a good 2009/2010 fiscal year, increasing both revenues and profits. As with many fast fashion retailers, the group outsources all its garment production to 620 suppliers in 1,100 factories primarily located in China, India, Mauritius, Romania and Turkey.
This report is primarily about responsible sourcing and supply chain environmental impacts, with light coverage of employee engagement and community activities. It is split into nine core sections (work-streams) which make up Arcadia's overall responsibility approach, which is branded under the name "Fashion Footprint". There are signs that Arcadia is indeed committed to adopting responsible practices in many areas, and that corporate responsibility is built into work processes. Each of the nine work-streams has its set of targets which are revised each year. All employees, according to the report, have Fashion Footprint criteria in their appraisal, and it is a "key competency for buying, merchandising, design and technical staff". New starter orientation also includes Fashion Footprint education. The Fashion Footprint is led by a Fashion Footprint Advisory Panel, made up of representatives from the different Arcadia business units. The Panel has delivered Fashion Footprint Roadshows around all business units, and the report stresses the onboarding of the new large group of Bhs employees in this programme. (continue reading the full review and my recommendations for Arcadia **here**)
By this time you may have realised that Arcadia have done something I have been

recommending for a while - branded their entire sustainability programme under one core concept, Fashion Footprint, which is catchy and readily understood by all. It can appeal both internally and externally as a way to refocus the conversation on sustainability issues. Just asking the question before every single business decision: "How does this affect our fashion footprint? " can help ensure sustainability questions can get on the agenda and are effectively adressed. In this way, Arcadia's processes seem to be robust and directionally positive, supported by clarity of communication. This clarity is highly leveraged for employee engagement, communications and training.
Branding sustainability is powerful. All companies should consider branding their CSR approach. **Plan A,Ecomagination,Earthkeepers** are stars, and I bet you didn't have to click on the links to know who are behind these concepts. Arcadia do this well, and continue to build the buzz around their Fashion Footprint, especially in communication with customers.
Take a look at Arcadia's RR10 **here.** Oh, and don't forget to give them your feedback :)

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- Crystalline — January 17, 2011

Branding your sustainability programme will only be successful for companies who have a strong leadership in this space already. If a company does not have the what it takes to back a sustainable branding, trying to position yourself in this space could invite criticism.

- Anonymous — April 14, 2011

just been reading the new H&M CSR report and I have to say I think it knocks spots off Arcadia's effort.

The Ice Cream Ball Sustainability Reporting Methodology

Friday, January 14, 2011

Now, you all know I have a thing for ice cream. Today, when I checked into Amazon.com, (to see how sales of my book, **CSR for HR,** are doing on Amazon's Author Central Site), the first thing I came across was a promotion for **Ice Cream Balls**. My kids have been wanting me to get one of these for ages, but I have resisted, preferring **ice cream of experts** rather than home-made trial and error. However, looking at how to make ice-cream using the Ice Cream Ball, I was reminded of the way I write sustainability reports.

Step 1, fill with ice.

Step 1, fill with ice. Step 2, add all the other ingredients. Step 3, shake it around.

Step 1: When writing Sustainability Reports, after you have gone through the process of data collection and materiality analysis etc, and decided on the theme for your report, the first thing you fill your report with is Material Issues. The material issues are the ice of your report. If you don't put them in first, you will have no room for them amongst the clutter of all the other information and performance metrics that you also need to add to make the report complete, transparent and a fair and balanced representation of your sustainability performance. It's a bit like the **big stones in the jar time management exercise** (watch this video! it's superb!) which I first learnt over 30 years ago when I did a Covey 7 Habits course.

Step 2: All the other ingredients can now easily be slotted in around the Material Issues. You will have enough room for everything, and in the event that you are just a little short on space, it probably won't be critical to the quality of your report if you omit that extra case study or that extra description of a minor part of your supply chain process. By slotting everything in around the material issues, you not only retain control of the central messages of your report, you also use your entire reporting space most effectively.

Step 3: If you don't shake your Sustainability Report about after you have added all the ingredients and published your report, you won't be able to enjoy the ice cream. See my post on **27 ways to make your CSR Report BUZZ.** You have to actively shake your report around as this is the only way to engage your stakeholders in dialogue around its content and your sustainability performance. After all, no one buys an ice cream ball without wanting to taste the ice cream, right ? No one wants to write a sustainability report and have it go completely unnoticed.

So, whether you have an ice cream ball or not, it's worth approaching your Sustainability Report using the Ice Cream Ball methodology. If you are lucky, you will end up with a great report and great ice cream. Just don't get mixed up as to which is which.

elaine cohen, CSR consultant, Sustainabilty Reporter, HR Professional, Ice Cream Addict. Author ofCSR for HR: A necessary partnership for advancing responsible business practices Contact me viawww.twitter.com/elainecohen on Twitter or via my business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- KevinMoss January 14, 2011

Hi Elaine, great analogy. Brings a smile to my face on a Friday afternoon. A couple of years ago I tried making icecream on a hot day with an antique icecream machine with a manual crank handle. (I am sucker for punishment). The time and effort it took to make a serving of icecream is also a good analogy to the time and effort it takes to produce a sustainability report. Hopefully the report has a longer half life than the icecream though !!

10 Tips for writing Sustainability Reports

Friday, January 14, 2011

I am just finalizing the writing of a hopefully interesting document about reporting and other things which will be published around February 2011. In the meantime, I couldn't risk sharing these few tips about Sustainability Reports. I am sure the authors won't mind. Oh, the authors are me. That's OK then.

Every Sustainability Report is the result of a process.
Better process, better report.
Define the process before you start working on the report and engage key people.

Every Sustainability Report tells a story.
Think of the story before you think of performance indicators.
But don't forget the indicators.

Every Sustainability Report is about a person as well as a Company.
It's about the person who leads the report writing.
Better person, better report.

Every Sustainability Report is as good as your sustainability strategy.
Bad strategy, bad report.
Work on your strategy before you work on your report.

Every Sustainability Report is a commitment to continued reporting.
Think through the depth of your commitment.
Stay with it when the going gets tough.

Every Sustainability Report is unique.
That doesn't make it great.
The best approach is to make it unique AND great.

Every Sustainability Report should show progress.
Make it easy on the reader.
Make it clear where the progress can be found.

Every Sustainability Report is hard work.
Make it easy on yourself.
Stock up on ice-cream before you start writing

Every Sustainability Report has a reader.
You can be sure at least one person might read it.

Do your best job in case that one person is your largest client.

Every Sustainability Report increases your profitability.
Perhaps not now.
But it will.

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CSR and the little 'uns

Friday, January 14, 2011

Doesn't time fly? Only two weeks to go until voting closes in THE annual online CSR reporting awards - **CRRA 11.** You may recall that I was very daring and offered **my predictions for the winners in the first time reports category.** Now is the time to take a look at my second favourite category: the SME's. Or as we say in Ramat Gan, the little 'uns. I love this category because I know how hard it is for small businesses to advance sustainability and report. I admire all the little 'uns and commend them all for their commitment to transparency.
There are only seven entrants in this category this year. There were 12 in CRRA 10 last year. Three of the seven are also entered in the First Timers category, so phew!, my work on this post will take less time.
Here are the reports in alpha order, followed by my pick of the bunch.
ArcelorMittal India, India Not GRI, 38 pages. Also entered in First Time Report category
ArcelorMittal India (AMIL) is a subsidiary of ArcelorMittal, the global steel maker. This report is full of big photos and small print. It is mostly photography and graphic design work and light on content. It does provide some nice local flavor, making it an interesting report, but not a serious contender for winning an award, in my view.
GoLite, LCC, USA GRI A+, 157 pages Also entered in First Time Report category
GoLite is an outdoor apparel company, outsourcing all manufacturing, and also a Timberland brand licensee, adopting the Timberland Code of Conduct."Transparency weighs nothing. Therefore I GoLite" is a nice introduction to this first report which doesn't go very lite at 157 pages, of which over 50 are appendices, of which 14 pages form a glossary dictionary of sustainability terms. This is one of those reports that rigidly follows the GRI indicator list, including the indicator number(s) with each subsection. For my entire commentary on this report, **see my earlier post.**
Hauska and Partner Group, Austria GRI undeclared level, 28 pages This is a strategic communications consulting firm employing 31 people in Austria, Croatia and Latvia. However, this report is not really a comprehensive sustainability report in the true sense - it is a Global Compact Communication on Progress with an added bonus cross reference to 14 GRI indicators. The policy of the Company is to produce a full Sustainability Report every two years, and a COP in the interim years to comply with UNGC requirements. This shows good commitment, in my view, for a smallish private professional company. The COP is a really nice COP, written with thought and cleverly designed, presenting a frank view of the company's progress against the 10 UNGC principles, including some

perspective about the tough impact of the Global Financial Crisis on their firm, and complete with future targets. I like this COP/report and admire this company for its reporting.

Lipor, Portugal GRI A+, 151 pages This report is called Relatorio de Sustenabilidade 2009 so yes, you guessed it, it's in a language I don't speak. Reviewing this report therefore was a little tougher than all the rest... From the English page on their website I found out that Lipor is the "Intermunicipal Waste Management of Greater Porto – the entity in charge for the management, recovery and treatment of the Municipal Solid Waste (MSW) produced by the eight partner municipalities: Espinho, Gondomar, Maia, Matosinhos, Porto, Póvoa de Varzim, Valongo and Vila do Conde. It was built as a Municipalities' Association in 1982, and since then been implementing an integrated waste management, system through the recovery, extension and construction of infrastructures, and development of awareness campaigns towards the population." At 156 pages, which are almost all full of text, I can only assume that this report is quite comprehensive. It looks nice enough, design-wise.

Net Balance Management Group Pty, Austalia GRI Undeclared level, 25 pages This is a sustainability services consulting firm employing 30 people. It's quite frank. "While Net Balance has a relatively modest environmental footprint, attempts to reduce it in 2009 were largely unsuccessful." "This year's report is considerably shorter than last year's, but better focused." "In an attempt to cut down the needless use of disposable cups, all staff were issued with reusable coffee cups." "Net Balance has found it very difficult to quantify the impact we have on our clients or the broader sustainability field." The report contains a GRI index showing responses to about 21 indicators outside of the profile disclosures. It is short (29 pages of which many are nice photos), but it **is** focused and does present a picture of a small organization doing things sustainably and considering ways to improve.

Pacific Hydro Pty Ltd, Australia GRI B+ , 41 pages Also entered in First Time Report category This is a 240 people company generating over $118 million (AUD) through development of hydro and wind energy, with a net positive environmental impact. A nice first report, presenting CSR strategy well and including a number of focused case studies which give nice insights into the way this company is contributing to low-carbon energy production and serving communities. There is even a basic attempt to describe some indirect economic impacts of the company's activities - it falls way short of a quantified in-depth assessment of indirect impacts but it demonstrates a good conceptual approach to understanding and managing impacts beyond the limits of the company front door.

Shared Interest Society Limited, UK Not GRI, 104 pages Well now, this is one of the most interesting and unusual reports I have come across in a while. The Shared Interest Society is a financial services company established in 1990 "by a group of fair trade pioneers with a vision of a new way of investing money to reduce poverty." The Company now lends over 33 million GBP, working in 36 countries around the globe. It has 30 staff who conduct their business in a "manner which reflects the principles of love, justice and stewardship". The report is a Social Audit, the fifth this organization has produced. It is very transparent, very factual, full of facts and figures, and includes stories and quotations from different groups around the world, as well as feedback from different stakeholder groups. The downside is that it is heavily worded, looooooooong and hard to read. As a transparent report covering this business's material impacts, it's excellent. As a sustainability report, it's quite comprehensive through it doesn't follow a format which makes it easily comparable to more common reporting structures. It could be reduced in length and lightened up a little to make it a little more palatable, though probaby, the

primary stakeholders of this organization may enjoy reading it from start to finish. It's a good document, on the whole.
And now for my picks. My vote will go this way:

First place: Hauske and Partner Group
Second place: Pacific Hydro
Third place: Net Balance
Fourth Place: Shared Interest Society
Fifth place: GoLite

Which way will YOUR vote go? Because I just know you will vote. Remember, voting for CSR reports is a virtue. You will feel better about yourself afterwards.

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The TBL business model. Clear as mud.

Friday, January 07, 2011

My brain often makes its limitations clear to me. There are some things I just don't understand. I have puzzled over a comparison between a traditional and a triple-bottom-line costing model now for quite a few minutes, and I can't work out whether I am just dumb or it doesn't make sense (or both).
It all started when a PR notice about **Bascom's** community outreach dropped into my inbox. It just happened to be one that missed the delete button before I had a chance to react, so I ended up reading it. It starts off like this:
"With over 90 apartment communities across the country participating, the Bascom Group raises $19,000 for the US Fund for UNICEF"
It goes on to describe that range of activities Bascom leveraged "in 95 communities across the nation" to generate $19,000 (that's $200 per community). Whilst I appreciate the efforts this company is making to help others donate money, $19,000 didn't sound like an awful lot to me, and nothing was mentioned about how much Bascom actually donated, if anything, so I read further to check Bascom out. It's a private equity firm in California which buys up properties resulting from foreclosure or bankruptcy, refurbishes them and resells them, as far as I can tell. The Company has completed transactions worth over **$6 billion.** $19,000 versus $6 billion. I was still curious. Delving deeper, I noticed something that looked quite positive. The **community outreach programs** that Bascom engages in include free rent for teachers and police officers in return for services to the community, free financial education workshops for all in their residential communities, free ESL (English as a Second Language) lessons, job fairs and more. All of these services are designed to strengthen the quality of life for those who live in Bascom properties. It's a good core-business CSR approach. Well done Bascom.
The thing that flummoxed me was Bascom's Triple Bottom Line approach. **Bascom offers a detailed cost calculation comparison versus a "traditional model" and a "community outreach" model**. The latter results in social value of $486 (net operating income differential) whilst the traditional model delivers $0 value. I worked through each line, and

aside from the fact that the community model generates a higher revenue and has higher marketing costs, I for the life of me cannot fathom out how this calculation proves the TBL business case.
If anyone has any suggestions, please do enlighten me.

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11 top food companies fail at sustainability

Friday, January 07, 2011

A very interesting report was published recently by **Bank Sarasin and Co Ltd, called: " Food and Sustainability: Will the seed bear fruit? "** . It discusses the sustainability ratings of the top 15 listed food and beverage manufacturers worldwide including Heinz, Danone, Unilever, Nestle and others. The report highlights three central sustainability themes that affect food producers: (1) health and nutrition, (2) sourcing more raw materials from sustainable agriculture and (3) committing to fair working conditions. How the sector approaches these core sustainability material issues is the basis for the Bank's rating.
Health and Nutrition - some of the issues
Obesity: We all know about the problems of obesity, exacerbated through manufactured, processed, ready-cooked, fast, faster, junk, junkier and junkiest food. There is also a suggestion that the drop in levels of breast-feeding in favour of infant formula may contribute to fatter kids. In fact, obesity levels have been steadily rising for the past 20 years and are predicted to continue to do so. This report quotes that the cost of healthcare could increase by 240% by 2040 due to upward-trending obesity levels, checked only by the fact that life expectancy of the expensively obese is shorter than that of the thinnies. Not that it's ok to enjoy your food and die early, because in the meantime, equitable access to nutritious food is still a problem.
Problem food content: Salt, sugars, fats, What role does and should government play in ensuring healthy food availability and non-availability of healthy food, for example, banning high-cal snacks in schools. More legislation can be expected as governments and consumers increase awareness.
Enjoyment food: I wonder if this concept existed in the days of Fred Flintstone? The entire food industry has created a special place for enjoyment, indulgent, pleasure foods, all of which are really superfluous to a healthy diet and a sustainable planet. The trade-offs between health and enjoyment are a phenomenon of our advanced commercialized world and food industry. Would banning chocolate make us all more sustainable? Oy! and what about Chunkey Monkey ..... err...... help....
Raw materials and sustainable farming - some of the issues
Problem agriculture: The report quotes that agriculture, once "an emblem of prudent management of natural resources" now accounts for 90% of global deforestation, is the biggest consumer of chemicals, generates the highest volume of GHG's and consumes about 70% of the planet's freshwater resources. Not a pretty picture, huh ? We are simply eating the planet for lunch, bite by bite. Food manufacturers are key protagonists in these global dining habits.
Organics: Even with the continuing buzz around organic food, organics is still a niche market and will account for less than 1% of farmland worldwide during the next 50 years, according to the report by Bank Sarasin. Important crops such as sugarcane, palm oil

and soya are still not moving up the organic ladder. How manufacturers are revising their strategies to ensure long-term sourcing security is critical for sustainable food supply.
Green genetic engineering: For or against? Modifying seeds to make them more resistant to pests and therefore reduce use of pesticides may well sound like an ideal solution but the technology is controversial and not readily digestable by all (haha, what a pun!). Bank Sarasin thinks the risks of GMO's outweigh the opportunities and discount seed producers from their investment recommendations.
Sustainable farming methods: The approach of manufacturers to ensure sustainable farming methods are a part of their overall supply chain strategy is critical. Heinz, for example, is the world's biggest producer of processed tomatoes and has pioneered the cultivation of tomatoes requiring fewer pesticides. The report mentions that some major food producers have entered into agreements with leading environmental organisations to advance sustainable farming.
Factory and field - fair working conditions - some of the issues
Global rights and global labour: As more production is outsourced, so fewer employees are protected by international labour conventions and enjoy freedom of association, the report advises. The implementation of globally applicable employment standards is problematic leaving many workers with no protection of their rights. An indicator of this is whether a company discloses how many employees in their supply chain have a fixed employment contract. Apparently, not many disclose this detail.
Poor working conditions: Issues abound in farming and food production - seasonality, "subsistence risks through crop failure and price collapse", accidents and illness caused through agrochemicals etc. It is quoted that 60% of child labour is concentrated in agriculture.
Market power of big companies: In what Bank Sarasin called a bottleneck market structure, prices and conditions are dictated by a very small number of retailers, despite sourcing from many small-scale farmers. This gives rise to an inequitable distribution of wealth and inevitably, the small guy whose quality of life depends on the price he gets for his banana takes the hit. Fairtrade, development of relationships with farming cooperatives and other approaches are available to address these issues, in part. The take-up of these options by food manufacturers is a key element in creating a responsible and sustainable supply chain.

Overall, this report of Bank Sarasin, authored by Dr. Gabriella Ries Hafner, offers some fascinating insights about the sustainability impacts of the big food manufacturers. It is clear that the issues are still far from resolved and that overall, food manufacture has light-years to travel before it has a net positive sustainable impact. Rethinking the entire food value chain management in a systemic way is the task ahead. In Bank Sarasin's analysis, only four of the top 15 global food and beverage manufacturers (Danone, Heinz, Unilever and Nestle) fall into the "social investment universe" because they appear to be addressing these issues effectively. (**See the matrix in the Bank's repease about the report**)
We all have a role to play in making food supply more sustainable. The issues highlighted by the report published by the Bank are just some of the things we should be watching for as we read the Sustainability Reports of these corporations (and we should be reading them). If they are not addressing these issues, amongst others, they are not serious about sustainability and we should be letting them know that we know.
And as for Chunky Monkey... well, every rule has its exception, no ?

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business websitewww.b-yond.biz/en (BeyondBusiness, an inspired CSR consulting and Sustainability Reporting firm)

Comments

- dave_stangis January 07, 2011

As someone who has worked with Sarasin on their rankings for about 10 years in 2 sectors (including this last round on food), - let me first say - there is always something to learn and improve upon as a company when studying the results.

Let me also point out that there is a systemic bias in their ranking (they aren't the only ones) that makes it difficult for any food companies to move into their "recommended investment" quadrants. Congratulations to those that have.

Moving from one sector to another and being an engaged participant in all of these investment rankings over the last decade has shed a lot of light on the strengths, weaknesses and utility of the various methodologies.

- ShirleyKantor January 07, 2011

Elaine, thanks for a fascinating post. I love your sense of humor - it makes CSR reading much more fun :-)
Shirley

Not for Resale