



The Global Reporters
is the first international
benchmark survey of
corporate sustainability
reporting



United Nations
Environment
Programme



The Global
Reporters

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UNEP Foreword

The **United Nations Environment Programme (UNEP)** is delighted to introduce the fourth international *Engaging Stakeholders* benchmark survey, the first of its kind to examine the newest offerings in the area of 'sustainability reporting' – including economic and social performance alongside the traditional environmental focus. The development of sustainability reporting marks a profound shift in corporate accountability, one we began to address in 1993 with the first **UNEP / SustainAbility** joint publication. This shift was most recently demonstrated by the success achieved by the Global Reporting Initiative (GRI), convened in partnership with the Coalition for Environmentally Responsible Economies (CERES), which has the objective of developing a common framework for reporting on economic, environmental and social impacts.

From the beginning, our goal has been to encourage corporate reporting. The early success in achieving this goal can be seen in the over 200 reports reviewed in the preparation of this survey. We are impressed and encouraged by the creativity and innovation these reports demonstrate, from companies of all types, from around the world. Indeed, it is clear that many more companies must report about their performance in all their locations, in all parts of the world. Reporting by small- and medium-sized enterprises needs to be widely developed. **UNEP** hopes that the examples provided in this survey will encourage other business and industry leaders to follow.

One should not forget that assessing and measuring performance are steps required prior to reporting. Examining performance allows companies to identify inefficiencies and opportunities for improvement . . . and, as demonstrated by the experience of many companies, this also has economic benefits.

In a globalising world, there is increasing worldwide public concern about corporate responsibility and accountability. It is in that context that the United Nations' Secretary General launched the Global Compact in which **UNEP** is closely involved, which calls for companies to implement universally recognised principles in the areas of human rights, labour rights and environmental protection. Reporting is the best tool that companies have to communicate how they effectively put the Global Compact in practice, and what they achieve.

Jacqueline Aloisi de Larderel
Director, United Nations Environment Programme (UNEP) – Division of Technology, Industry and Economics (DTIE)

SustainAbility Foreword

This may be **SustainAbility's** fourth international benchmark survey of corporate reporting, but it is our first-ever survey of corporate sustainability reporting, and thus marks a watershed in our examination of corporate accountability.

The survey appears at a time when the agenda is becoming increasingly complex for reporters and report-users alike. As our focus has shifted from corporate environmental reporting to corporate sustainability reporting, we have radically re-engineered our assessment tools to capture some of the extraordinary ongoing developments in the area of corporate accountability and disclosure.

This process has been immeasurably helped by some of the other major initiatives in this area, among them the work of the GRI, the Institute for Social and Ethical Accountability (ISEA) and the Association of Chartered Certified Accountants (ACCA). At the same time, **SustainAbility** has been drilling deeper into the whole disclosure agenda, developing a series of sector reports for **UNEP: The Oil Sector Report** (1999); *Life and Science* (2000); and *The Automotive Sector Report* (forthcoming).

As this work proceeds, however, we are acutely conscious that huge numbers of companies are still not reporting – and that the complexity of the agenda and of reporting requirements may discourage at least some from even starting. While we highlight best practice to encourage the unconvinced, in future work we will also focus on the role that stakeholders should start to play in order to move this practice forward – including a second look at the companies not producing reports, which we first spotlighted in our 1998 *The Non-Reporting Report*.

We are conscious of the role we ourselves continue to play in setting the reporting rules, so we identify sponsors and our corporate clients among the full field of reports considered (pp57–60). Throughout, we do our best to be objective, but would be very happy to discuss any issues readers may care to raise.

Our thanks to all our sponsors, and particularly to Jacqueline Aloisi de Larderel of **UNEP** for her unflagging support. And thank you, too, to all the **SustainAbility** Core Team members and benchmarking team for their efforts and perseverance in what has been our most challenging single project to date.

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Judy Kuszewski
Peter Zollinger
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Forewords from the The United Nations Environment Programme – Division of Technology, Industry and Economics and SustainAbility.



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John
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Peter
Zollinger

Introduction

This report is part of the joint **UNEP / SustainAbility Engaging Stakeholders** programme, which had the early aims of:

- promoting wider and more honest company environmental reporting;
- cataloguing and analysing sectoral trends;
- tracking and evaluating trends in the main world regions;
- reviewing and responding to the latest reports;
- exploring the links between current reports and sustainable development reporting.

Building on these aims, the specific objectives of the 2000 survey are to:

- establish a robust basis on which to assess the quality of the latest sustainability reports;
- explore the main trends in relation to different sectors and emerging 'hot topics';
- highlight indications of how sustainability reporting presently aligns (or not) with society's emerging sustainable development agenda;
- indicate early expectations for 2001 and 2002 reporting.

Methodology

The methodology of *The Global Reporters* (pp54–56) has involved a fundamental overhaul of the assessment tool used in earlier benchmark surveys, given that the nature and scope of corporate accountability – and therefore reporting – have themselves changed radically in recent years. The methodology's focus is summarised as follows:

Context and Commitments

Assesses how well a company explains its business context for sustainable development, as well as the principles and intentions which will guide its actions. What does the company plan to do to address the triple bottom line agenda in a real and strategic way; short-, medium- and long-term?

Management Quality

Assesses how well the quality of information allows a judgement on a company's actions and processes compared to its stated intentions. Does the report tell readers if management has the leadership, insight, structures, systems, processes and incentives to ensure its commitments are achieved?

Performance over Reporting Period

Assesses aspects of operational performance and triple bottom line impacts, as well as targets for improvement. Are readers provided with full triple bottom line results – and future targets?

Accessibility and Assurance

Assesses quality and usefulness of information according to stakeholders' needs. What measures have been taken to ensure that the information provided is useful, accessible, timely and trustworthy?

Selection

The Global Reporters focuses on best practice and innovation. The new assessment methodology has been applied to the Top 50 companies, identified as follows:

- received a top 20 score in our 1997 benchmark survey;
- were an official GRI pilot test company;
- were honoured by other international reporting awards schemes (e.g. ACCA, IÖW);
- were nominated by a selection panel based on recommendations by the **SustainAbility Network**, as well as the GRI Steering Committee.

Our analysis was limited to:

- sustainability reports (or separate environmental, social or community reports);
- annual financial reports and/or information on the company's website (only where these were explicitly referenced in sustainability reports).

Executive Summary *The Global Reporters* spotlights emerging best practice around the world, focusing on a number of key sectors and 'hot topics'. Significantly, it introduces and applies a radically revised methodology for assessing reports. As far as we are aware, this is the first-ever international benchmark survey of corporate sustainability reports and reporting.

01 Ranking the Global Reporters		
Rank	Company	Score
	Maximum Possible	196
1	BAA	122
2	Novo Nordisk	121
3	The Co-operative Bank	116
	British Telecom	116
5	BP Amoco	111
	Royal Dutch /Shell Group	111
7	WMC	100
8	ESAB	98
9	Bristol-Myers Squibb	97
10	Volkswagen Group	95
	ING Group	95
12	United Utilities	94
13	The Body Shop Australia /NZ	93
14	Manaaki Whenua Landcare	91
15	Eskom	89
16	Sunoco	87
	Unilever	87
18	British Airways	86
	Camelot	86
20	South African Breweries	84
	IBM	84
	Anglian Water	84
	Mohn Media	84
24	Ford Motor Company	82
	Eastern Group	82
26	Henkel Group	81
	Kirin Brewing Company	81
	TEPCO	81
	Cable & Wireless	81
30	Nortel Networks	80
31	Fortum	79
	Axel Springer Verlag	79
33	Procter & Gamble	77
34	Baxter	75
35	BASF	74
36	Statoil	71
	BMW Group	71
	Aracruz Celulose	71
39	General Motors	70
	Matsushita Electric Group	70
41	STMicroelectronics	69
	BC Hydro	69
43	Interface	68
44	Toyota Motor Corporation	66
45	The Dow Chemical Company	65
46	ABB Group	64
47	Nexfor	63
48	CIS Co-operative Insurance	62
49	Dofasco	58
50	Stora Enso	57

Key Results

Our analysis uncovered several headline results:

The Top Six

The top six companies scored over 100 points. They are **BAA** (122 – or 62% – of the maximum 196 points), **Novo Nordisk** (121), **The Co-operative Bank** and **British Telecom** (both 116), and **BP Amoco** and **Royal Dutch /Shell Group** (both 111). Overall, the average score across the Top 50 is 84 (43%), leaving a considerable gap to be closed.

The Top Six Are All European

All six company reports scoring over 100 are European. Indeed, five of them – including the Anglo-Dutch **Royal Dutch / Shell Group** – are from the UK, which may result from especially strong development of sustainability language and concepts, as well as standards and guidelines, in Britain.

Overall, the average scores achieved are fairly consistent across several world regions. Europe (27 reports) leads with 88 points on average, followed by OECD countries other than Europe and North America (7 reports) with 83 points, non-OECD countries (3 reports) with 81 points, and lastly North America (13 reports) with an average 75 points.

GRI Pilot Testers Lead the Pack (Just)

We wondered how well the companies that had pilot tested the March 1999 GRI guidelines exposure draft¹⁰¹ would score against the other Top 50 reporters. With GRI pilot tester **Novo Nordisk** effectively tied with BAA, there is little difference in the top scores. When the average scores are considered, however, the GRI pilot testers open up a 5-point lead; while the lowest pilot tester score is a full 13 points ahead of the lowest non-pilot tester.

Doing Well: Drugs and Oil

The leading sector in terms of overall scores is the pharmaceuticals sector (**Novo Nordisk, Bristol-Myers Squibb, Baxter**), followed by oil & gas (**BP Amoco, Royal Dutch / Shell Group, Statoil** and **Sunoco**). By contrast, the sector with the lowest average score is chemicals.

The Triple Bottom Line Scorecard

Many reporting companies have started to use the language of the triple bottom line as a reference point for their sustainability reports. Amongst the Top 50, 16 (32%) mention sustainability, corporate citizenship or triple bottom line on their front page. We analysed seven major clusters of reporting criteria used in the 2000 benchmark survey:

- Context & Commitments
- Management Quality
- Economic Performance
- Social & Ethical Performance
- Environmental Performance
- Multi-Dimensional Performance
- Accessibility & Assurance

Of these clusters, *environmental performance* reporting is covered most comprehensively (with companies averaging 53% of the possible score), while the lowest scores were received for *economic* (32%) and *social & ethical performance* (29%).

The report also looks at what happened to 1997's Top and Bottom Ten reporting companies, uncovering dramatic increases in a third of those re-visited.

¹⁰¹ Top 50 companies that pilot tested the GRI *Sustainability Reporting Guidelines* exposure draft are indicated in Appendix 2 (pp57-60).

Conclusions

The overall conclusions of the 2000 survey are that:

- the initial focus on corporate environmental reporting has genuinely opened out to embrace the economic, social and ethical dimensions of business performance;
- reports frequently leave out some of the most important sustainability impacts associated with companies' activities – and nearly all of them fail to systematically address companies' activities in and impact on the developing world;
- reporting companies still represent a small fraction of the tens of thousands of major multinational corporations, let alone of the millions of medium and small-sized enterprises, around the world;
- from the perspective of the 1980s dramatic progress has been made, but a huge – and growing – challenge remains.

Sectoral Issues and Trends

In the 2000 survey, we examined results in detail from eight sectors:

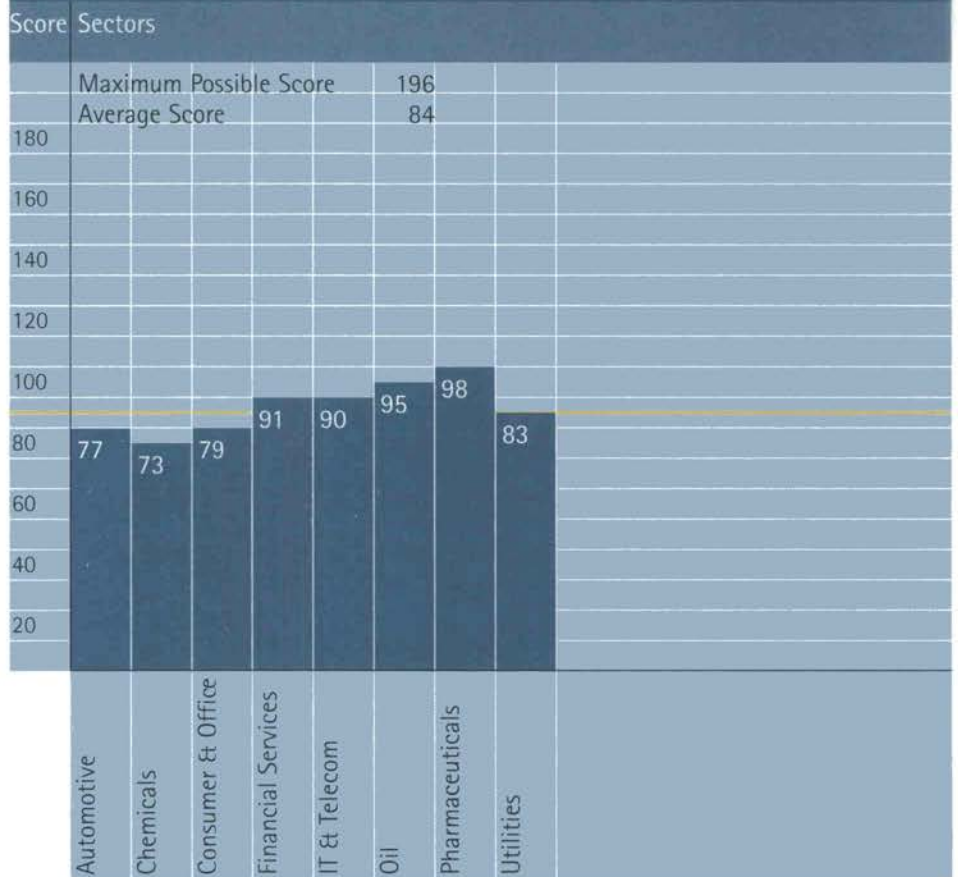
- **Automotive**
- **Chemical**
- **Consumer & Office Products**
- **Financial Services**
- **IT & Telecom**
- **Oil & Gas**
- **Pharmaceuticals**
- **Utilities**

Among the Top 50 corporate sustainability reporters, the best overall score was achieved by the companies in the pharmaceuticals sector (average 98), followed by the oil & gas sector (average 95). Chapter 3 (pp17–34) looks at each sector in terms of star performers, best practice and future trends.

Note

Throughout this report, analysis of scores (but not the scores themselves) have been rounded to the nearest whole number.

02 · Average Scores by Sector



Hot Topics

Section 4 examines and assesses eight current issues identified during the benchmarking process:

- **Words from the top**
What language are business leaders using?
- **Building the business case**
How is the business case for sustainability presented?
- **Standards and guidelines**
What reporting standards are companies using?
- **Non-OECD world**
How does the reporting agenda look from a non-OECD perspective?
- **Key performance indicators**
How is the debate on key performance indicators shaping up?
- **Verification and assurance**
What is the future for verification – boom or bust?
- **Internet, intranets and extranets**
How is the practice of e-reporting evolving?
- **Influencing public policy**
How upfront are the Top 50 about their lobbying?

Towards Stakeholder Governance

The final section of the report predicts an emerging focus over the coming decade on stakeholder governance. There will be greater integration between reporting and strategic business decision-making — reflected in an accelerating shift from information-based reporting for stakeholders to more deeply engaged processes of consultation and collaboration with stakeholders. The outcome will be companies which are deeply aware of the impacts of all their activities, sensitive enough to predict how they change and develop over time, and pro-active enough not just to respond to those changes, but to help bring them about actively.

This section concludes that future reporting is likely to evolve rapidly and radically over the coming years — and predicts 10 key changes:

— Names of the Game

The language of sustainability is on the up.

— Standard Responses

Companies that embrace international standards are helping to move the practice of reporting forward.

— Selling Wall Street

The 'business case' for sustainable development will occupy much of the spotlight for companies in the coming years.

— Governance Agendas

As sustainability issues begin to cut across major business functions, reporting will increasingly involve boards and directors.

— Incoherence Hurts

Companies will need to begin accounting for their efforts to co-ordinate sustainability initiatives and reporting with their public policy activities.

— Go Real-Time

Sustainability reporting will become increasingly real-time online.

— Strengthen Foundations

Even as agendas and strategies become ever more lofty and far-reaching, reporting companies must always be careful to mind the basics.

— Head South, East

The information gap pertaining to Northern companies' operations in and impacts on less-developed and emerging economies will be closed.

— Offer Real Assurance

Even as verification of reports increases, new forms of assurance are cropping up which may prove just as valuable.

— Amplify Weak Signals

The best reporting companies will step beyond the current hot issues to sense and embrace emerging trends and societal expectations ahead of the game.

In this year's survey we have chosen to focus specifically on the leading reporting companies, spotlighting emerging best practice around the world and identifying the key sectors and 'hot topics' that are helping to define the agenda. Perhaps most importantly, we also introduce and apply a radically revised benchmarking methodology, outlined on pp8–9 and described in detail in Appendix 1 (pp54–56). The company scores can be found on p10.

Beyond Environment

A key conclusion of *The Global Reporters* is that the agenda is now moving strongly into the territory mapped out in our 1996 and 1997 survey reports, while the initial focus on corporate environmental reporting has opened out to embrace the economic, social and ethical dimensions of business performance.

In the 1980s, most companies – whether by accident or design – were in 'stealth' mode. Trying to find out about their health, safety or environmental performance was either incredibly difficult or impossible.

Then a few pioneering companies – notably Norway's **Norsk Hydro** and the US chemical and life sciences company **Monsanto** – helped break the log-jam by publishing remarkably transparent environmental reports.

Subsequently hundreds (and now possibly thousands) of companies began producing such reports annually, of widely varying quality. While this increase represents dramatic progress from the perspective of the 1980s, these companies represent a small fraction of the tens of thousands of major multinational corporations, let alone of the millions of medium- and small-sized enterprises, trading in different parts of the world.

The Global Reporters has been prepared in the context of – and with encouragement from – the Global Reporting Initiative (GRI),⁰⁵ recognised as the world's leading triple bottom line reporting framework. Both **SustainAbility** and **UNEP** have been active participants in the multi-stakeholder consortium catalysed by the Coalition for Environmentally Responsible Economies (CERES) to develop and pilot the GRI.

Leveraging Change

New accountability standards like AA1000 and SA8000, and reporting standards like the GRI *Sustainability Reporting Guidelines* and the Greenhouse Gas Protocol Initiative, are critically important in ensuring both evolution and growing consistency in corporate reporting. But it is our belief that many companies – or senior executives in such companies – only really begin to pay attention when they are ranked or rated in benchmarking initiatives.

Here is a story for anyone who still believes that corporate reporting has zero impact on companies. During a recent international insurance industry conference, a top executive from the **Toyota Motor Corporation** spoke in public about the impact the 1997 benchmark survey had on his company. He noted that the Toyota board had been shocked when the company appeared in 93rd place, out of 100. The directors responded by instructing this executive and his colleagues to exert every effort to ensure that the company's reporting evolved towards the state-of-the-art.

Capturing the attention of boards and CEOs is a major challenge for corporate professionals promoting the sustainability agenda inside companies. Indeed, the Toyota executive publicly thanked **SustainAbility** and **UNEP** for this 'shock to the system'. It is our hope that this survey will again surprise, challenge and inspire.

Aims and Objectives

The Global Reporters is part of the joint **UNEP/SustainAbility** Engaging Stakeholders programme, which had the early aims of:

- 1 promoting wider and more honest company environmental reporting;
- 2 cataloguing and analysing sectoral trends;
- 3 tracking and evaluating trends in the main world regions;
- 4 reviewing and responding to the latest reports;
- 5 exploring the links between environmental reports and sustainable development reporting.

The 2000 Benchmark Survey Welcome to *The Global Reporters*, **SustainAbility's** fourth international benchmark survey of corporate accountability and reporting. Our previous work in 1994,⁰² 1996⁰³ and 1997⁰⁴ ranked and rated environmental reports; however this year, for the first time, we have opened out our examination to include social and economic information – in other words, sustainability reports.

Building on these aims, the specific objectives of the 2000 survey are to:

- 1 establish a robust basis on which to assess the quality of the latest sustainability reports;
- 2 explore the main trends in relation to different sectors and emerging 'hot topics';
- 3 highlight indications of how sustainability reporting presently aligns (or not) with society's emerging sustainable development agenda;
- 4 indicate early expectations for 2001 and 2002 reporting.

It is important to emphasise that *The Global Reporters* attempts to rate the quality of corporate sustainability reporting rather than corporate sustainability performance. Unfortunately, there are times when performance falls short of reporting. We thus plan to follow this survey with an exploration of how the reporting agenda has developed in light of external stakeholders' expectations. Specifically, do key stakeholders find companies' sustainability reports useful in:

- promoting sustainable development?
- understanding how well companies have performed in sustainability terms?
- assessing overall corporate performance?

Additionally, we envisage a number of tools for practitioners available to sponsors of our *Engaging Stakeholders* programme, both in person and on our website.

Structure

- 1.0 **The Global Reporters**
Forewords and Executive Summary
- 2.0 **The 2000 Benchmark Survey**
The survey process, the methodology, and the results
 - 2.1 **Methodology**
How we selected and assessed reports; the methodology at a glance
 - 2.2 **About the Global Reporters**
Analysis of results; ranking the global reporters
- 3.0 **Sectoral Issues and Trends**
Analysis of results across eight industry and service sectors
- 4.0 **Hot Topics**
How companies are addressing key sustainability reporting developments
- 5.0 **Towards Stakeholder Governance**
What our survey tells us – or not – about progress toward sustainability.
 - 5.1 **Global Reporting in 2002**
Ten suggestions for future reports

⁶⁶ SustainAbility, *Company Environmental Reporting: A Measure of the Progress of Business and Industry Towards Sustainable Development*, UNEP Technical Report 24, Paris, 1994.

⁶⁷ SustainAbility, *Engaging Stakeholders, Volume 1: The Benchmark Survey and Volume 2: The Case Studies*, for UNEP, London, 1996.

⁶⁸ SustainAbility, *The 1997 Benchmark Survey: The Third International Progress Report on Company Environmental Reporting*, for UNEP, London, 1997.

⁶⁹ Global Reporting Initiative, *Sustainability Reporting Guidelines* and GRI are trademarks of the Global Reporting Initiative. For further information on the GRI, see www.globalreporting.org

Development of the 2000 Methodology

Since 1994, we have modified our benchmarking tools each time we have produced a report. But there was a step change in 1996, with a major evolution of the original 5-stage model, and the 2000 survey has once again involved a fundamental redesign of the assessment methodology. We expect the evolutionary process to continue, even accelerate, as our experience builds.

One key reason that the methodology has been overhauled is that the nature and scope of corporate accountability – and therefore reporting – have themselves changed radically in recent years. Since our 1997 survey, numerous companies have made the leap from environmental to embryonic triple bottom line⁶⁶ reporting. The GRI has had a major impact in this respect. Figure 03 presents the major categories of our methodology and rationale for including them. A more detailed discussion of the methodology can be found in Appendix 1 (pp54–56).

The Economic Bottom Line

The most elusive dimension of performance, and therefore accountability, remains the economic. Historically, economic performance as understood by companies has been confined to the financial, that is, the cash valuation of transactions into and out of a company's accounts, as well as return on capital employed. But in recent work,⁶⁷ Chris Tuppen and Simon Zadek propose a means of measuring economic contributions to sustainable development through several 'Impact Pathways': Profits; Goods and services; Investment; Human capital and knowledge; Employment; Community; Outsourcing and procurement; and Public policy. Each of these cuts across several 'Domains': Direct to indirect; Micro to macro; and Local to global.

We have attempted to lay the groundwork for this emerging best practice in our assessment methodology, but it is clear that skill will come with the experience of more companies addressing these issues in their reports.

How We Selected the 'Top 50'

For the 2000 survey, the focus on identifying best practice and innovation did not allow for random sampling. Instead we decided to select 50 state-of-the-art reports to examine in depth.

Initially, a nomination process took place to identify potential reports. We visited scores of websites and consulted a range of international experts, seeking their advice on leading reporters. As a result, 202 candidate reports were identified and collected. These reports are listed in Appendix 2 (pp56–60). Out of this group, 22 of our eventual 50 companies were chosen because they met one or more of the following criteria:

- received a top 20 score in our 1997 benchmark survey;
- were an official GRI pilot test company;
- were honoured by other international reporting awards schemes (e.g. ACCA, IÖW).

The remaining 28 slots in our sample were filled by a selection panel based on recommendations by the SustainAbility Network and GRI Steering Committee, as well as a preliminary application of the methodology framework to identify examples of best practice and innovation.

Companies label their reports in many different ways. While our survey focuses on sustainability reports, among the Top 50 are also reports identified as 'environmental', 'health and safety', 'community', 'social', 'social and environmental', 'corporate citizenship' and 'corporate social responsibility'.

Kirin Brewing Company's report is entitled *Environmental Report for Sustainable Society*, and **The Co-operative Bank** calls its report a *Partnership Report*. **The Dow Chemical Company's** is simply its *Public Report*.

The 50 reporting companies that made it into the final benchmark survey are listed on p10, along with their scores. Any selection process is imperfect – and the pace of change in this area is intense. So we acknowledge that there will be other reports we should have included. But each of the companies that made the Top 50 pushes the accountability envelope, demonstrating aspects of emerging best practice.

Old Pros, New Faces

Among the top-scoring pioneers, we see some long-established reporters (**British Telecom**, **Royal Dutch /Shell Group**, **Bristol-Myers Squibb**) and some relative newcomers. Of the 2000 Top 50:

- 23 (46%) appeared in our last (1997) benchmark survey under the same name (although since we completed the research for this report, **Eastern Group** has become **TXU Europe**);
- 5 (10%) were either produced by a different part of one of the 1997 benchmark companies (**The Body Shop Australia and New Zealand** in 2000, instead of **The Body Shop International** in 1997; and **The Dow Chemical Company**, rather than **Dow Canada**) or appeared under slightly or radically different names. **BP** had become **BP Amoco** (and has since reverted to **BP**); **Noranda Forest** has become **Nexfor**, and **The Sun Company** has become **Sunoco**;
- 22 (44%) are new to the benchmark series. These ranged from **Axel Springer Verlag** through **Manaaki Whenua Landcare Research** to **United Utilities**.

Methodology

⁶⁶ John Elkington, *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*, Capstone Publishing, Oxford, 1997.

⁶⁷ Chris Tuppen and Simon Zadek, *Adding Values: The Economics of Sustainable Business*, British Telecommunications plc, 2000.

⁶⁸ *Ibid.*, p8.

03 The 2000 Methodology at a Glance			
1 Context and Commitments	2 Management Quality	3 Reporting Period Performance	4 Accessibility and Assurance
Assesses how well a company explains its business context for sustainable development, and the principles and intentions which will guide its actions. Elements include:	Assesses how well the quality of information allows a judgement on a company's actions and processes compared to its stated intentions. Elements include:	Assesses aspects of operational performance and triple bottom line impacts, as well as targets for improvement. Elements include:	Assesses quality and usefulness of information according to stakeholders' needs. Elements include:
Context: description of the company's business and its interpretation of positive and negative value added	Internal alignment: internal governance, accountability and management systems and processes	Economic performance	Reporting scope, commitment and policy
Decision-making: core values, principles and scope of accountability company accepts	External alignment: how a company strives to influence public policy, industry standards and customer preferences	Social & ethical performance	Verification and assurance
The business case: company's business rationale for sustainable development		Environmental performance	Accessibility of information and design
Current and future vision		Multi-dimensional performance	

How the Benchmarking Was Done

For the Top 50 reports there was a two-stage benchmarking process. Each report was analysed independently by two members of the benchmarking team, following our methodology and scoring criteria. Any differences in the scores were then reconciled by the analysts on the basis of individual scoring elements. In future surveys, it may be helpful to augment the benchmarking process with additional published information from all the included companies.

For the time being, however, we limited our analysis to a company's sustainability report (or separate environmental, social or community report). Additionally, information in the annual financial report and /or the company's website was included in the benchmark – but only when explicitly referenced in the sustainability report. In the case of the website, we limited ourselves to information that could be located within the first 15 minutes – although we spent much more than 15 minutes assessing that data.

'Economics is no more or less than the process by which humans create social and environmental outcomes.'

*Adding Values: The Economics of Sustainable Business*⁰⁸

04 About the Global Reporters				
Rank	Company	Business	Country	Score
Maximum Possible Score				196
1	BAA	Airport administration	UK	122
2	Novo Nordisk	Pharmaceuticals	Denmark	121
3	The Co-operative Bank	Financial services	UK	116
	British Telecom	IT & telecom	UK	116
5	BP Amoco	Oil, gas & renewables	UK	111
	Royal Dutch /Shell Group	Oil, gas & renewables	Netherlands /UK	111
7	WMC	Mining	Australia	100
8	ESAB	Welding products	Sweden	98
9	Bristol-Myers Squibb	Pharmaceuticals	USA	97
10	Volkswagen Group	Automotive	Germany	95
	ING Group	Financial services	Netherlands	95
12	United Utilities	Water /Electricity utilities	UK	94
13	The Body Shop Australia /New Zealand	Personal care products	Australia /New Zealand	93
14	Manaaki Whenua Landcare Research	Research & consulting	New Zealand	91
15	Eskom	Electricity utility	South Africa	89
16	Sunoco	Oil & gas	USA	87
	Unilever	Consumer products	Netherlands /UK	87
18	British Airways	Air transport	UK	86
	Camelot	Lottery administration	UK	86
20	South African Breweries	Beverages /Hotels & gaming	South Africa	84
	IBM	IT /Electronics	USA	84
	Anglian Water	Water utility	UK	84
	Mohn Media	Printing & publishing	Germany	84
24	Ford Motor Company	Automotive	USA	82
	Eastern Group	Electricity utility	UK	82
26	Henkel Group	Chemicals	Germany	81
	Kirin Brewing Company	Beverages /Pharmaceuticals	Japan	81
	TEPCO	Electricity utility	Japan	81
	Cable & Wireless	IT & telecom	UK	81
30	Nortel Networks	IT & telecom	Canada	80
31	Fortum	Energy utility	Finland	79
	Axel Springer Verlag	Media	Germany	79
33	Procter & Gamble	Consumer products	USA	77
34	Baxter	Pharmaceuticals	USA	75
35	BASF	Chemicals	Germany	74
36	Statoil	Oil & gas	Norway	71
	BMW Group	Automotive	Germany	71
	Aracruz Celulose	Forest products	Brazil	71
39	General Motors	Automotive	USA	70
	Matsushita Electric Group	Consumer electronics	Japan	70
41	STMicroelectronics	Semiconductors	France /Switzerland	69
	BC Hydro	Electricity utility	Canada	69
43	Interface	Flooring products	USA	68
44	Toyota Motor Corporation	Automotive	Japan	66
45	The Dow Chemical Company	Chemicals	USA	65
46	ABB Group	Engineering & related services	Sweden /Switzerland	64
47	Nexfor	Forest products	Canada	63
48	CIS Co-operative Insurance	Financial services	UK	62
49	Dofasco	Steel	Canada	58
50	Stora Enso	Forest products	Finland /Sweden	57

The final scores for the Top 50 reporting companies are shown in Figure 04, and in this section we outline some immediate headlines produced by our analysis of these scores. Additional discussion of the results can be found in our 'sector' and 'hot topic' sections.

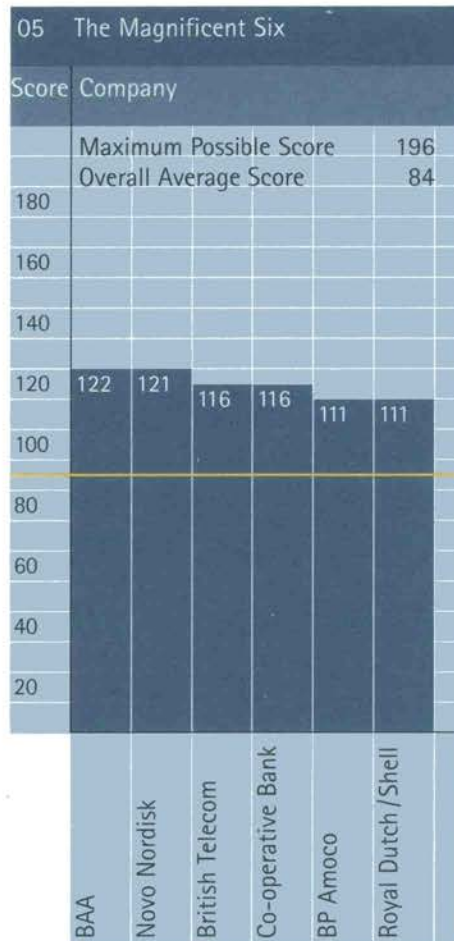
The Magnificent Six

Six companies score over 100 points. They are **BAA** (122), **Novo Nordisk** (121), **The Co-operative Bank** and **British Telecom** (both 116), and **BP Amoco** and **Royal Dutch /Shell Group** (both 111). BAA's score represents 62% of the maximum possible score of 196, leaving a 74-point gap to close. Overall, the average score across the Top 50 is 84 (43%).

BAA and Novo Nordisk Joint Winners

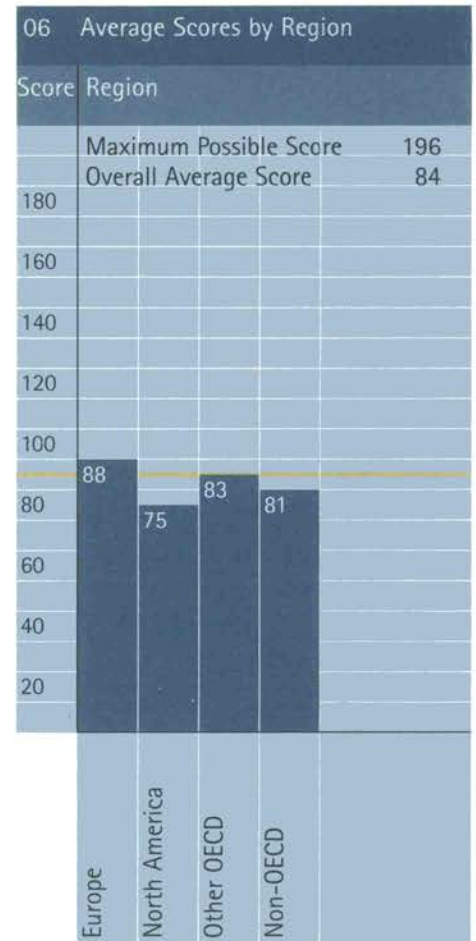
In the old days, there was a saying used when competitors were so close it was almost impossible to call: "There wasn't a cigarette paper between them". This is certainly true of the **BAA** and **Novo Nordisk** results in our 2000 benchmark survey, as their one point difference on a scale of 196 is not significant. When we ran their scores (122 and 121) through a calculator, they both came up as '62%'. As a result, we declare **BAA** and **Novo Nordisk** joint 2000 winners.

Both these companies operate in controversial sectors, with considerable public sector reporting requirements. We leave it to readers to judge which of these two, and which of the companies in the Top 50, has moved furthest 'beyond compliance'.

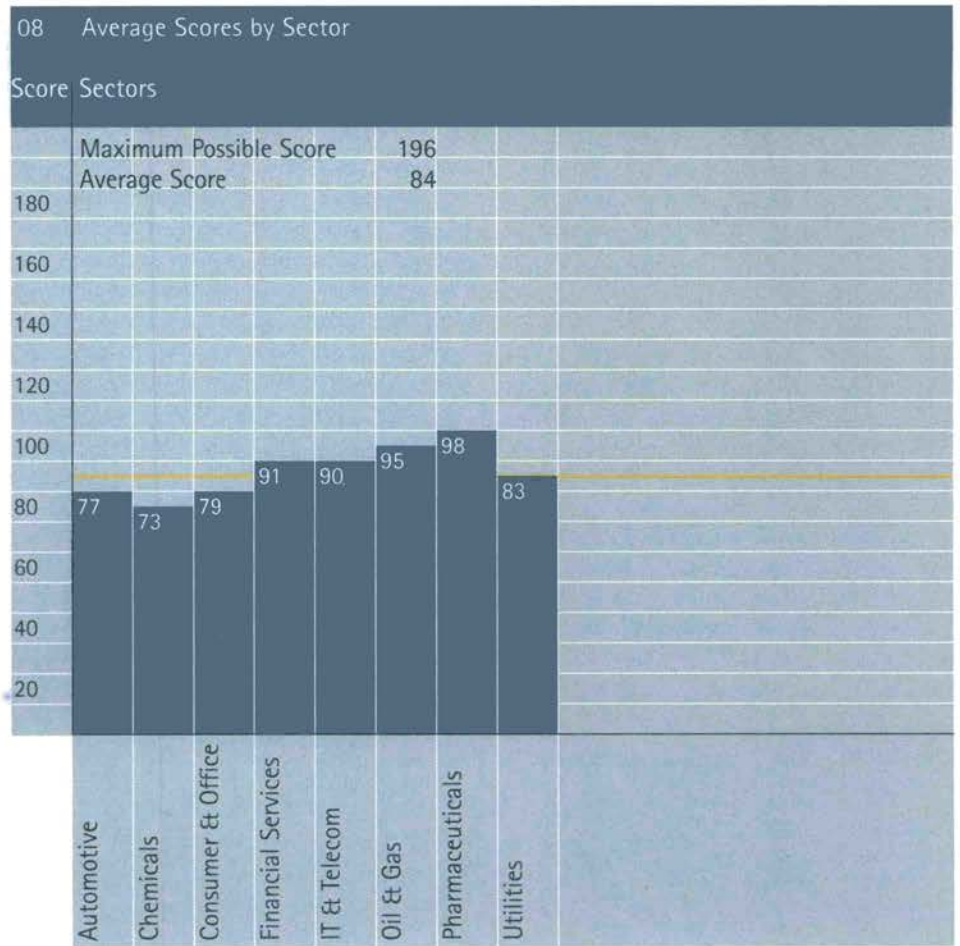
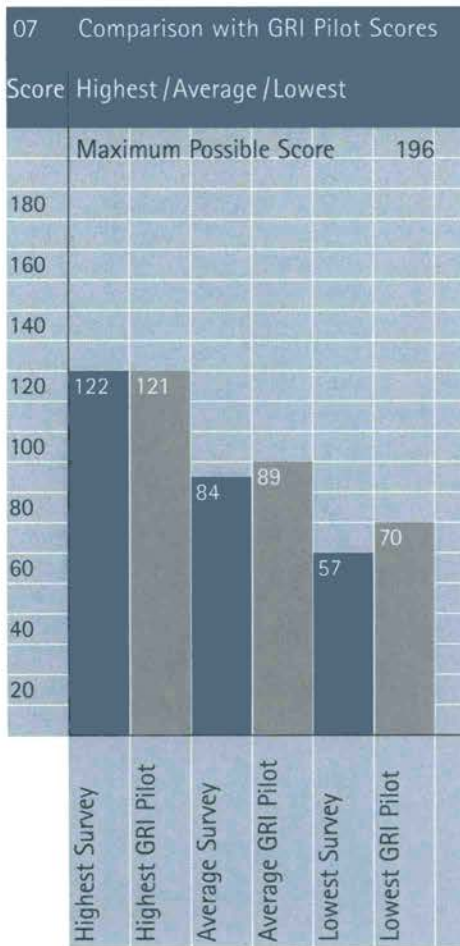


Europe Leads

All six company reports scoring over 100 are European. Indeed, five of them – including the Anglo-Dutch **Royal Dutch / Shell Group** – are from the UK, which may result from especially strong development of sustainability language and concepts, as well as standards and guidelines, in Britain.



Overall, the average scores achieved are fairly consistent across several world regions. Europe (27 reports) leads with 88 points, followed by OECD countries other than Europe and North America (7 reports) with 83 points, non-OECD countries (3 reports) with 81 points, and lastly North America (13 reports) with an average 75 points.



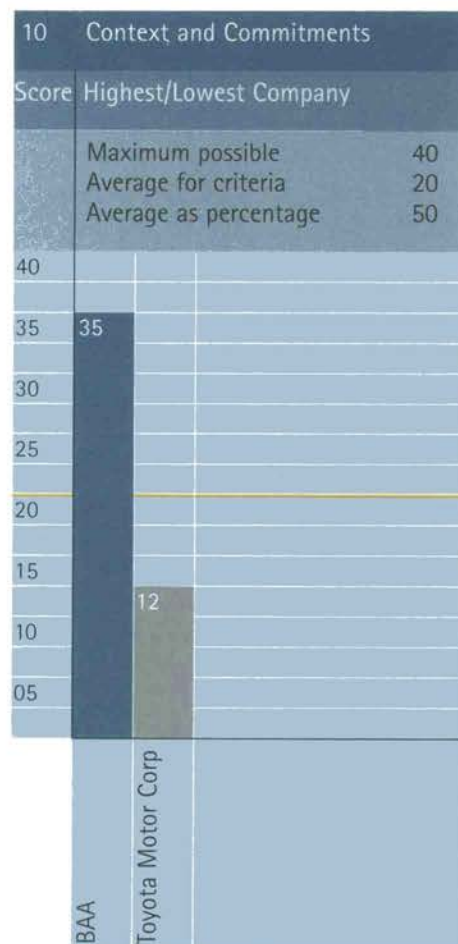
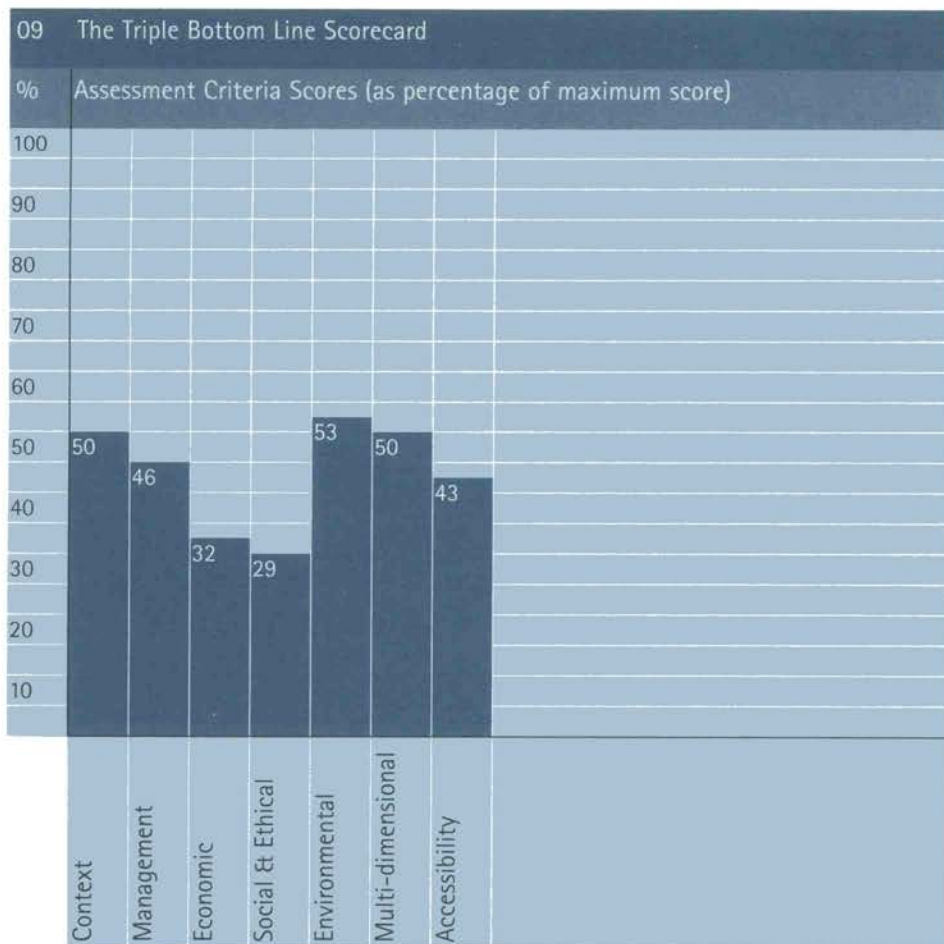
GRI Pilot Testers Lead the Pack (Just)

We wondered how well the companies that had pilot tested the March 1999 GRI Guidelines exposure draft¹⁰⁶ would score against the other Top 50 reporters. Figure 07 shows the results. With GRI pilot tester **Novo Nordisk** effectively tied with **BAA**, there is little difference in the top scores. When the average scores are considered, however, the GRI pilot testers open up a 5-point lead; while the lowest pilot tester score is a full 13 points ahead of the lowest non-pilot tester.

Doing Well: Drugs and Oil

The leading sector in terms of overall scores is the pharmaceuticals sector (**Novo Nordisk, Bristol-Myers Squibb, Baxter**), followed by oil & gas (**BP Amoco, Royal Dutch /Shell Group, Statoil and Sunoco**). By contrast, the sector with the lowest average score is chemicals.

¹⁰⁶ Top 50 companies that pilot tested the GRI *Sustainability Reporting Guidelines* exposure draft are indicated in Appendix 2 (pp57-60).



The Triple Bottom Line Scorecard

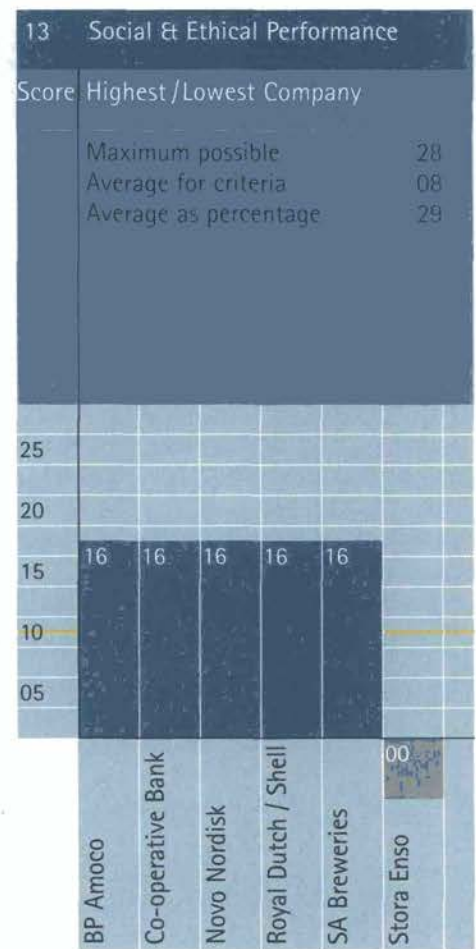
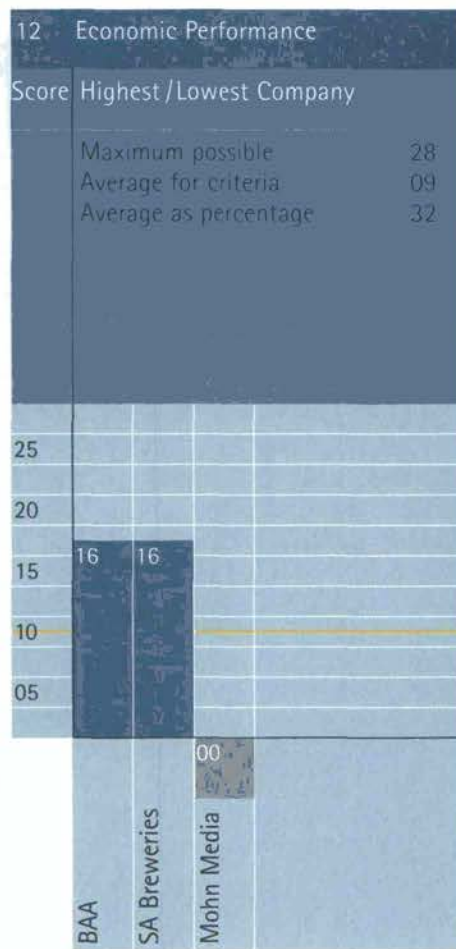
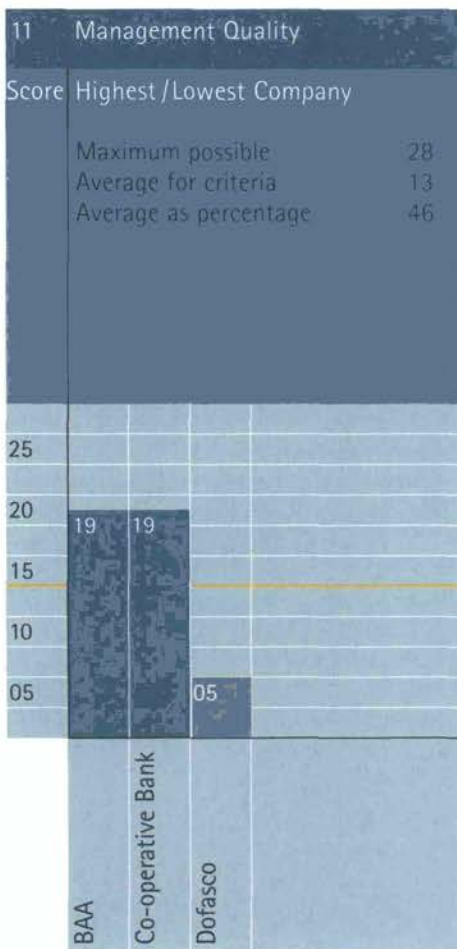
Many reporting companies have started to use the language of the triple bottom line as a reference point for their sustainability reports. Among the Top 50, 16 (32%) mention sustainability, corporate citizenship or triple bottom line on their front page. Our analysis of each of the seven major clusters of reporting criteria in the 2000 benchmark survey is outlined in Figures 10–16. Of these, *environmental performance* reporting is covered most comprehensively (with companies averaging 53% of the possible score), while *economic* (32%) and *social & ethical performance* (29%) receive the lowest scores.

Context and Commitments

We found some good descriptions of companies' *context and commitments* among the Top 50, with this group of assessment criteria producing the second highest overall average score (20 out of 40 possible points or 50%). **BAA** (35 points) is the highest scoring company on *context and commitments*. This top score represents 88% of the total potential score. The best sector score came from oil & gas (pp28–29) with 23 points (58%) on average.

Top scoring companies

1	BAA	35
2	Novo Nordisk	30
	Volkswagen Group	30
3	Royal Dutch/Shell Group	28
4	BP Amoco	26
5	British Telecom	25
	WMC	25



Management Quality

With the third highest average score (13 out of 28, or 46%), this cluster of criteria produced a tightly grouped set of results. The top scores come from **BAA** and **The Co-operative Bank**, both receiving 19 out of 28 possible points, or 68%. The best sector score comes from pharmaceuticals (pp30–31) with 16 points (57%) on average.

Top scoring companies

1	BAA	19
	The Co-operative Bank	19
2	Novo Nordisk	18
3	BP Amoco	17
	Bristol Myers Squibb	17
4	British Telecom	16
	Eskom	16
	ING Group	16
	United Utilites	16

Economic Performance

Results for the *economic performance* dimension come through well below *environmental*. Many companies assume that their financial reporting covers their responsibilities in terms of *economic performance*, but the economic is much broader (see p8). It is interesting to find that **South African Breweries** (16 out of 28 possible points) tops the scores in relation to this cluster of criteria, alongside **BAA**. The top score represents just 57% of the total potential score. The best sector score comes from financial services (pp24–25) with 11 points (39%) on average.

Top scoring companies

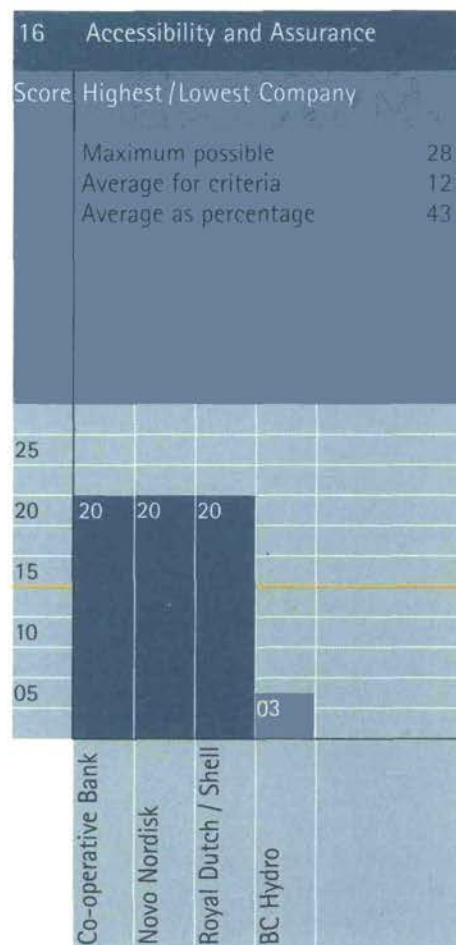
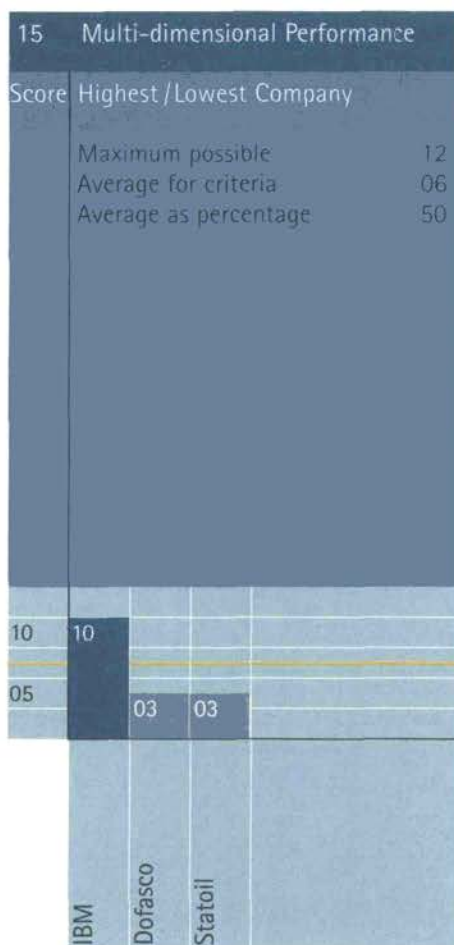
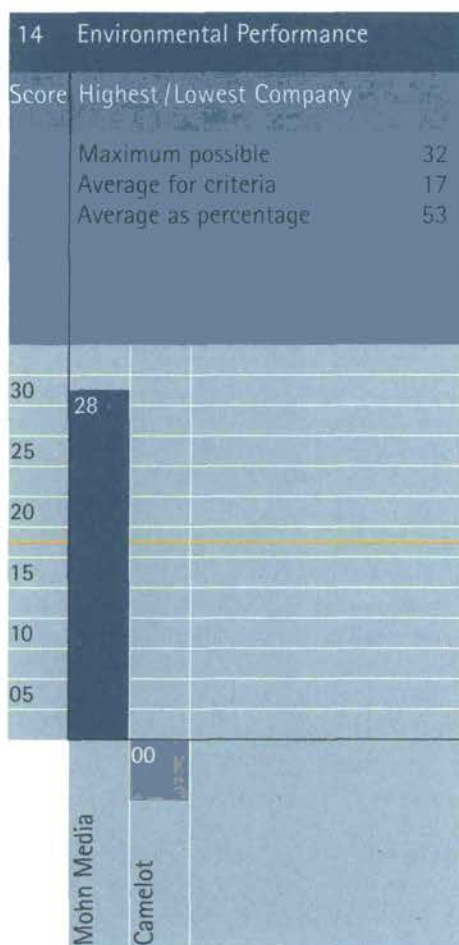
1	BAA	16
	South African Breweries	16
2	The Co-operative Bank	15
	Royal Dutch /Shell Group	15
3	Camelot	13
	Manaaki Whenua Landcare	13
4	Anglian Water	12
	British Telecom	12
	ESAB	12

Social & Ethical Performance

To all intents and purposes, the average results for the *social & ethical* and *economic performance* dimensions of the Top 50 reports are equal. Once again, **South African Breweries** tops the scores, tied this time with **BP Amoco**, **The Co-operative Bank**, **Novo Nordisk** and **Royal Dutch /Shell Group** (all with 16 out of 28 possible points). The top score represents 57% of the total potential score. As for *economic performance*, the best sector score comes from financial services (pp24–25) with 14 points (50%) on average.

Top scoring companies

1	BP Amoco	16
	The Co-operative Bank	16
	Novo Nordisk	16
	Royal Dutch /Shell Group	16
	South African Breweries	16
2	ING Group	14
3	BAA	13
	British Airways	13
	British Telecom	13



Environmental Performance

If our survey had addressed environmental reporting only, as it has in the past, scores would have looked very different. This group of assessment criteria produced the highest average score (17 out of 32 possible points, or 53%). The top-scoring companies are both German – **Mohn Media** (28) with 88% of the potential score and **Axel Springer Verlag** (25), with 78%. The highest-scoring sector in this category is IT & telecom (pp26–27) with 19 points on average (59%).

Multi-dimensional Performance

This represents a sampling of impacts that cut across the economic, social and environmental dimensions – supply chain; products and services; and compliance, fines and liabilities. The top score goes to **IBM** (10), representing 83% of the total possible score. The best sector score comes from IT & telecom (pp26–27) with 7 points on average (58%).

Accessibility and Assurance

With the fourth highest average score, this cluster of criteria also produced tight results. **The Co-operative Bank, Novo Nordisk** and **Royal Dutch /Shell Group** (all 20), followed by **BP Amoco, British Telecom** and **WMC** (all 19). The top score represents 71% of the total potential score. The best sector score comes from pharmaceuticals (pp30–31) with 16 points on average (57%). Further analysis of verification and assurance can be found in our 'hot topics' section (pp45–47).

Top scoring companies

1	Mohn Media	28
2	Axel Springer Verlag	25
3	British Telecom	23
4	Unilever	22
5	ESAB	21
	Eskom	21
	IBM	21

Top scoring companies

1	IBM	10
2	Matsushita Electric Group	09
3	British Telecom	08
	ING Group	08
	Sunoco	08
4	Axel Springer Verlag	07
	Bristol-Myers Squibb	07
	Camelot	07
	ESAB	07
	Fortum	07
	Kirin Brewing Company	07
	Novo Nordisk	07
	Volkswagen Group	07

Top scoring companies

1	The Co-operative Bank	20
	Novo Nordisk	20
	Royal Dutch /Shell Group	20
2	BP Amoco	19
	British Telecom	19
	WMC	19
3	Camelot	17
4	BAA	16
	United Utilities	16

Whatever happened to 1997's Top 10 and Bottom 10 companies?

1997 Rank	Company	1997 Score	1997 %	2000 Score ⁰¹	2000 %
Top 10					
01	The Body Shop ⁰²	131	68	105	54
02	Baxter	102	53	99	51
03	Neste / Fortum	98	51	104	54
04	Novo Nordisk	97	50	138	71
05	British Airways	96	49	99	51
06	Volvo ⁰³	93	48	64	33
07	General Motors	92	47	96	49
	Sun Co / Sunoco	92	47	95	49
09	Bristol-Myers Squibb	90	46	121	62
	Polaroid	90	46	93	48
Bottom 10					
091	ING Group	49	25	93	48
	NatWest ⁰⁴	49	25	—	—
	Toyota Motor Corporation	49	25	84	43
094	Roche	48	25	58	30
095	DaimlerChrysler ⁰⁵	47	24	85	44
096	KF Group	45	23	66	34
	Philips	45	23	56	29
098	Eastern Group	40	21	104	54
099	Saga Petroleum	33	17	36	19
100	Novartis	32	16	81	42

To gauge progress over the last few years, we undertook the separate exercise of rating the current reports produced by 1997's Top 10 and Bottom 10 companies⁰⁶ against the 1997 benchmark criteria (developed for corporate environmental – not sustainability – reports). Of the 17 current reports available from those same companies, the results showed dramatic progress in six cases. Ten other companies also scored somewhat higher this time around.

The biggest increase – a heady 64-point jump (to 104 out of 194 potential points in the 1997 methodology) – was for UK utility **Eastern Group** (now **TXU Europe**). Novartis, which scored lowest of the 100 companies benchmarked in 1997, increases its score by 49 points (to 81). Other companies from 1997's Bottom 10 achieving major improvements are Dutch financial services company **ING Group** (a 44-point leap to 93) and German / American auto group **DaimlerChrysler** (benchmarkd in 1997 as **Daimler-Benz**), which jumped 38 points (to 85).

Two 1997 Top 10 pharmaceuticals companies take highest marks for this exercise: **Novo Nordisk** (a 41-point improvement to 138, seven points higher than 1997's top scorer, **The Body Shop International**) and **Bristol-Myers Squibb** (a 31-point improvement to 121).

The Body Shop International had not produced a new report in time for the 2000 benchmark survey, so as a sample of the company we decided to benchmark the report produced by one of its major regional businesses, **The Body Shop Australia and New Zealand**. Although the result is 26 points down on the 1997 international group score, the result is still impressive.

In two other cases, **Volvo** and **Baxter**, the 2000 scores are lower than in 1997, although these results are probably not what they seem. In the case of **Baxter**, the small difference is not significant given that this remains an excellent report series. Similar to **The Body Shop**, **Volvo's** 1997 report was produced by the **Volvo Car Corporation**, now part of **Ford Motor Company**, while the 2000 result relates to **AB Volvo**, a very different company. But not all report-users are able to discriminate between companies in this way.

⁰¹ Based on the 1997 methodology (maximum score 194).

⁰² **The Body Shop International** 2000 report was not yet available, so **The Body Shop Australia and New Zealand** report was used instead.

⁰³ 1997 analysis covered the **Volvo Car Corporation**, now part of **Ford Motor Company**; 2000 analysis covers **AB Volvo**.

⁰⁴ No report available.

⁰⁵ Originally covered as **Daimler-Benz**.

⁰⁶ **SustainAbility**, *The 1997 Benchmark Survey: The Third International Progress Report on Company Environmental Reporting*, for UNEP, London, 1997.

⁰⁷ Paul Gilding, Ecos, Australia; Adrian Henriques, csr network, UK; Elisabeth Laville, Utopies, France; Nick Robins, International Institute of Environment and Development (IIED), UK; Tessa Tennant, social investor, UK; Teoh Cheng Hai, Global 500 Forum, Malaysia; and Raymond van Ermen, European Partners for the Environment (EPE), Belgium.

⁰⁸ **SustainAbility**, *Company Environmental Reporting: A Measure of the Progress of Business and Industry towards Sustainable Development*, UNEP Technical Report 24, Paris, 1994.

Problems, Solutions

Apart from the obvious 'golden oldies' (e.g. automotive, chemicals, forestry, oil) and the 'fast movers' (e.g. IT, life sciences), Nick Robins of the International Institute of Environment and Development (IIED) spotlighted the growing importance of what he called the 'market gatekeepers' (e.g. retail, financial services). These three headings provided a useful structure for the analysis:

Golden Oldies

In the golden oldies category, other respondents added agriculture, cement, construction, food, infrastructure projects, mining, textiles, utilities and water.

Fast Movers

Under the fast movers heading, the intellectual property, media and pharmaceuticals sectors were added.

Market Gatekeepers

Property and real estate, as well as tourism were added to the list of market gatekeepers – alongside a specified financial services sector, re-insurance, because of the growing cost of natural disasters.

In Australia, Paul Gilding and his colleagues at Ecos noted their priority list of sectors "seems to be changing rapidly". Part of the reason is the succession of high-profile controversies, but there is a growing interest in the sustainability community in sectors that are (or might become) solution-providers, such as finance and renewable energy sources like fuel cells. In France, Elisabeth Laville of Utopies also highlighted the rapid emergence of new issues, concluding that no industry is guaranteed to stay out of the spotlight.

Drivers

The most important factors driving changes varied between sectors and world regions. Construction popped up in Australia, which hosted the 2000 Olympics, alongside the long-standing issue of water consumption in agriculture. Meanwhile, from Malaysia, Teoh Cheng Hai, previously director for environment and quality at Golden Hope Plantations, pointed to plantation agriculture (particularly the continuing need to expand crop area to meet global demand for fats and oils), massive land clearance for property development, and sustainable tourism as major regional issues.

In Europe, Elisabeth Laville echoed Teoh Cheng Hai's emphasis on tourism, citing its high impact on local population, environment and infrastructure, while Raymond van Ermen, of European Partners for the Environment in Belgium, underscored the growing number of sectoral sustainability initiatives generally as a key driver. Social investor Tessa Tennant spoke of public concerns about genetically modified organisms (GMOs) and the growing pressures on the automotive industry as key drivers of change. Adrian Henriques from CSR Network agreed, noting that the life sciences sector – and other 'New Economy' sectors – would be in the spotlight "as attitudes to science change; we love science, but are increasingly frightened by it".

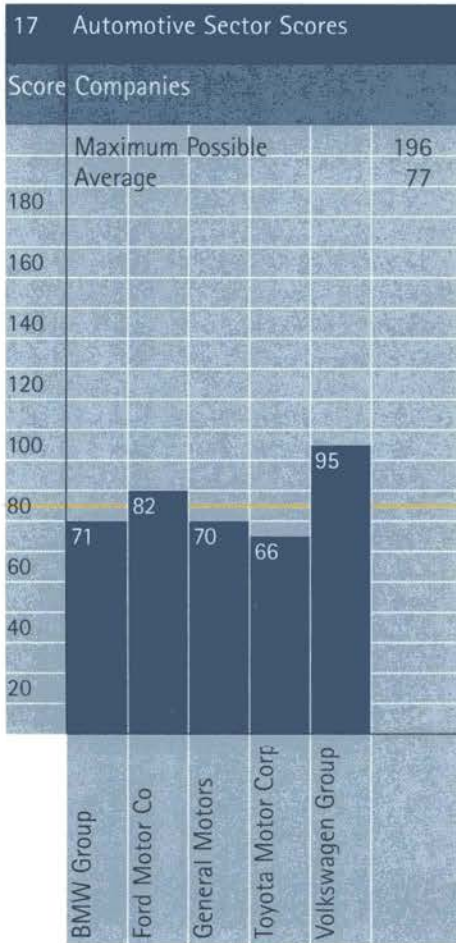
In the end, though, three drivers were seen as key: public concerns, supply chain initiatives and the financial services sector. In the context of the last two, Nick Robins (who co-authored our first benchmark survey¹¹) predicted that "advocacy-driven benchmarking will increase, driving an upward spiral of expectation".

Sectors Benchmarked

In the 2000 survey, we examine the results in detail from eight sectors: automotive, chemicals, consumer & office products, financial services, IT & telecom, oil & gas, pharmaceuticals and utilities. Among the 50 corporate sustainability reporters benchmarked, companies in the pharmaceuticals sector achieve the best overall score (average 98), followed by the oil & gas sector (average 95).

In some cases, the detailed analysis which follows includes information and results from companies outside our Top 50.

Sectoral Issues and Trends Which industrial sectors will come under growing societal pressure over the next decade? To test our own hunches, we queried experts whose business it is to get an early sense of the emerging agenda.¹⁰ We asked them: which sectors will come into the spotlight in the next five years; and why?



The automotive sector is in an extraordinary period of change, in which strategies, practices and visions could take the major companies in a number of different directions. Subject to mergers, acquisitions and major restructuring, the sector faces a range of emerging issues that will fundamentally affect how it will evolve over the next decade. Topping the list of these issues are climate change, safety, equitable access and the business models used in emerging markets.

Companies in the automotive sector have made significant inroads into reporting on their performance. Nevertheless, ranked seventh of the eight sectors covered, this sector is clearly still some way from fully understanding or articulating its range of triple bottom line impacts.

Star Companies

The top scorer in the automotive sector is **Volkswagen Group** with 95. Other auto companies included in the survey are **Ford Motor Company** (82), **BMW Group** (71), **General Motors** (70) and **Toyota Motor Corporation** (66). VW's dominance in the sector runs through almost all categories of the benchmark, although they drop in their reporting on *social & ethical* and *economic performance*, where GM and Ford take the top scores respectively, by a narrow margin.

The highest automotive sector score falls 101 points short of the total potential maximum of 196.

Triple Bottom Line Review

Ford Motor Company produced a *Corporate Citizenship Report*, and **General Motors** an *Environment, Health and Safety Report*. Both result from pilot tests of the draft GRI guidelines. **BMW Group**, **Toyota Motor Corporation** and **Volkswagen Group** produced *Environmental Reports*. VW's report, despite focusing on the environment, demonstrates a strong awareness of the company's overall impact, linking systematic performance reporting to strategic business choices.

Best Practice

Ford Motor Company's Corporate Citizenship Report gives a treatment of particular dilemmas faced by the automotive sector, most notably its case study on the use of sport utility vehicles (SUVs) – in which Ford acknowledges the vehicles' low fuel economy, more lenient emissions standards and safety concerns, as well as their high profit margins for manufacturers. **Volkswagen Group** widens its reporting scope through the use of World Business Council on Sustainable Development (WBCSD) scenarios adapted to the auto sector, while **BMW Group** spells out its vision of alternative fuels.

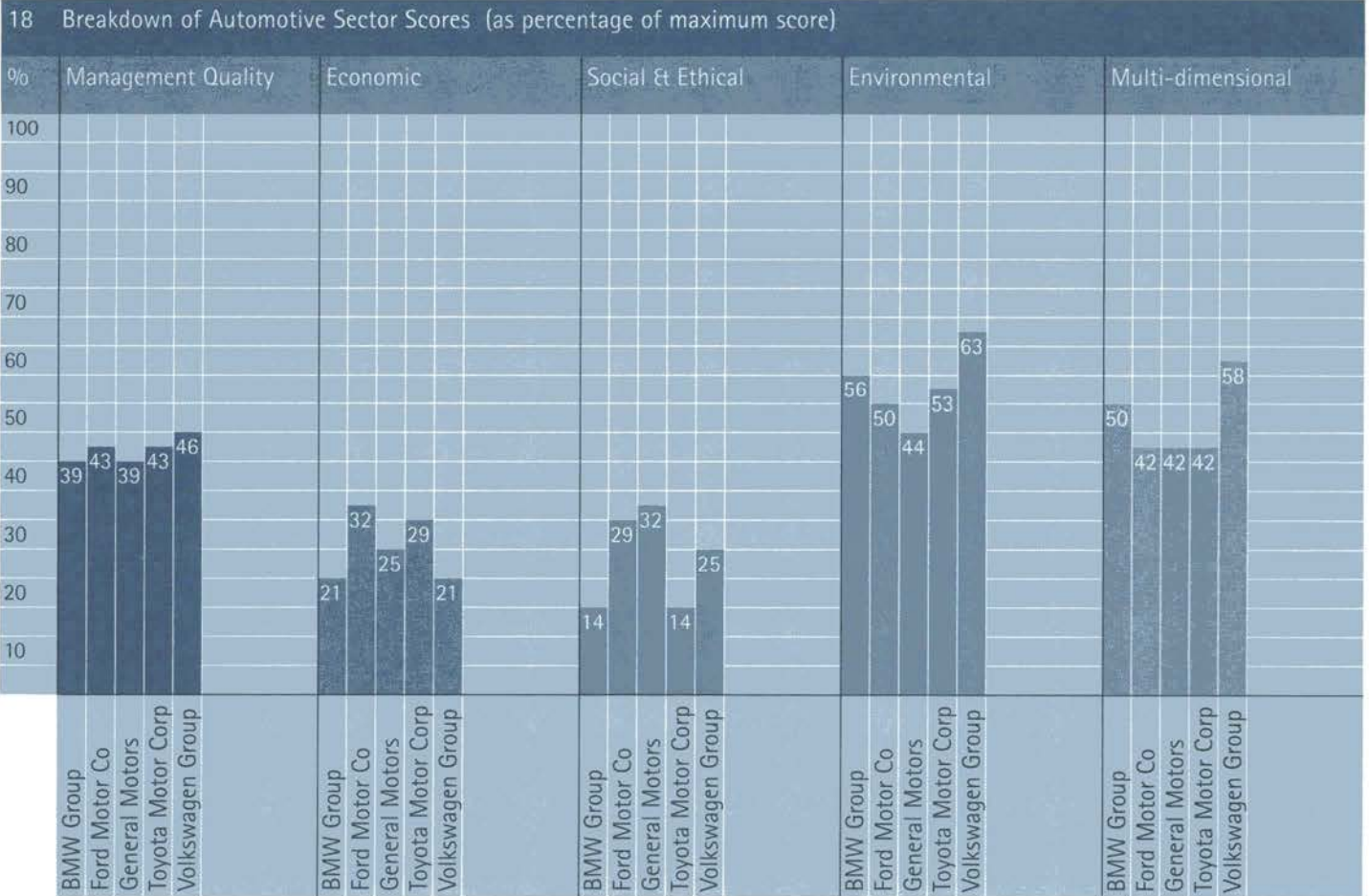
All the automotive sector reports score low on habitat protection /land use / biodiversity – somewhat surprising considering the size of manufacturing plants and the significant impacts of the product on both urban and rural areas. Both **Toyota Motor Corporation** and **Volkswagen Group**, however, do focus on logistics, examining their movement of goods and vehicles.

Supply chain relationships are increasingly headline news, but apart from provision of supplier guidelines, responsibility for influencing these relationships and ensuring reasonable standards is hardly addressed at all in Top 50 automotive sector reports. In light of the recent tyre recall crisis faced by **Ford Motor Company** and Firestone /Bridgestone, these relationships will surely receive additional attention in future reports as companies strive to work more transparently with their suppliers. Dilemmas in working with suppliers and dealers, and the conflicting business opportunities they present, are not discussed in most cases.

Future Trends

Sustainable mobility, which provides equitable access to affordable, safe, useful and reliable transportation, while minimising consumption of non-renewable resources, land use and the creation of noise and air emissions, including greenhouse gases, is the most pressing issue on the horizon for the automotive sector.

Automotive



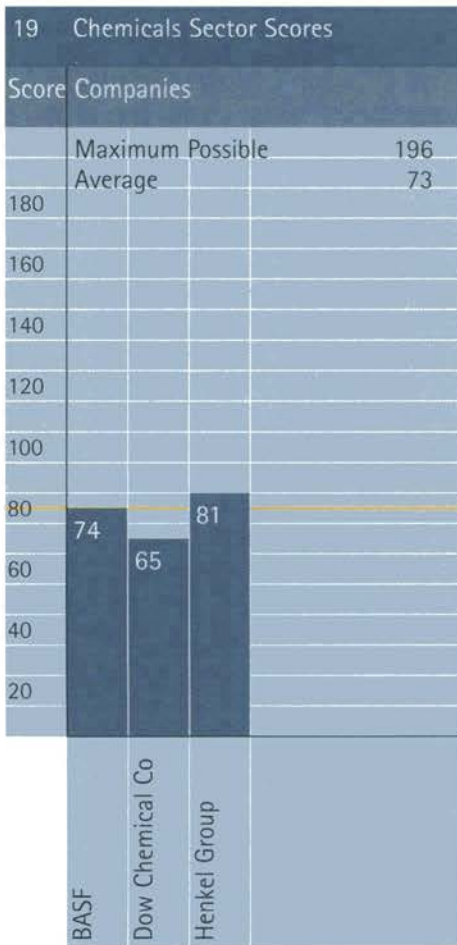
Most vehicle manufacturers seem to believe that technical innovation, including the offering of vehicles with alternative fuel-mixes, lightweight design and even recyclable materials, will be sufficient to address global environmental concerns. While these advances may indeed be important in addressing climate change, companies are still only dipping their toes into the (rising) ocean. Few companies also acknowledge that behavioural shifts in society will be needed to make a significant impact.

Auto companies' choice of business strategies for use in emerging economies is another major issue. Promoting models of personal mobility based on a vehicle-saturated Europe, for example, raises fundamental questions surrounding equity, access and environmental degradation in emerging markets. Companies prepared to discuss these issues take a step towards acknowledging their role in pushing markets towards sustainable mobility.

None of the auto companies have yet fully acknowledged the profound change in their product mix necessary to move towards serious commitment to sustainable development and corporate citizenship. With growing leadership from trade organisations such as The Society for Motor Manufacturers and Traders (SMMT) in the UK, which recently produced a sustainability strategy, this could now be on the cards.

'Mobility is one of mankind's most fundamental needs. But at a time of rapidly increasing population density it can only be achieved by radically improving environmental efficiency and drawing together all the available modes of transport into an "intelligent" network.'

Volkswagen Group *Environmental Report 1999 /2000*



Our survey results show a surprisingly weak overall response from this industry in terms of sustainability reporting, with the top relatively traditional chemicals sector reports (by **Henkel Group** and **BASF**) appearing in 26th and 35th place respectively. This result is something of a surprise for a sector that has been in the spotlight at least since the early 1960s.

Of course, if we took **The Dow Chemical Company's** advice, offered in its latest annual report, we would call the sector 'science and solutions', but whatever we call it there are real problems in identifying 'pure' chemicals companies. Both **BP** and **Royal Dutch /Shell Group** have chemicals businesses, for example, while pharmaceuticals companies like **Bristol-Myers Squibb** and **Baxter** are also involved in some fairly basic forms of chemical production.

Fifteen chemicals companies were analysed in our 1997 survey, with the sector then achieving a lowly 11th position out of 14 sectors, including the overall lowest score. At that time, the main drivers of corporate reporting were health, safety and environmental issues. For the chemicals industry, this pattern appears to have changed very little.

In the 2000 survey, only three chemicals companies (out of the 12 reviewed) made it into the Top 50. Even so, the sector achieves the lowest score of the eight sectors covered.

Star Companies

The three Top 50 companies are **Henkel Group** (81), **BASF** (74) and **The Dow Chemical Company** (65), all of which come in below the survey's average score. The highest chemicals sector score falls 115 points short of the total potential maximum of 196.

Triple Bottom Line Review

BASF achieves the highest score for the sector in terms of *environmental performance* reporting, while **Henkel Group** is well ahead with respect to *management quality* and *multi-dimensional performance*.

The Dow Chemical Company achieves relatively low scores across the board – which is again surprising, given that it is the only company in the sector that has attempted to integrate a triple bottom line framework into its reporting. Dow does, however, score highest on *social & ethical performance*. The other chemicals sector reports are either 'Health, Safety and Environment' or 'Responsible Care' reports.

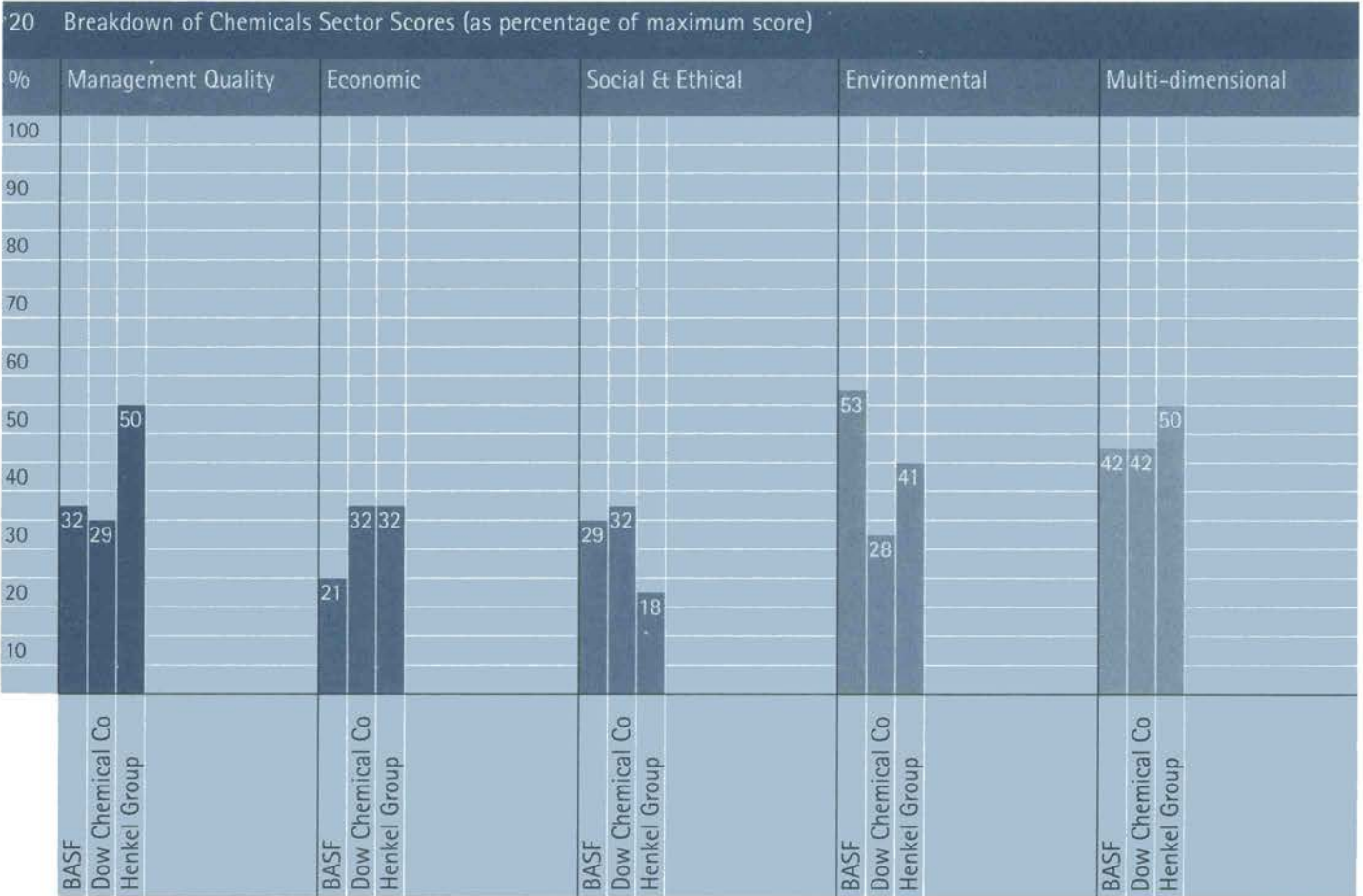
This last fact may well account for the lower scores. While companies like **Henkel Group** flag up their commitment to sustainable development from the very outset of their reports, sustainability thinking is still not totally integrated into the Responsible Care standards and procedures.

Best Practice

Since their introduction in 1987, the Responsible Care guidelines have become the international chemicals industry standard, currently subscribed to by 45 national associations. The three Top 50 chemicals companies have all made active commitments to the programme, reflected in their reporting, which focuses on issues stressed by Responsible Care principles. Thus, while coverage of health and safety is good, with chemicals ranking in the top three for the survey, the sector appears in the bottom three for its *social & ethical performance*.

In terms of best practice, **Bayer** is beginning to cover greenhouse gas reduction activities. **DSM** includes a 'Where it still went wrong' section. The provision of site-specific data is becoming a more common occurrence, with leaders in this area including companies such as **DSM** and, from our Top 50, **BASF** – with a case study of its principal manufacturing site, in Ludwigshafen. And, on the financial side, **Kemira** reports the environmental taxes it paid in 1998-99 (€11.5 million).

Chemicals



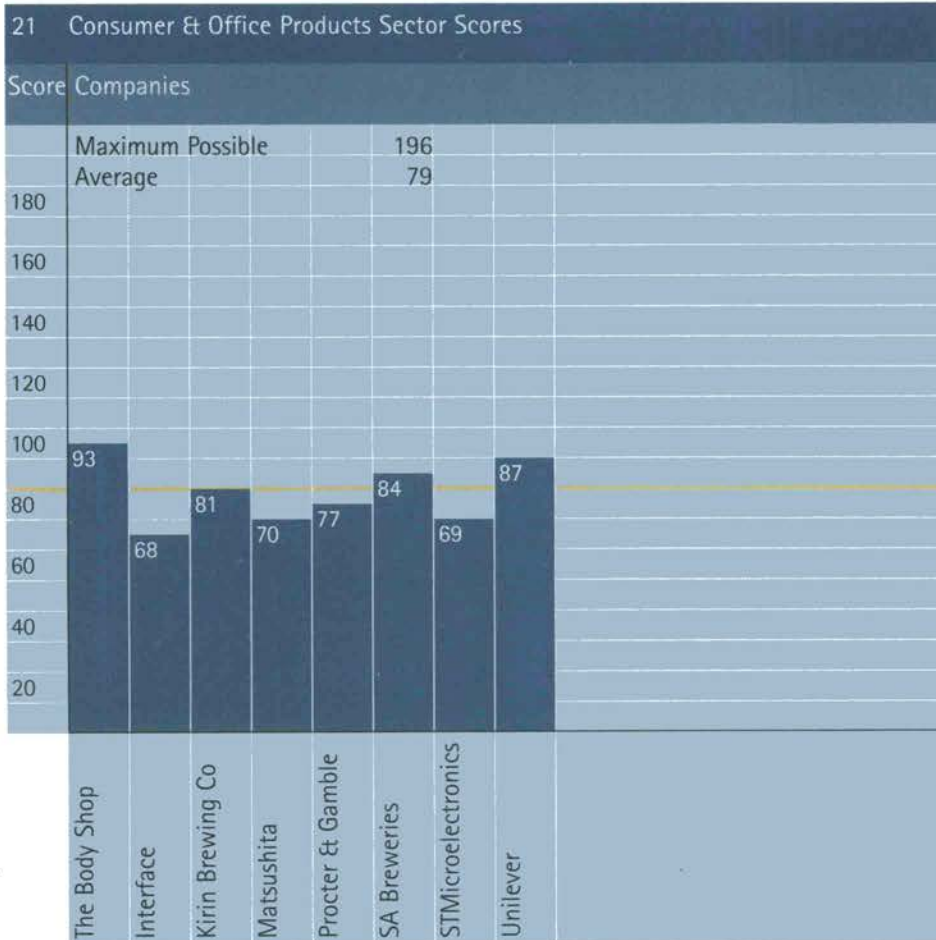
Future Trends

The sector needs to better reflect society's evolving sustainability agenda by including fuller coverage of *social & ethical* and *economic* considerations into its reporting. The lack of integration of these issues is notable compared with other industries, and is reflected in the overall lower scores achieved by the reports reviewed. As we have said, the industry's heavy reliance on Responsible Care as its management framework may well be a significant factor here.

Considering the industry's current unpopularity – "only tobacco and the nuclear industry rank lower than chemicals in the US public's perception," as the Financial Times recently put it¹² – there is an urgent need for chemicals companies to address stakeholder engagement and perception (both important factors in increasing credibility) in its 2001 reports and beyond.

'Responsible Care knows no boundaries.'
Bayer's 1999 Annual Report,
Innovation for People

¹² Hilfra Tandy, 'Industry Works Hard to Clean Up', *Financial Times*, 3 July 2000.



Star Companies

Consumer & office products companies in the Top 50 are **The Body Shop Australia and New Zealand** (93), **Unilever** (87), **South African Breweries** (84), **Kirin Brewing Company** (81), **Procter & Gamble** (77), **Matsushita Electric Group** (70), **STMicroelectronics** (69) and **Interface** (68). There is a 25-point range between the reporting companies operating in this sector, with **The Body Shop Australia and New Zealand**, achieving a 6-point lead over the next closest company, **Unilever**. The highest consumer & office products sector score falls 103 points short of the total potential maximum of 196.

Triple Bottom Line Review

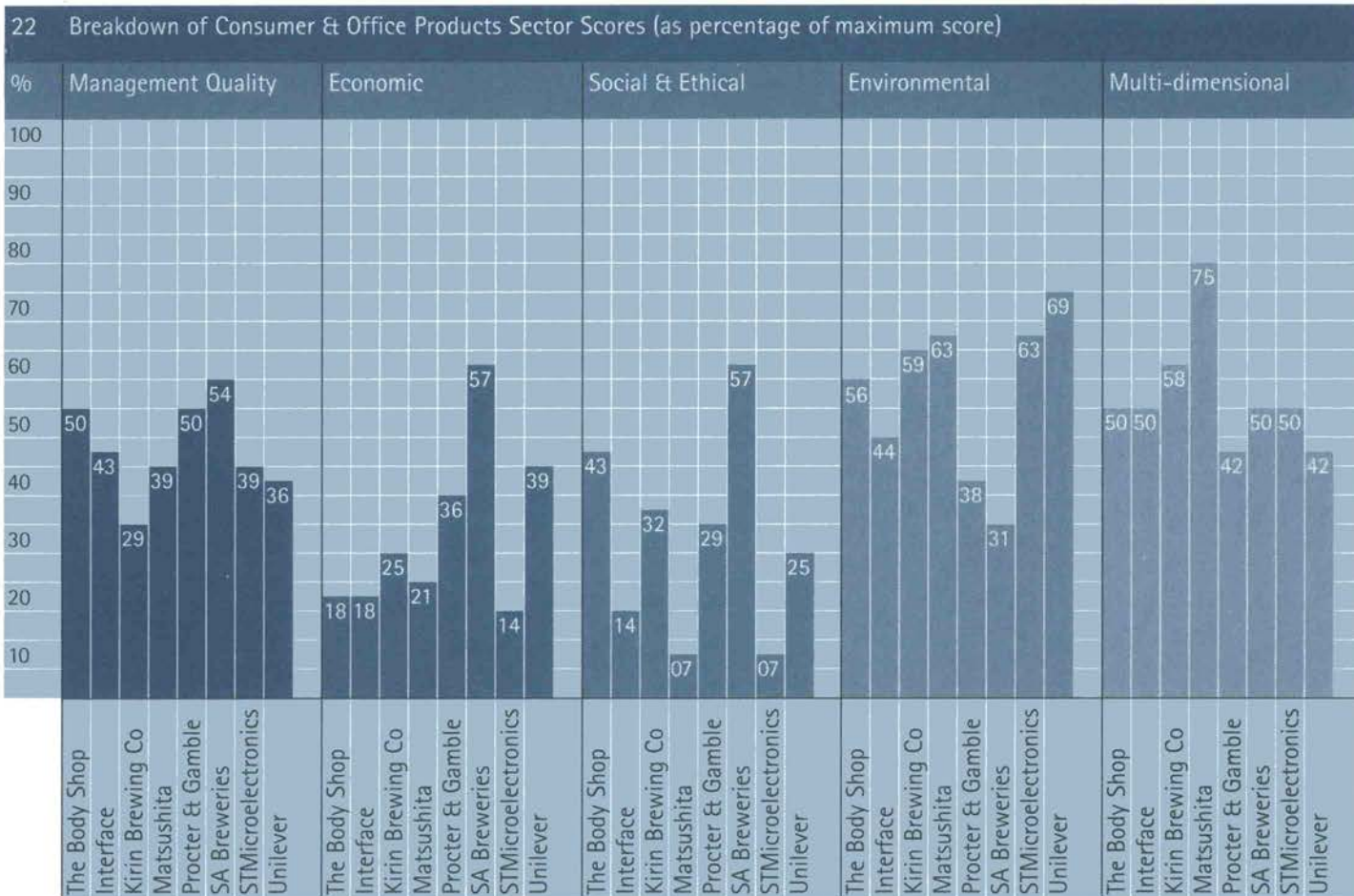
The styles of reporting are fairly consistent across the sector. With the exception of **South African Breweries**, the reports are all far stronger on *environmental* than *social & ethical* or *economic performance* coverage. **South African Breweries** also leads the sector in *management quality*, including governance, accountability and management systems.

This sector is something of a stretch, but there is an underlying logic. Many of the products purchased for use in offices (e.g. detergents, batteries, carpets, PCs, photocopiers) are found (or soon will be) in a significant proportion of homes. The structure of the markets may be different, but some of the key triple bottom line issues are not. So, for example, potential triple bottom line impacts of consumer & office products markets include those related to materials selection, product design, manufacturing process, packaging, transportation and product use.

Most of the reports we reviewed from this super-sector focus on inputs and outputs at the manufacturing stage of their products, with generally high-quality information and tools such as life cycle assessment, design for environment and green procurement commonly employed. Much less attention is paid to the product use and end-of-life phases, however. A total of eight companies made it through into our Top 50 in the consumer & office products sector, which is positioned in sixth place among the eight sectors covered.

Interestingly for the sector, only two companies (**The Body Shop Australia and New Zealand** and **Kirin Brewing Company**) address in any detail the issues of advertising and communication with customers about the sustainability issues surrounding their own products.

Consumer & Office Products



Best Practice

Both consumer and office product manufacturers have produced interesting corporate environmental and (embryonic) sustainability reports.

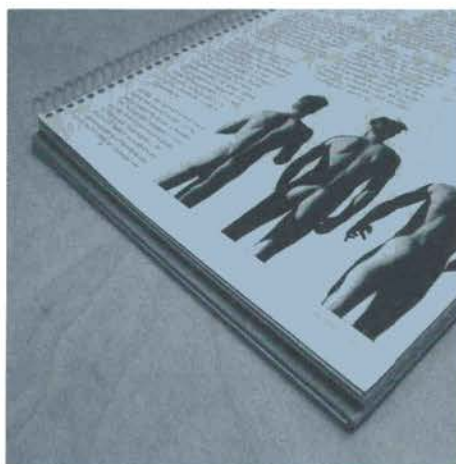
Interface, surprisingly, comes bottom of the sector's current crop of reports but has much the best top management statement, by CEO Ray Anderson – visionary, compelling, personal and deeply committed to sustainable development, albeit of the environmentally focused kind.

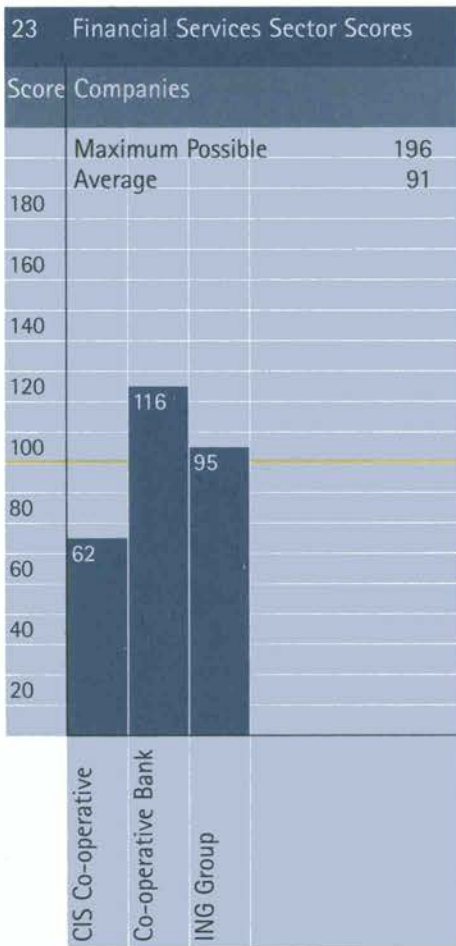
In terms of their products and services, **Interface** displays considerable innovation. Unfortunately, in spite of this, weak coverage of *social & ethical* and *economic* issues pulls their score down significantly. Although many reports mention life cycle assessment, **Matsushita Electric Group** takes the thinking a step further with an excellent description – and very good illustrations – of the product development process through planning, design and production.

Future Trends

In addressing advertising issues, **The Body Shop Australia and New Zealand** and **Kirin Brewing Company** show real leadership. In 2001–2002, we would hope to see a much stronger focus on consumers and customers, and on sustainable production and consumption issues in this sector's reports. An emerging trend, especially for the consumer electronics industry, is towards programmes designed to tackle downstream product stewardship, such as take-back initiatives. As legislation increases in regions such as the European Union, watch for these issues in future sustainability reports.

The triple bottom line makes a revealing appearance in **The Body Shop International's** annual report for 2000.





With the insurance and banking industries already long exposed to environmental liabilities, triple bottom line issues have potentially major impacts on the financial services sector. Whereas once the questions revolved around pollution, toxic waste and contaminated land, increasingly insurers and also lenders face even bigger problems, such as climate change, and social and ethical liabilities (e.g. the lawsuit recently filed in the USA against **Royal Dutch /Shell Group** in relation to the death of Ken Saro-Wiwa and other Nigerian activists).

Although the financial analysts remain somewhat aloof, the work of ethical investment groups is helping raise awareness.¹³

This sector was not covered in the 1997 survey. One reason was that very few financial services companies had even considered reporting then, but their numbers are growing. Of the full field of 202 reporting companies identified in our global trawl, 12 (6%) operate primarily in the financial services sector. Three finance companies made it through into our Top 50 – and, on the basis of their scores, the sector ranks third among the eight sectors covered.

Star Companies

The Top 50 companies are **The Co-operative Bank** (116), **ING Group** (95) and **CIS Co-operative Insurance** (62). Their relative positions are plotted in Figure 23. **The Co-operative Bank**, the leading company, scores 21-points higher than the next closest company, **ING Group** – and there is an impressive 54-point range between the reporting companies operating in this sector.

The highest financial services sector score falls 80 points short of the total potential maximum of 196.

Triple Bottom Line Review

Among the more striking results in the financial services sector: **The Co-operative Bank** scores highest more or less across the board. Only in *multi-dimensional performance* does **ING Group** score higher.

The styles of reporting are fairly diverse across the sector. Among the full field of financial services sector reports, several (e.g. **Bank of America** and **Credit Suisse**) focus mainly on the environment and some (e.g. **CIS Co-operative Insurance** and **Trillium Asset Management**) on social accountability, while still others (e.g. **The Co-operative Bank** and **ING Group**) are inclining more towards triple bottom line reporting packages.

Best Practice

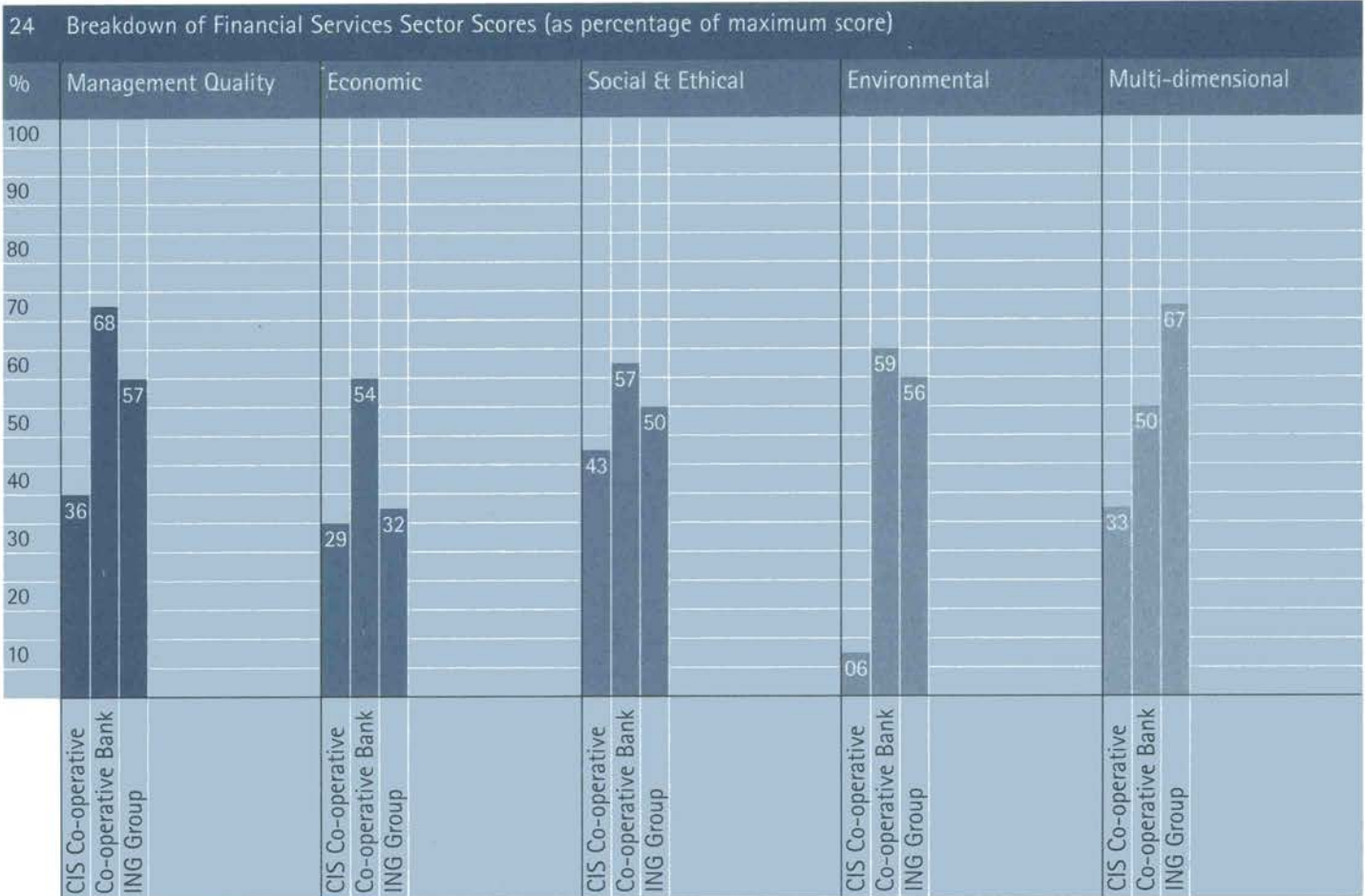
To date, the financial services sector has not been among the more innovative when it comes to triple bottom line reporting. However, among the interesting areas covered by this year's reports are the provision of an environmental risk inventory for loan officers (**ING Group**), as well as the fair handling of contracts and prices, the provision of ecological financial products, and the attitudes of suppliers to the bank's ethical and ecological policies (**The Co-operative Bank**).

One of the most useful features of any of these reports, and one that could be adopted by all reporting companies, is the listing of key performance indicators provided by **The Co-operative Bank**, identifying established and new indicators. These are classified under triple bottom line headings: delivering value, social responsibility and ecological sustainability. **CIS Co-operative Insurance** also lists its social accountability indicators.

Other interesting indicators include the amount and value of air travel saved by the use of video conferencing (**Credit Suisse**) and the filing of triple bottom line shareholder resolutions (**Trillium Asset Management**).

Financial Services

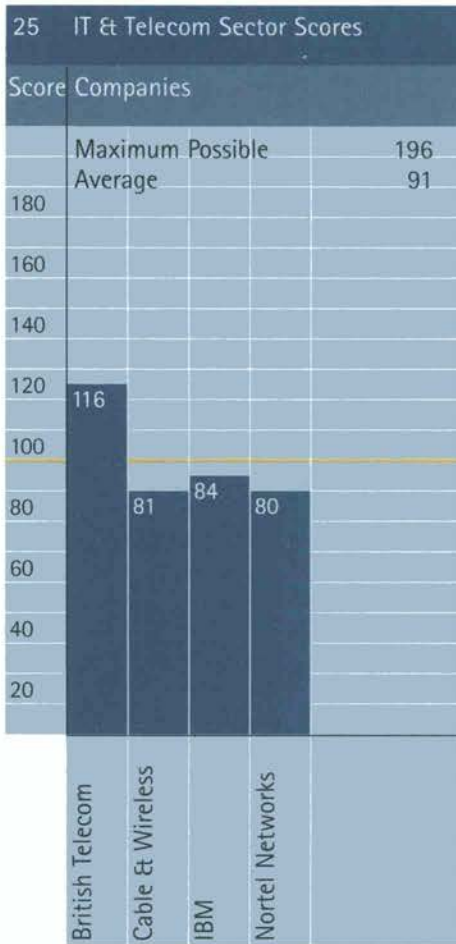
¹³ Seb Beloe, *A Responsible Investment? An Overview of the Socially Responsible Investment Community for the Institute of Chartered Accountants in England and Wales*, SustainAbility, London, 2000.



Future Trends

The financial services sector is not known for its long-term vision, and these reports offer little in the way of scenarios or forecasts of future trends. But with respect to sustainability, **The Co-operative Bank** does refer to both past (back to 1844) and future generations of 'co-operators' as key stakeholders, and has a section on one of the biggest issues of all, the canceling of Third World debt.

'We hope the report causes you to ask more questions.'
Trillium Asset Management
Social Report 1999



This sector was not covered in the 1997 survey, although companies like Philips (which came 96th in our 1997 survey), **LG Semicon** (86th), **Intel** (82nd), **British Telecom** (57th), **Sony** (55th), **IBM** and **Nortel Networks** (tied for 12th) were early pioneers in corporate environmental reporting. New names considered in the 2000 survey include **Cable & Wireless**, **Ericsson**, **Motorola**, **Nokia** and **Siemens**.

In the 2000 survey of corporate sustainability reporting, four companies made it into the Top 50 – although 17 (8%) of the full field of 202 reports are drawn from this sector. On the basis of the Top 50 reports, the sector ranks fourth among the eight sectors covered.

Star Companies

The Top 50 companies are **British Telecom** (116), **IBM** (84), **Cable & Wireless** (81) and **Nortel Networks** (80). BT is significantly ahead of the other three (over 30 points), which are closely grouped in terms of overall scores.

The highest IT & telecom sector score falls 80 points short of the total potential maximum of 196.

Triple Bottom Line Review

Looking at how the IT & telecom companies fared across the major categories of our scoring criteria, **British Telecom** leads the field in the *environmental, social & ethical and economic performance* and *management quality* dimensions of reporting, while **IBM** pulls ahead in relation to *multi-dimensional performance*.

IBM is also ahead of **Cable & Wireless** and **Nortel Networks** on *environmental performance*, while Cable & Wireless and Nortel do better in terms of *management quality*.

The styles of reporting are fairly consistent across the sector. But, once again, **Sony** Chairman and CEO Norio Ohga scoops the field with his highly personal foreword to the company's 1999 report, *For the Next Generation*. "In recent years," he says, "I have sensed that the Earth has lost much of its mystique. When I was a child, the Earth was a heavenly body of an unimaginable scale. But technological progress like long-distance jets, along with worldwide environmental pollution, now make this planet small enough to hold in one's mind."

Best Practice

With honourable exceptions, the IT & telecom sector has not always been the most innovative when it comes to triple bottom line reporting, but the shift towards internet reporting has helped put some of these companies in the spotlight.¹⁵ For most reporting companies, the focus is mainly on traditional environmental areas like design for the environment, management systems and standards, emissions, energy, waste, product stewardship and recycling.

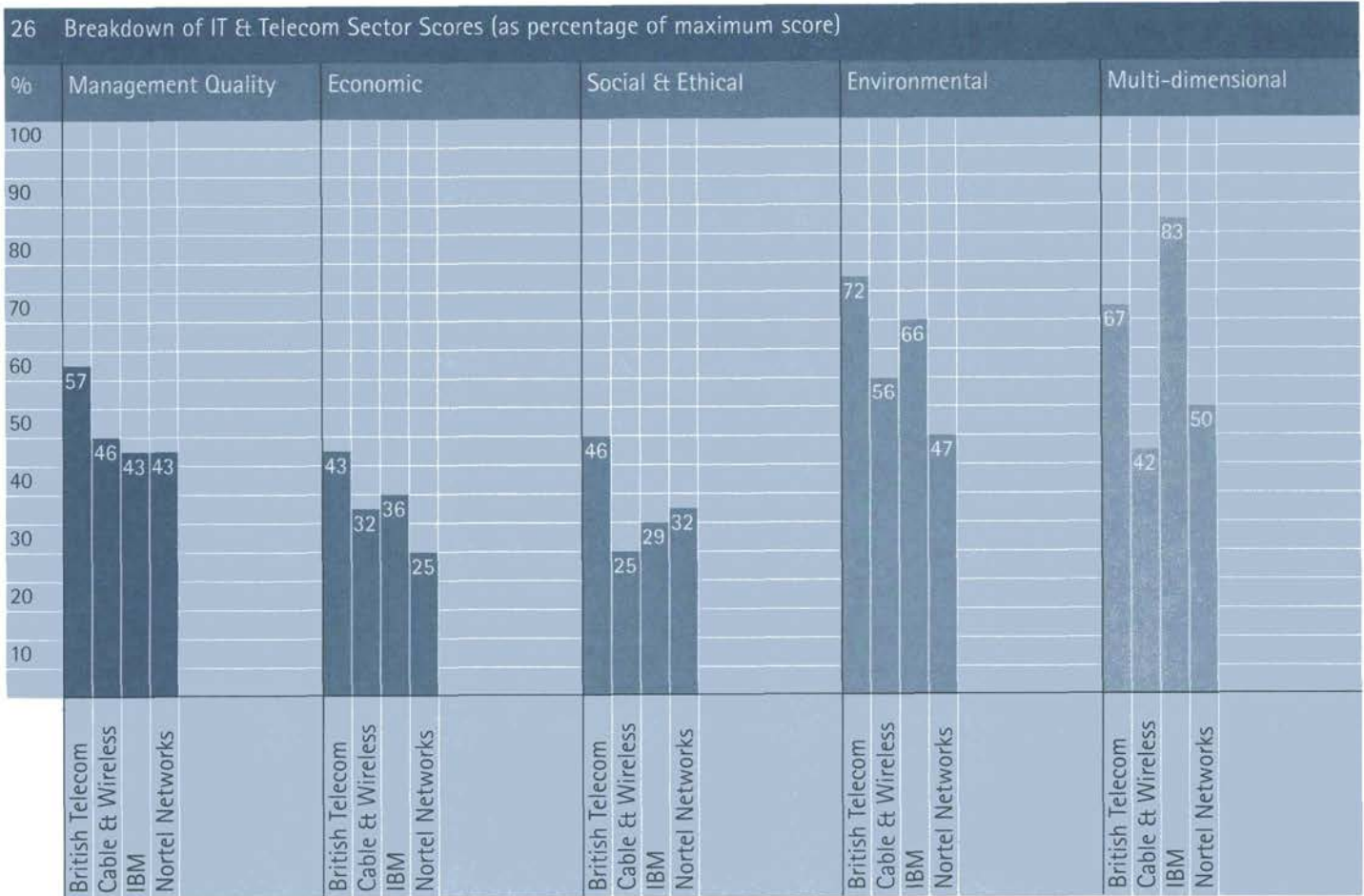
Among the interesting discussions in the Top 50 reports are the treatment of vulnerable customers (**British Telecom**), the development of material recovery and recycling centres (**IBM**), and the continuing evolution of a corporate ethics policy first adopted in 1996 (**Cable & Wireless**).

Anyone who needs reminding just how far sustainable development is from the thinking of people working in Silicon Valley and other hot spots of the New Economy should read *The Nudist on the Night Shift*.¹⁴ The contrast between internet time and sustainability time is profound and, if anything, growing. If they think about social or environmental issues at all, most companies in this sector automatically assume that they are a force for good. But their first crop of corporate sustainability reports suggests this optimism may be misplaced.

IT & Telecom

¹⁴ P Bronson, *The Nudist on the Night Shift*, Vintage, 2000.

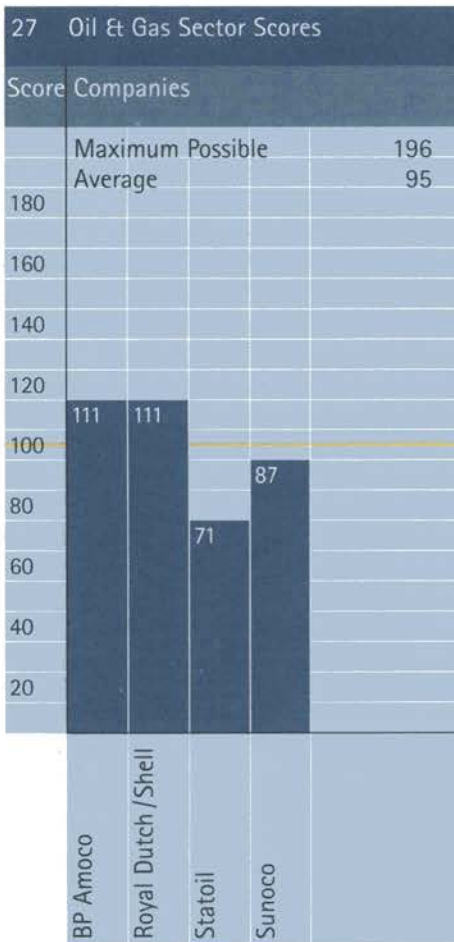
¹⁵ See also *SustainAbility, The Internet Reporting Report*, for UNEP, London, 1999.



Future Trends

"Business is now in the 'front line' in making sustainable development a reality," says Intel CEO Craig Barrett in the company's 2000 report. Intel, like the GRI pilot companies, includes a 'Sustainability Overview' section in its latest report. But what is striking is that these companies, which are helping transform the global economy, tend to focus on eco-efficiency, community and customer issues, rather than on what Bill Gates dubbed "the road ahead". It would be interesting to see more thinking and road maps on how the sector and its technologies could help turn sustainable development into a reality.

'You can tell a lot about a company by the people it keeps'
British Telecom Social Report 1999



Sustainability reporting is evolving rapidly in this sector. Twelve oil & gas companies were covered in the 1997 survey, when the main focus was on health, safety and environmental issues. Oil & gas companies benchmarked in 1997 were **Neste**, now part of **Fortum**, **Sun Company**, now **Sunoco**, **Phillips Petroleum**, **Statoil**, **Norsk Hydro**, **Texaco**, **BP**, **Royal Dutch /Shell Group**, **Petrofina**, **PVDSA**, **Exxon** and **Saga Petroleum**.

One of the big highlights of 1997 was **BP CEO John Browne's** statement of the company's goals: "to have no accidents; do no harm to people; and do no damage to the environment". The excitement has continued, as Browne took over companies like **Amoco** and **Arco**, made major commitments to renewable energy, and pulled the company out of the Global Climate Coalition. However, major performance concerns remain as the company continues to press for exploration in Alaska's Arctic National Wildlife Refuge. And BP has had accidents – three of them in rapid succession at its Grangemouth, UK refinery during 2000.

The oil & gas sector ranks second among the eight sectors covered.

Star Companies

The Top 50 companies are **BP Amoco** and **Royal Dutch /Shell Group** (tied with 111 points), **Sunoco** (87) and **Statoil** (71). The highest oil & gas sector score falls 85 points short of the total potential maximum of 196.

Triple Bottom Line Review

In relation to *management quality*, **BP Amoco** pushes ahead of the field, including **Royal Dutch /Shell Group**, which leads in relation to *economic performance*. **Statoil** lags on a number of fronts, at least among these leaders, but comes through strongly in relation to *environmental performance*, while **Sunoco** pushes ahead of Royal Dutch / Shell Group in relation to *management quality*.

Styles of reporting are diverse. **Sunoco** uses the CERES Report model, while other companies tend to set their own rules – albeit often in close consultation with organisations helping to drive the reporting agenda. Internet reporting is now fairly common, with most of these four reporting in some form on the web.

Interestingly, the styles of **BP Amoco** and **Royal Dutch /Shell Group's** reports, despite the similarity in the size and global activity of the companies, are almost perfectly opposite. *The Shell Report* focuses mainly on high-level corporate approaches to sustainable development, with little detail provided on local operations around the world. In contrast, BP's internet report provides deep and rich detail from sites all around the world, but offers little in the way of overarching corporate initiatives to frame this detail.

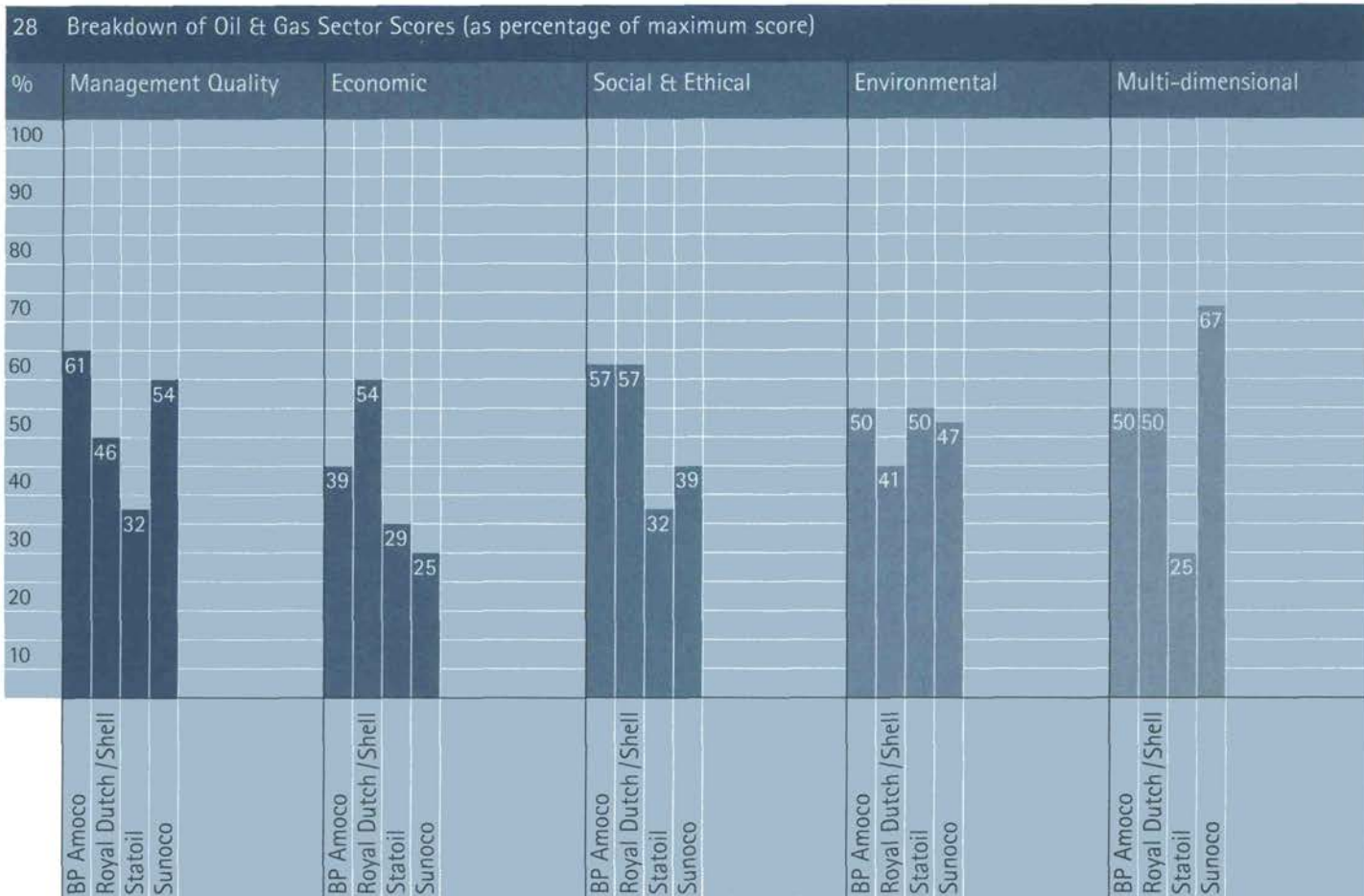
Among the non-Top 50 reporters, South Africa's **Sasol** reports environmental capital expenditures amounting to 13% of income after taxation.

Best Practice

In 1999, we analysed the environmental reporting of 50 leading international oil companies¹⁶ and found that environmental disclosure was increasingly accepted as standard business practice in the sector, with nearly all the major non state-owned players reporting. Regular public disclosure of data for some major pollutants – such as CO₂, SO₂, and NO_x – was widespread, but there were notable gaps in reported content, particularly around the environmental impacts associated with oil use. Strikingly, of the 50 companies included in that survey, only half of those with downstream operations even acknowledged the issue of product impacts.

Oil & Gas

¹⁶ SustainAbility, *The Oil Sector Report*, for UNEP, London, 1999.



Social and economic reporting are now becoming more important. In terms of human rights coverage, it is interesting that **Sunoco's** 1999 report focuses on environmental justice and efforts to ease racial tensions in Detroit. Outside the Top 50, **Norsk Hydro's** 2000 corporate social responsibility report (*Invitation to a Dialogue*) features joint work with anti-corruption campaigners Transparency International.

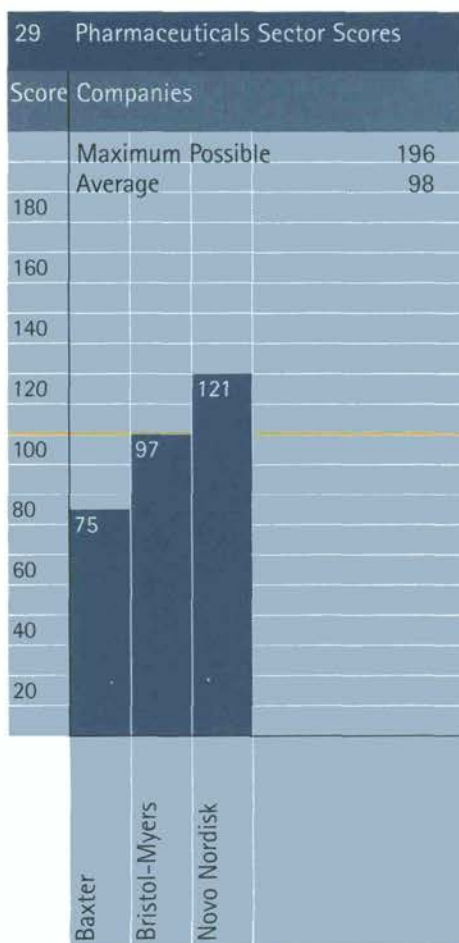
The extraordinary pace of evolution in the oil & gas sector is illustrated by the key performance indicators now used by leading companies. In the case of **Royal Dutch/Shell Group**, *The Shell Report 2000* focuses on such areas as armed security, biodiversity, bribery and corruption, child labour, climate change, diversity, globalisation and growth, home/work balance, investment in fuel cells and renewables, legacies and liabilities, political payments, road safety, transparency and working with joint venturers and contractors.

Future Trends

Most companies still focus on health, safety and environmental issues, although the leading companies increasingly embrace triple bottom line accountability. If all oil & gas sector companies began reporting against the headings featured in the reports of companies like **BP Amoco** and **Royal Dutch/Shell Group**, it would be major progress. We also encourage oil & gas companies to report separately on specific issues, as **Elf** has done in relation to the cessation of operations at its Frigg field. And more companies could usefully follow **Statoil's** lead in incorporating triple bottom line reporting into their annual report and accounts.

'During 1999, one of Sunoco's HES management goals was to "evaluate sustainability and what it means to Sunoco".'

Sunoco Inc 1999 Health, Environment and Safety Review and CERES Report



Working in areas of basic human needs such as health and nutrition, pharmaceuticals and healthcare companies operate in fields of particular sensitivity. Several controversies in recent years have served to raise the profile of the industry and its sustainability activities. Issues include spiraling prescription drug costs around the world, the cloning of Dolly the sheep by Scottish geneticists in 1997 and the mid-2000 sequencing of the human genome – hailed as the most important scientific discovery since electricity.¹⁷

The ethical minefield that is genetics raises the potential for a very significant challenge to pharmaceuticals companies' right to operate – and perhaps more importantly – to innovate. The potential risks that the companies are running with these issues underlines the need for the companies to generate trust with their stakeholders. In the face of new and controversial technologies, values and trust become central elements in defining a corporation's approach in delivering value to the communities it serves. The significance of these issues is reflected strongly in the sustainability reports we see from companies in the sector, which overall achieves the highest average score (98) among all the sectors we reviewed.

Star Companies

The Top 50 pharmaceuticals companies are **Novo Nordisk** (121), **Bristol-Myers Squibb** (97) and **Baxter** (75). There is a considerable spread between these scores, with co-winner Novo Nordisk 24 points ahead of Bristol-Myers Squibb, which in turn is a full 22 points ahead of Baxter. The highest pharmaceuticals sector score falls 75 points short of the total potential maximum of 196.

Triple Bottom Line Review

Novo Nordisk achieves consistently high scores across the major clusters of scoring criteria, taking top marks in *environmental* and *social & ethical performance* and *management quality*. **Bristol-Myers Squibb** takes the lead in *economic performance*, and ties with Novo Nordisk on *multi-dimensional performance*.

Baxter's report is particularly strong on *environmental performance* elements, and emphasises the environmental cost accounting work it has done over recent years, including a discussion of the reporting and accounting concepts and principles employed in the reporting process.

Styles of reporting are fairly similar across the sector. All three Top 50 companies report primarily on paper, but **Novo Nordisk** in particular has strong links to additional information on its website throughout. Both **Novo Nordisk** and **Bristol-Myers Squibb's** reports are the result of pilot tests of the GRI draft sustainability reporting guidelines.

Beyond the Top 50, we considered reports from companies such as **Eli Lilly**, **Johnson & Johnson** and **SmithKline Beecham**. All of these, like **Baxter** focus mainly on environment, health and safety, and contain little in the way of social management and performance information.

Best Practice

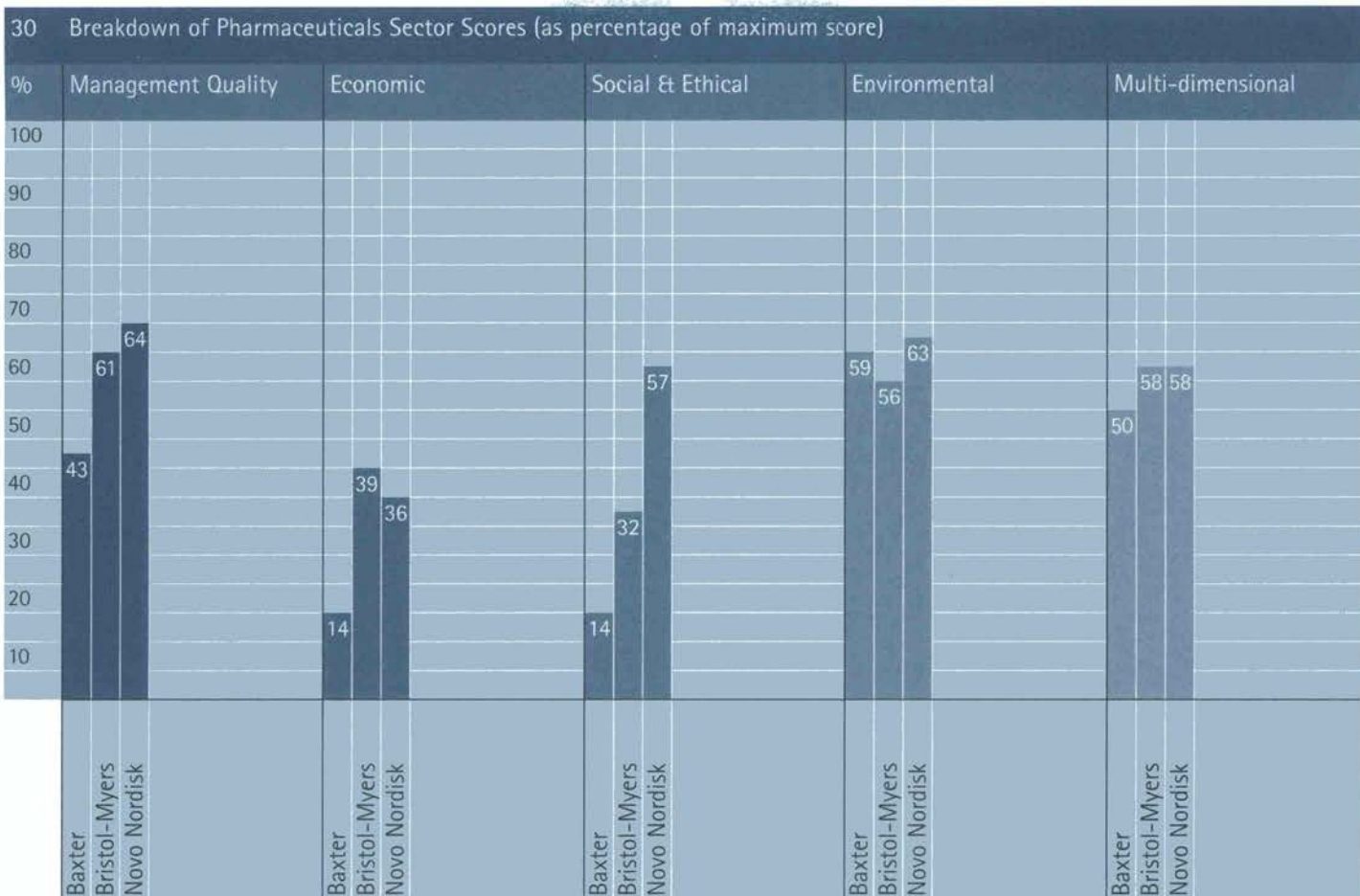
The survey-leading **Novo Nordisk** provides deep and rich discussion of issues that cut across the triple bottom line – such as corporate governance and stakeholder dialogue. The report flags targets, company contacts for further dialogue, and signposts to more information on the company's website throughout. And like Novo Nordisk, **Bristol-Myers Squibb** includes a discussion of some of the industry's hottest issues: biosafety, genomics, bioprospecting and environmental persistence of pharmaceutical products.

Novo Nordisk provides the most detail of any of the Top 50 pharmaceuticals reports regarding corporate governance for sustainable development.

Pharmaceuticals

¹⁷ 'Future Perfect?', *The Economist*, 1 July 2000.

¹⁸ J Sachs, 'Helping the Worlds Poorest', *The Economist*, 14 August 1999.



This includes a discussion of its efforts to integrate the components of sustainable development into corporate consciousness and management processes. The report suggests the company is furthest along in its thinking and understanding of the environmental and bioethics components, and less developed in the social responsibility arena. Even though the economic and business dimensions of performance are understood as drivers elsewhere in the report, they do not appear specifically in the sustainable development integration discussion – which would perhaps be an area for future reports to explore in greater depth, given the enormous potential for sustainability issues to leave their mark on the financial bottom line.

Both **Novo Nordisk** and **Baxter** provide several different approaches to verification and assurance, discussed in more detail in the 'hot topics' section on verification (pp45-47).

Future Trends

Issues such as human cloning, xeno-transplantation, stem cell research, genetic discrimination and patenting raise extremely complex and difficult issues.

Couple these with issues surrounding access to health care in both the developed and the developing world,¹⁸ and the long-running debate about the potential endocrine disrupting effects of pharmaceuticals, and the stage is set for a very acrimonious debate about the role and responsibility of pharmaceutical companies.

It is encouraging that the industry appears to be taking a leadership position in understanding, measuring and reporting on their role in relation to these difficult areas. Look for future reports to include more specifics on stakeholder dialogue – and include links to dialogue in real-time on websites.

'We distinguish between stakeholder dialogue and stakeholder engagement. Engagement is a deeper relationship where we develop our thinking and practices in conjunction with key stakeholders.'

Novo Nordisk *Environmental and Social Report 1999*



The utilities sector was not covered in the 1997 benchmark survey, but is now in the spotlight – and for a number of reasons. One is that these organisations are often involved in high-impact activities related, for example, to water resources management or energy production and supply. In some cases, as with at least two of the utilities covered here, they are also directly involved in nuclear power. Another reason for concern is that utilities have been wholly or partly privatised in a number of countries, raising new issues around corporate governance and trust. Seven utilities make it through into the Top 50. They come from Canada, Finland, Japan, South Africa and the UK.

More importantly, they include some particularly interesting examples of triple bottom line reporting. Overall, the utilities sector came fifth of the eight sectors benchmarked.

Star Companies

The Top 50 companies are **United Utilities** (94), **Eskom** (89), **Anglian Water** (84), **Eastern Group** (82), **TEPCO** (81), **Fortum** (79) and **BC Hydro** (69). Sustainability is now fully on this sector's radar screen. For example, BC Hydro CEO Michael Costello bills the company's 1999 report as its "first triple bottom line report".

One interesting feature of **Fortum's** reporting is its early focus on corporate governance, in large part stimulated by the group's emergence from the 1998 merger of **Neste Oy** (which took third place in our 1997 benchmark survey) and **Imatran Voima Oy**.

United Utilities, the top-scoring utilities company, achieves a 6-point lead over the next closest company, **Eskom** – and overall there is a 25-point range between the reporting companies operating in this sector. The highest utilities sector score falls 102 points short of the total potential maximum of 196.

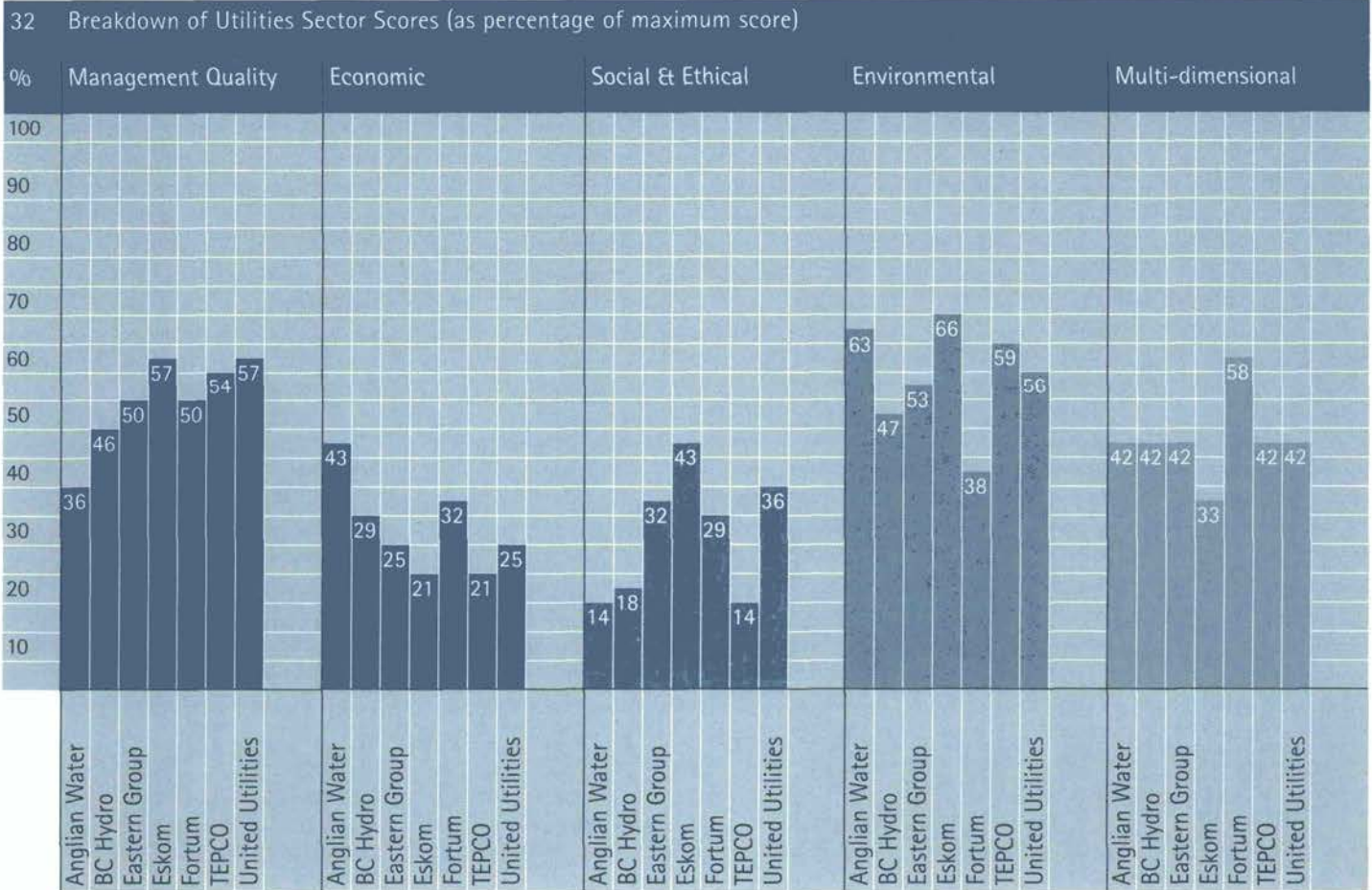
Triple Bottom Line Review

Our review found that *environmental performance* and *management quality* come through most strongly in the utilities sector. Interestingly, South Africa's **Eskom** leads on *social & ethical performance* (43) – despite Eskom's 1999 report being a self-declared *Environmental Report*.

Other utilities are more aggressive with their use of sustainability language: **Anglian Water's** report is titled *An Evolution Towards Sustainable Development*; **BC Hydro's** is a *Triple Bottom Line Report*; and **Eastern Group's** is a *Sustainability Report*. **United Utilities** provides separate reports covering its financial, social and environmental performance – and scores well, although **Fortum** beats it on *multi-dimensional performance*. **BC Hydro** and **TEPCO** score slightly higher on *economic* and *environmental performance* respectively.

Fortum's CEO, Eero Aittola, commits the company "to integration of the basic elements of sustainable development: the economy, environmental protection and social responsibility" – a trend echoed throughout the sector.

Utilities



Best Practice

Several of these utilities comment that annual reporting is not sufficient. "Annual reporting has limitations," argues **United Utilities**, "and in recognition of the growing need to provide ongoing reports to stakeholders we are updating our internet site – and developing our ideas on more frequent reporting of our environmental and social impacts." The question of website verification, which **Anglian Water** attempts to address, is taken up further in the 'hot topic' on verification (pp45–47). A particular strength of **Eskom**'s reporting is the way it defines environmental and social performance in relation to the South African government's development goals, including poverty reduction.

Thus, **Eskom** addresses issues like pricing of electricity not dealt with by other companies in the sector. **Eastern Group**'s report highlights a range of environmental finance tools, including balanced business scorecards, review criteria for new investments and environmental risk management.

Future Trends

One area we would like to see all 2001–2002 reports covering is 'principles of political contact', in the words of **United Utilities**, which initiated a debate on this issue on its site (www.unitedutilities.com).

The worldwide deregulation of the utilities industry has led to a continuing wave of mergers – affecting almost all the utilities companies in our Top 50. This trend has implications for national, regional and global energy strategies that go largely unaddressed by their sustainability reports.

It would be good for future reports to address how they are helping to define and bring about these strategies – and, following **Eskom**'s lead, to explain how they play off against other sustainability goals.

'The present [environmental] report has become so comprehensive that it could be used as a textbook, although such use may have strayed from the report's original purpose.'

TEPCO's Advisory Committee on Environmental Affairs.



Adapted from Ericsson's 1999 Environmental Report

Creative Destruction

The so-called 'Old Economy', built on industries such as mining, manufacturing and construction, has taken a series of hard knocks as 'New Economy' companies have hogged the media spotlight, sending shock waves throughout traditional sectors. "I have never felt so useless," said one financial analyst who tracks old economy stocks. "I am doing all this fundamental research, but investors are not interested. They are only interested in putting their money into internet stocks."¹⁹

So where are the New Economy companies in the Top 50? There is a healthy scatter of financial organisations (CIS Co-operative Insurance, The Co-operative Bank, ING Group), computer (IBM, STMicroelectronics), telecom (British Telecom, Cable & Wireless, Nortel Networks), and biotechnology and pharmaceuticals companies (Baxter, Bristol-Myers Squibb, Novo Nordisk).

With very few exceptions, however, these companies fail to address head-on the implications of the wave of 'creative destruction' that people like Professor Stuart Hart see as radically restructuring our economies in the coming years.²⁰

That said, many of these Top 50 reporters signal that they are moving – as Hart and his colleagues put it – from greening strategies to sustainability strategies. A glaring exception to this rule is Ericsson, whose report offers a diagram summing up the typical view of New Economy companies – that their growth can proceed inexorably with almost zero environmental impacts. If they snapped on their triple bottom line lenses, the future might look rather different.

Star Companies

New Economy companies are still hard to define, but it is widely agreed that life sciences and IT businesses qualify. So it is interesting that the Magnificent Six high-scorers includes two such companies, Novo Nordisk (121) and British Telecom (116). However, none of these reports is produced by a dot-com company – and none really addresses the question of what the much-vaunted New Economy might mean for sustainable development. Major Old Economy companies like DaimlerChrysler, Ford Motor Company and Unilever are stressing that they intend to evolve through New Economy technologies within a few years, but very little of this comes through in their corporate environmental or sustainability reports.

Future Trends

So new is the New Economy that work on its triple bottom line implications is embryonic. In the UK, Forum for the Future has launched its digital futures programme, focusing on the social and environmental impacts of e-commerce.²¹ In the USA, the World Resources Institute (WRI) convened a major conference on the 'digital divide' in Seattle in October 2000.

SustainAbility have investigated the triple bottom line impacts of biotech and pharmaceuticals companies,²² and we plan to further explore New Economy issues in future research, focusing on the global media and financial markets. As we do, the available information regarding best practice and coverage across the triple bottom line will become more robust. For 2001–2002 reports, it would be good to see companies offering their own views on triple bottom line implications.

In the meantime, it is worthwhile noting that the New and Old Economies occasionally overlap in interesting ways. Top 50 forest products company Nexfor explains the market strength of one of its pulp grades with, "The boom in dot-com advertising has stuffed magazines with pages."²³

¹⁹ Maggie Urry and Charles Batchelor, 'Old analysts face bleak future in new economy', *Financial Times*, 11 March 2000.

²⁰ Stuart L. Hart and Mark B. Milstein, 'Global Sustainability and the Creative Destruction of Industries', *Sloan Management Review*, vol 41, no 1, Fall 1999.

²¹ www.digitalfutures.org.uk

²² SustainAbility, *Life and Science*, for UNEP, London, 2000.

²³ Nexfor *Financial and Environmental Performance 1999*, p42.

1 Words from the Top

What language are business leaders using?

2 Building the Business Case

How is the business case for sustainability presented?

3 Standards and Guidelines

What reporting standards are companies using?

4 Non-OECD World

How does the reporting agenda look from a non-OECD perspective?

5 Key Performance Indicators

How is the debate on key performance indicators shaping up?

6 Verification and Assurance

What is the future for verification – boom or bust?

7 Influencing Public Policy

How upfront are the Top 50 about their lobbying?

8 Internet, Intranets and Extranets

How is the practice of e-reporting evolving?

Hot Topics Looking at reporting sector-by-sector is one way to analyse 50 best-practice reports; another is to focus on existing or emerging 'hot topics'. In the 1997 benchmark survey, we looked at four main topics: impacts, indicators, verification and benchmarking. In the following section, we zero in on eight current issues.

Why the Heat?

Top management perspectives and involvement in triple bottom line thinking have become increasingly important since we published *The CEO Agenda* in 1998.²⁴ By its very nature, the triple bottom line agenda generates trade-offs that cannot be dealt with by individual corporate departments. As a result, boards and business leaders have to step in, set priorities and drive the follow-up process. CEO and other top management forewords provide one of the relatively few windows that the outside world has into the thinking of top executives – which suggests that reporting companies should pay rather more attention to how these statements are drafted and presented.

Who's Speaking Up?

The 2000 benchmark results show that the top-scoring companies in this area are: **Eastern Group, Ford Motor Company, Interface** and **Manaaki Whenua Landcare Research**, which all score the maximum four points for their top management statements. A further 25 companies score three points.

Next Steps

Disappointingly – and despite the general perception that senior executives by nature are very competitive – no CEO has yet benchmarked the results of his or her company against competitors – and only a very few to industry averages. When they are inspirational, CEO forewords build trust, declare personal convictions and are particularly self-challenging. In *The CEO Agenda* we outline 10 specific recommendations that can help strengthen the quality of forewords. For 2001–2002 reports and beyond, CEO statements will need to address some of the major issues identified in *The Global Reporters*.



Robert H. Campbell
Chairman and CEO
Sunoco, Inc. 1999



John G. Drosdick
President and COO
Sunoco, Inc. 1999

'To be more sustainable, first we need to demonstrate our short-term agility in operating, financial, HES and social performance to our current stockholders.'



Mike Hodgkinson
Chief Executive
BAA, 1999 | 2000

'This year, for the first time, we are combining our annual report and our sustainable development report in a single report.'



Pasquale Pistorio
President and CEO
STMicroelectronics
1999

'ST's next major goal is for the entire Company to be completely CO₂ emission neutral by the year 2010.'



Ray C. Anderson
Chairman
Interface, Inc.

'At Interface, we seek to become the first sustainable corporation in the world, and, following that, the first restorative company. It means creating the technologies of the future – kinder, gentler technologies that emulate nature's systems.'

Words from the Top

²⁴ SustainAbility, *The CEO Agenda: Can business leaders satisfy the triple bottom line?*, for UNEP, London, 1998.



Ray Hoglund
CEO, ESAB 1999

'We have made significant progress . . . Even so, we could hardly claim to operate within the limits set by our planet.'



Yasuhiro Sato
President, Kirin
Brewing Company
1999

'Corporations must live together and work together within society promoting environmental protection, and I am sure that such moves would strengthen the total performance of corporations.'



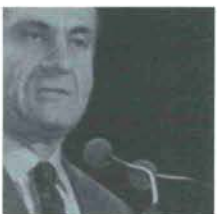
Harry M. Jansen
Kraemer, Jr.
CEO and President
Baxter International
1999

'Our commitment to sustainability's "triple bottom line" is unwavering.'



Hugh M. Morgan
CEO, WMC Limited
1999

'We need to ensure not only a social, but also a business reason for line management to take a personal interest in environmental issues.'



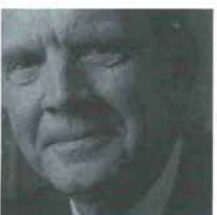
Jac Nasser
President and CEO
Ford Motor Company
2000

'When we look to the future, our own challenges become tantalizing business opportunities.'



Mark Moody-Stuart
Chairman of the
Committee of
Managing Directors,
The Royal Dutch /
Shell Group, 2000

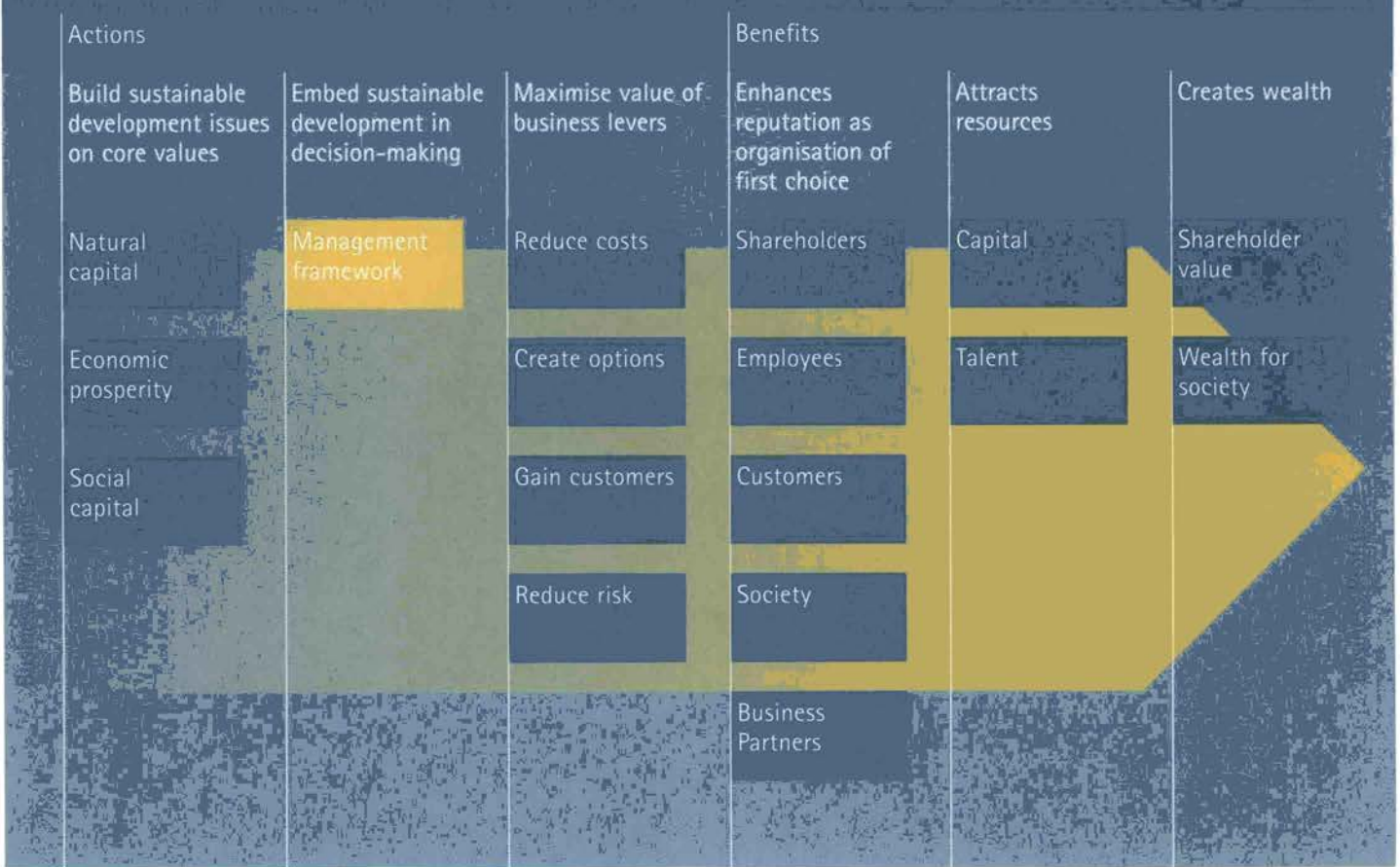
'I'm particularly pleased we participated in the development of the Global Sullivan Principles, which we support, and we readily accept the challenge of Kofi Annan's Global Compact.'



Mads Øvlisen
President and CEO
Novo Nordisk A/S
1999

'A well-known business executive, Albert Dunlop, stated, "Shareholders are the No.1 constituency. Show me an annual report that lists six or seven constituencies, and I'll show you a mismanaged company." In that sense, I am happy to say that you might consider Novo Nordisk to be a mismanaged company.'

33 Profits and Principles: the business case for sustainable development



Adapted from *How Do We Stand? People, Planet & Profits, The Shell Report 2000*

Why the Heat?

Interest in the 'business case' for sustainable development is exploding. The basic question: what are the business – rather than purely moral – reasons for investing in improved triple bottom line performance? One reason for this growth in interest is that companies are being forced to acknowledge the sheer scale of the resources they are being asked to invest in this area. **IBM**, for example, notes in its latest report that in the five years from 1994 to 1998 it spent some \$165 million in capital and \$523 million in operating expenses to build and upgrade environmental infrastructure and systems.

The company also acknowledges that there can be major savings. In 1998 alone, **IBM** saved \$35.9 million due to energy conservation and cost avoidance efforts.

Demonstrating the business case helps engage the interest of shareholders and the financial community. Although they are still sceptical, financial analysts are increasingly concerned about the potential impact of compliance and other requirements on environment-intensive industries. They are also aware that public pressures can dent global brands, as was the case with **Shell, Nike, Monsanto** and **McDonald's**.

Who's Raising the Issue?

The business case for action and investment varies radically from sector to sector – and even from company to company within a sector. But a golden rule is that companies that have experienced problems in terms of compliance or stakeholder pressures are more likely to be thinking about these issues.

Building the Business Case

34 Annual Reports in the Spotlight

While our review of sustainability reporting did not systematically address annual financial reports, we found evidence that more companies are starting to integrate sustainability messages into more traditional communications. We included annual reports in our analysis only when they were explicitly referenced in the company's sustainability reporting, or when the documents were integrated. But a scan of the annual reports of some of our Top 50 reveals some encouraging patterns:

- **The Dow Chemical Company's** annual report contains environmental and social initiatives – as well as an integrated discussion of its business development strategy.
- **Eskom** includes economic and social issues not described in its environmental and social report, including an extensive discussion of corporate governance and accountability issues.

– **Volkswagen Group** provides extensive environmental product information in its *Annual Report*. It even includes some information on workplace issues and economic performance not provided in its environmental report – which could have helped boost its score in our benchmark survey.

On the flip side, several of the global reporters actually combine annual reports with environmental and social into a single document. These include: **Aracruz Celulose, BAA and Nexfor.**

In our opinion, best practice means providing consistent sustainability messages to key stakeholders, and one of the best ways to achieve this is to extend the coverage of a company's annual report – or make explicit links between annual reports and sustainability reports.

No surprise, then, to find upfront coverage of the business case in *The Shell Report 2000* (Figure 33). **Royal Dutch / Shell Group** concludes that there are four main ways to derive value from sustainable development-related activities. They are:

- **reducing costs:** by becoming more eco-efficient (doing more with less);
- **creating options:** anticipating new markets driven by people who want a more sustainable world – and evolving appropriate business portfolios and supply chains;
- **gaining customers:** enhancing brand by providing services and products built on sustainability thinking to create customer loyalty and market share;
- **reducing risk:** by understanding market trends, managing existing assets in new ways and evolving the business portfolio (for example towards renewable energy).

Some analysts, however, may consider it sufficient evidence of a company's awareness of the business case agenda that there is a cross-reference to sustainable development issues in the annual report and accounts. Among the companies that combine some level of sustainable development coverage with their annual report are **Aracruz Celulose, BAA and Nexfor** (Figure 34).

Top 50 Coverage

Coverage of the business case among Top 50 reporters is weak – possibly reflecting the absence of real-world debate or a concern to demonstrate that the company is acting on sustainable development because it is the 'right thing to do', not because it is driven by commercial interests. Indeed, there may even be some concern that an emphasis on the business case will create a future expectation that all sustainable development-related activities have a demonstrable bottom line benefit.

That said, a small – but growing – cluster of companies is reporting in this area. None of our Top 50 companies score the full four points for their coverage of the business case, but 10 (20%) score three points. This group of high-scorers includes **Axel Springer Verlag, BAA, BASF, British Telecom, Baxter, Henkel Group, Kirin Brewing Company, Novo Nordisk, STMicroelectronics and Volkswagen Group.**

When we analysed these reports, several things stood out:

- First, early sustainability reporters are often high-impact companies. **BAA Heathrow's** managing director, Roger Cato, notes that Heathrow is the world's largest airport, with all the impacts that implies. Significantly, the company has been embroiled in the long-running Terminal Five public planning inquiry, which has given the sustainability agenda a thorough airing.
- Second, eco-efficiency and cost controls are the primary drivers in many reports, particularly in countries like Germany (**Axel Springer Verlag, BASF, Henkel Group, Volkswagen Group**). In the USA, **Baxter** reports \$106.8 million in total environment-related income, savings and cost-avoidance in 1998. Likewise, Japan's **Kirin Brewing Company** reports ¥807 million (\$144 million) against the same environmental accounting indicators.
- Third, there is the growing interest in eco- and sustainability funds, referenced by such companies as **Henkel Group, Royal Dutch / Shell Group, STMicroelectronics and Volkswagen Group.**

Next Steps

This is a crucial area for future reporting and, indeed, is flagged up in one of our recommendations for future 'global reporters' (p53). It is also a natural bridge into both a company's annual report and accounts, and into the world of the financial analysts and institutions that so powerfully shape the business agenda today. In recognition of this fact, **SustainAbility** is building on *Engaging Stakeholders* work to date with a new research programme focusing on the business case aspects not only of reporting but also of corporate strategy. The first stage of this work will be published in early 2001.

Why the Heat?

One thing we are not short of is new corporate accountability and reporting standards. When well drafted and tested, they are considered critically important by a wide range of stakeholders. Ideally, they help executives simplify systems and unify behaviour across an enterprise, as well as offering hope to some stakeholders (regulators, for example) looking for minimum levels of information and responsible behaviour from companies.

Advocates of standards and guidelines frequently note that it is only because of generally accepted financial accounting principles that analysts can compare the fiscal performance of one company to another, or over time. Standards raise the importance and credibility of reported information, and consequently of the underlying issues and structures. Cynics also note that standards can be a giant windfall for consultants, providing the basis for a whole new crop of management system building, auditing and verification services.

This is a pretty mixed bag of benefits, but there are even stronger ones. Our own opinion, indeed one of the key reasons we began work on these benchmark surveys, is that establishing a common framework for information is a huge step forward in facilitating sound management, comparative benchmarking and genuine stakeholder engagement.

Who's Speaking Up?

The most significant of current reporting standards is the GRI, which aims to provide an integrated sustainability reporting approach. The GRI *Sustainability Reporting Guidelines*, the latest version of which was published in June 2000, have been pilot tested by 11 of the reporting companies in this survey.

Other guidelines adopted by top-level reporting companies include AA 1000 for stakeholder accountability, ISO 14031 for environmental reporting and SA 8000 for labour standards. Interestingly, all three of these programmes have developed some relationship to the GRI *Sustainability Reporting Guidelines*, generally along the lines of providing industry- or issue-specific guidance. Similarly, the European Chemical Industry Council (CEFIC) provides recommended guidelines for environmental reporting for its members.

Another layer of standardisation has also begun to solidify. Increasingly, companies, NGOs, governments and others seek to agree on common standards for specific measurements. A case in point is the multi-stakeholder initiative convened by the WRI and the WBCSD, focusing on greenhouse gas measurement and reporting.

Figure 35 provides more details on some of the major standards and standard-setting initiatives.²⁵

Next Steps

An enduring debate in the standards world focuses on the tension between flexibility and minimum standards. On the one hand, standards must ensure reporting companies have enough leeway to tell their story appropriately, usefully and understandably. On the other, they must maintain a base of adequate information and comparability to ensure companies are treating the issues fully and credibly.

The basic approach to resolving this dilemma, and one adopted by the European Accountancy Federation (FEE), the GRI and others, involves general guidance around underlying principles of credibility: timeliness, materiality, boundaries and scope, clarity and relevance to name but a few. Take care of these, the logic goes, and the precise recipe of reported aspects and indicators is less important.²⁶ Indeed, this is the basis of financial accounting and reporting. So how about 2001–2002 reports featuring commentaries by chief financial officers (CFOs) on what the sustainable development community can learn from financial experience?

And here is an even more important dilemma: close adherence to a reporting or indicator framework guarantees neither coherence in thought nor sound performance. Indeed, the ranks of reporting companies include some with highly troubled histories in the economic, social and environmental domains. Future reports should begin to address this key area.

Standards and Guidelines

²⁵ See Appendix 3 (p60) for more detailed contact information.

²⁶ For a comprehensive treatment of reporting principles and practices, see the GRI *Sustainability Reporting Guidelines*, Part B, June 2000.

35 Some Reporting or Measurement Guidelines and Standards			
Year ⁰¹	Programme	Governing Body	Website
2000	Global Reporting Initiative (GRI)	Global Reporting Initiative	www.globalreporting.org
2000	Measuring Eco-Efficiency: A Guide for Companies to Report Performance	World Business Council for Sustainable Development (WBCSD)	www.wbcsd.org
1999	AccountAbility 1000 (AA1000)	Institute of Social and Ethical Accountability (ISEA)	www.accountability.org.uk
1999	ISO 14031	International Organization for Standardization (ISO)	www.iso.ch
1998	CEFIC Responsible Care HSE Reporting Guidelines	European Chemical Industry Council (CEFIC)	www.cefic.org
1997	Social Accountability 8000 Standard (SA8000)	Council on Economic Priorities Accreditation Agency (CEPAA)	www.cepaa.org
1996	Bellagio Principles	International Institute for Sustainable Development (IISD)	http://iisd1.iisd.ca
⁰²	International Accounting Standards (IAS)	International Accounting Standards Committee (IASC)	www.iasc.org.uk
⁰³	Greenhouse Gas Protocol Initiative	Multi-stakeholder, convened by World Resources Institute (WRI) and WBCSD	www.ghgprotocol.org

⁰¹ Refers to year of publication or year of latest revision

⁰² Various years of publication

⁰³ Ongoing publication

Why the Heat?

Many of the biggest sustainability issues of the 21st century will stem from poverty and related problems in the emerging and less developed economies, but you would hardly guess it from reading the latest crop of corporate sustainability reports. Most European and North American reports ignore these issues, or simply highlight case studies without any comprehensive or systematic reporting, and in the non-OECD world, there is a tendency for corporate communication to mimic coverage of issues in the North.

Three (6%) of our Top 50 companies, **Aracruz Celulose**, **Eskom** and **South African Breweries**, are non-OECD. This small number underscores the relative lack of non-OECD country voices in discussions of what the triple bottom line means²⁷ — and in the development of the voluntary standards and codes which help to define and encourage best practice.²⁸ More international representation is vital to ensuring the initiatives are relevant and equitable — and to prevent them evolving into non-tariff trade barriers.

Who's Raising the Issue?

Among North American and European companies, the developing world agenda is rarely addressed. Honourable exceptions include case studies from **Manaaki Whenua Landcare Research** (use of appropriate technology and a mixture of land uses to diversify food supply and income sources in Guizhou, China), **Novo Nordisk** (employee empowerment and the interpretation of the company's core values in India) and **BMW Group** (employee environmental awareness in South Africa, including a discussion of the view that environmental protection is "a pastime for well-heeled white eco-colonialists").²⁹

With a few significant exceptions (see Figure 36), non-OECD reporting companies overwhelmingly operate in heavy extractive industries or in the utilities sector. In addition to their local impacts, companies in these sectors often supply multi-nationals, which are increasingly sensitive to sustainability issues and addressing them through their supply chains.

In the non-OECD world, two of the three reports in our Top 50 come from South Africa, where triple bottom line thinking has become increasingly sophisticated.

What's Being Said?

With a few exceptions, the sustainability agenda among non-OECD reporting companies needs to be further developed in a local context. Within Asia, the focus tends to be exclusively on environmental reporting, whereas in Latin America social reporting is common. In all regions, however, stakeholder engagement is conspicuous by its absence.

One notable exception is the agrochemicals company **Excel Industries**, which has undergone a comprehensive stakeholder engagement process as the basis of their upcoming sustainability report.³⁰ The process involved conducting individual interviews with community members, employees and farmers (in all 500 farmers in two states were interviewed in their local languages) based on a questionnaire of issues relevant to each stakeholder group, which had been developed through prior focus group discussions with stakeholders.

In the economic area, coverage of value generated and distributed among stakeholders is often better than in the OECD (e.g. **Aracruz Celulose** and **South African Breweries**). Also **Eskom's** coverage of the link between financial and social goals and environmental impact, alignment with the South African government's development goals, the cost of electricity, empowerment and affirmative procurement is noteworthy.

Among issues covered in non-OECD reports, including some from outside our Top 50, the following stand out: linking HSE efforts with individuals' performance appraisal (**PDVSA**); developing economic sectors apart from core business in their zone of influence (**Ecopetrol**); environmental training for suppliers, as well as a discussion of corporate social contributions (**Aracruz Celulose**); and research into environmental resource economics in a local context (**Eskom**).

Next Steps

Given that the developing world will remain the centre of gravity in terms of population and economic expansion for the foreseeable future, its sustainability issues must be understood and reflected in corporate sustainability reporting.

Expanded coverage could include issues related to economic impacts (e.g. distribution of wealth created, local sourcing, multiplier effects,³¹ transfer pricing policy,³² profit repatriation), trade (e.g. fair trade, compensation of indigenous peoples for use of resources and knowledge), technology (e.g. transfer, appropriateness, intellectual property), product stewardship, human rights and health (e.g. HIV/AIDS).

It would also be interesting to see 2001–2002 reports from OECD companies cross-referencing disclosures made by non-OECD suppliers and highlighting efforts made to assist these suppliers in meeting international standards.

The Non-OECD World

²⁷ See World Business Council for Sustainable Development, *Corporate Social Responsibility: Making Good Business Sense*, 2000, for a discussion of how corporate social responsibility could better reflect non-OECD country perceptions.

²⁸ Standards such as AA1000, the GRI guidelines, ISO 14001 and SA 8000 have attempted to take into account the concerns and needs of non-OECD countries but have nevertheless been dominated by northern interests.

²⁹ BMW Group *Environmental Report* 1999/2000, p45.

36 Some Non-OECD Corporate Sustainability Communication						
Region	Reporting Company	Country	Sector	Format	Information	Year
Africa and Middle East	Ashanti Goldfields Company	Ghana	Mining	www	environment / community	
	Eskom	South Africa	Energy	Report	Environmental Report	1999
	Gulf Petrochemical Industries	Bahrain	Petrochemicals	www	HSE	
	Sasol	South Africa	Oil & gas	Report	Environmental Report	1998
	South African Breweries	South Africa	Food / Hotels & gaming	Report	Corporate Citizenship	2000
	Southern Sun ⁰¹	South Africa	Hotels & gaming	Report	Corporate Citizenship	2000
	Umgeni Water	South Africa	Water utility	Report	Environmental	1999
Asia	BSES	India	Electricity utility	www	social / environment	1999
	Excel Industries	India	Agrochemicals	Report	sustainability report ⁰²	2000
	Golden Hope Plantations	Malaysia	Agriculture	www	HSE	
	Petronas	Malaysia	Oil & gas	www	HSE / community	
	The Siam Cement Public Company	Thailand	Cement	www	environment	
	Taiwan Cement Corporation	Taiwan	Cement	www	environment	
	Tata Group	India	Various	www	community	
	TSMC	Taiwan	Semiconductors	Report	Environmental Annual	1999
Latin America	Aracruz Celulose	Brazil	Pulp & paper	Report	Annual Report (combines Social and Environment)	1999
	Bahia Sul Celulose	Brazil	Pulp & paper	Report	People by Nature Social Performance	1999
	Codelco	Chile	Mining	www	community / environment	
	Companhia Vale do Rio Doce	Brazil	Mining / Pulp & paper	Report	Social Report	1999
	Ecopetrol	Colombia	Oil & gas	Report	Annual Report (combines Social and Economic)	1999
	Eletrobras	Brazil	Electricity utility	www	economic / social / environmental	
	Grupo Nueva	Costa Rica	Construction / Forest products	www	sustainable development	
	PDVSA	Venezuela	Oil & gas	Report	Annual Report (combines HSE)	1998
	Pecom Energia	Argentina	Oil & gas	www	HSE	
	Petrobras Distribuidora	Brazil	Oil & gas	Report	Social Report	1999

⁰¹ A subsidiary of South African Breweries.

⁰² Due to be published November 2000.

⁰³ For further information on Excel Industries' stakeholder consultation, see Institute of Social and Environmental Accountability, *AccountAbility Quarterly* 12, 1st Quarter 2000, pp3-5.

⁰⁴ Investment which creates economic activity greater than the value of that investment.

⁰⁵ Price-setting for the transfer of goods or services between different parts of one company, often manipulated to take advantage of tax loopholes.

Why the Heat?

When well-designed, indicators can condense extremely complex issues and situations into manageable bites of information, allowing us to recognise patterns and gain understanding. Within businesses, indicators serve multiple purposes. They:

- are a management tool which provides the focus for continuous improvement efforts;
- guide policies and decision-making at different levels of an organisation;
- strengthen public accountability by addressing the needs and expectations of external stakeholders.

The development of high-quality indicators is an enormous challenge, however. A company would wish to track as few indicators as possible, but as many as are necessary. Key Performance Indicators (KPIs) are especially designed to meet the needs described above for individual organisations. A well-defined set of KPIs must:

- reflect stakeholders' concerns;
- be systematic rather than ad hoc, so that they begin to capture the interactions of systems;
- be clearly defined, understandable, reproducible, unambiguous and practical;
- enable benchmarking within or between companies.

Furthermore, developing KPIs requires knowledge of how the organisation can contribute to sustainable development outside its own walls.

Top 50 Coverage

With such challenging criteria to meet, it is little wonder that the benchmark survey revealed that the vast majority of companies have made only limited progress in KPI development. Typically, we find that reporting companies make little, if any, distinction between KPIs and their full (and rather large) sets of general indicators. Furthermore, the reports that do feature special indicators of various sorts typically display an ad hoc collection of indicators that do not appear to be directly linked with business value and offer only limited benchmarkability or comparability.

However, there are some companies showing real leadership in KPI development. *The Shell Report*, which contains a discussion of the KPI development process, has created a set of sixteen KPIs including Quality of Engagement and Human Rights Performance. Several companies in our survey, including **Baxter** and **Kirin Brewing Company**, include highly developed environmental cost accounting information in their reporting.

The Co-operative Bank provides a discussion of KPIs, identifying new and established indicators, classified under triple bottom line headings: delivering value, social responsibility and ecological sustainability.

Several companies focus rather directly on improving the quality of available indicators of environmental performance or impact. **Manaaki Whenua Landcare Research** discusses in depth the 'Eco-balance Project'. They have undertaken to assess what it will take to achieve certain levels of environmental sustainability, with an end goal of zero environmental impact.

The earliest targets have been in the areas of materials and energy inputs and waste outputs (including CO₂). **Aracruz Celulose** reports on an ongoing research project undertaken in partnership with various environmental and academic institutions to measure the company's impact on the hydrological cycle of the rainforest watershed it directly affects. These projects are in addition to reporting on the status of several biodiversity indicator species in its plantation areas, soil fertility and plant nutrient contents.

Next Steps

Accelerating the development of KPIs will require attention to a number of issues:

- joint work among key decision-makers inside companies so that KPIs provide the right information;
- KPIs developed through engagement with stakeholders to ensure they answer external accountability needs and represent real innovation;
- best practice sharing within industries;
- KPIs to feed into the continuing development of reporting standards, thereby enabling harmonisation and further benchmarking.

Developing key performance indicators can be a challenging process. In future reports, we hope to see more companies focusing energy on understanding their unique impact through this important tool.

Key Performance Indicators

Why the Heat?

It was difficult enough to know whether we could trust the information in a corporate environmental report, but the task became even harder when reports started to straddle the triple bottom line. Verification is so important that we identified it in *Engaging Stakeholders*³³ as one of the 'Ten Transitions' that would shape environmental reporting. But how should a corporate sustainability report be verified? Our Top 50 reports display a wide range of thinking on the best ways forward.

In our 1993-94 benchmark survey, just four out of the 100 Corporate Environmental Reports covered had been verified in some way. By 1997, there had been a seven-fold increase, with 28 out of 100 corporate environmental reports verified. By 2000, with a different and carefully selected sample, the percentage of verified reports has almost doubled again (25 out of 50). Among our Top 50, **The Body Shop Australia and New Zealand** achieve a top score of four, while **Anglian Water, BP Amoco, Bristol-Myers Squibb, British Telecom, Cable & Wireless, Camelot, CIS Co-operative Insurance, The Co-operative Bank, Eastern Group, Kirin Brewing Company, Novo Nordisk, Royal Dutch / Shell Group, Unilever** and **United Utilities** all achieve three points.

What are the Key Issues?

Dozens of third-party report validation techniques have been used by the Top 50 – as well as many that do not address reporting at all, focusing instead on performance or systems. The most pressing issues around triple bottom line verification include: what's being verified; who does it; how they do it; and how their results are presented. For purposes of analysis, we divide the statements and validation processes used in the Top 50 reports into three groups: verification, assurance and perspectives.

Verification (V)

These statements tend to be carried out according to widely agreed accounting standards, and are frequently based on similar attestations found in financial accounts. The process is formally described.

Assurance (A)

Assurance is really an umbrella term for various activities companies undertake with third parties to increase the credibility of information in their reports. These statements may be broadly defined, featuring elements such as the outcomes of stakeholder engagement processes, or a review of performance in relation to various standards or guidelines. Examples include **Baxter** (whose three different third-party statements provide views on the company's achievement of ISO 14000 and internal standards), **British Airways** (where consultants CSR Network offer a strategic commentary) and **TEPCO** (which presents a summary of the views of its external Advisory Committee on Environmental Affairs on high-priority issues for the company).

Perspectives (P)

These are even more varied, ranging from expert perspectives presented in addition to formal statements by verifiers (such as the statement from The Natural Step's Jonathan Porritt in **The Co-operative Bank's Partnership Report**) to stand-alone contributions (for example **Shell's** 'You told Shell' bits of feedback from employees and stakeholders) which cannot be considered to provide validation in any accepted sense.

Who is doing verification? Providers of this service include the Big 5 accounting firms, management consultancies, NGOs and individual experts or advisory groups. An important issue relates to the credibility and qualifications of auditors with respect to sustainability issues.

This may be partially addressed in the future through accreditation of auditors to various standards, though the issue probably will be more significant for formal verification processes than for other assurance mechanisms or perspectives. In our 1999 publication *The Internet Reporting Report*, opinions on website verification varied dramatically, from a Nortel view that the internet is like the "Wild West", making verification essential, to CSEAR's view that it is not so important – given "people will eventually get caught out if they are lying."³⁴ It seems likely that very different ways will be found to provide assurance to users of web-based information, including perhaps open-access portals encouraging active stakeholder engagement.

Top 50 Coverage

The challenge of providing sustainability report validation is producing some unlikely combinations of statements. **CIS Co-operative Insurance** includes three different statements while **The Dow Chemical Company** includes statements from its Corporate Environmental Advisory Council, an auditor and two experts. Overall, however, the most innovative use of verification came from **Royal Dutch / Shell Group**, with symbols throughout the report identifying verified information.

Next Steps

The sheer variety in verification and assurance is part of what makes the process of reading sustainability reports interesting. But in terms of providing real reliability to data users about the quality of the information they are being offered, it is clear that further work is needed – an area which the GRI has begun to address. The growing level of interest in verification, within and outside reporting companies, will almost surely encourage greater standardisation and professionalism in the field.

Verification and Assurance

³³ SustainAbility, *Engaging Stakeholders, Volume 1: The Benchmark Survey*, for UNEP, London, 1996.

³⁴ SustainAbility, *The Internet Reporting Report*, for UNEP, London, 1999.

37 Third-Party Validation in Top 50 Reports

Company	Coverage	Style	Provider	Other Information
ABB Group	Certain aspects of environmental performance	V	Det Norske Veritas	
	Commentary on general strategic issues	P	Environmental Advisory Board; other experts	
Anglian Water	Environmental report	V	Enviros Aspinwall	Web information verified
Aracruz Celulose	Financial statements only	V ⁰¹	PricewaterhouseCoopers	
Axel Springer Verlag	Commentary on general issues	P	Various NGOs; academic and media figures	
BAA	Environmental information	V	Stanger Environmental	
Baxter	Certification to ISO 14001	A	ERM	
	Conformance to internal company standards	A	Arthur D Little; Barry D Bernstein	
BC Hydro	Various components of environmental management system	A	unclear	
The Body Shop Australia and New Zealand	Social audit process	V	Eva Cox	Verification panel to advise on social audit.
	Environmental information	V	Snowy Mountains Engineering	
BP Amoco	Environmental and social report; financial data	V	Ernst & Young	
	Greenhouse gas emissions trading project	V	KPMG	
Bristol-Myers Squibb	EHS programme	A	ERM	Assessment of EHS programme and information collection process mentioned – but no statement in report
British Airways	Strategic review	A	csr network	
	Sustainable development commentary	A	SustainAbility	
British Telecom	Environmental report	V	Lloyd's Register Quality Assurance	
	Social report	V	Ashridge Centre for Business & Society	
Cable & Wireless	Environmental information (limited)	A	Environmental Context	
Camelot	Social report	V	New Economics	
	Social reporting methodology	A	Advisory Panel on Social Responsibility	
CIS Co-operative Insurance	Social reporting process	V	KPMG	
	Social and environmental accounting methods and concepts	A	Simon Zadek	
	Process review	A	KPMG Sustainability Advisory Services	
The Co-operative Bank	Environmental, social and financial reporting process	V	Ethics etc . . .	
	Assessment of issues	P	Centre for Tomorrow's Company; Business in the Community; The Natural Step	
The Dow Chemical Company	Progress against Responsible Care programme	A	independent advisory group	Full statements available on website
	Management systems verification	V	Verrico Associates	

37 Third-Party Validation in Top 50 Reports				
Company	Coverage	Style	Provider	Other Information
Eastern Group	Sustainability report	V	COA	
Eskom	Environmental data; progress against targets	V	Biotechnology & Environmental Specialist Consultancy	
Fortum	Environmental data	V	KPMG	
ING Group	Environmental data	V	KPMG	
Kirin Brewing Company	Environmental report	V	Asahi & Co. Arthur Andersen	
	Report scope and 'Efforts to Conserve the Environment'	A	Eco-Management Institute	
Manaaki Whenua Landcare Research	Environmental report	V	Tonkin & Taylor	
Nexfor	Financial accounts only	V ⁰¹	Ernst & Young	
Nortel Networks	Approach to reporting	A	Deloitte & Touche	Hypertext links (on website) specifically excluded
Novo Nordisk	Data quality and collection procedures (limited)	V	Deloitte & Touche	Additional information (on website) excluded
	Social and environmental accounting methods and concepts	A	Simon Zadek	
Royal Dutch /Shell Group	Specific HSE data	V	KPMG	Symbols throughout identify verified information.
	Social performance systems and processes	V	PricewaterhouseCoopers	Some unsourced perspectives also provided
Statoil	Existence of EMS; consistency of reported information	V	Ernst & Young	
Stora Enso	Environmental data	V	PricewaterhouseCoopers	
TEPCO	Strategic environmental issues; quality and usefulness of report	A	Advisory Committee on Environmental Affairs	
Toyota Motor Corporation	Environmental data	V	Tohmatsu Environmental Research Institute	
Unilever	Environmental report	V A	Enviros Aspinwall	Statement is extensive, covering data management, coverage, professional techniques and recommendations for reporting and for programmes. Unilever's response available.
United Utilities	Environmental report	V	Enviros Aspinwall	
	Quality and usefulness of social report information and procedures	A	Ashridge Centre for Business & Society; New Economics	
Volkswagen Group	Environmental report	V	KPMG	Excludes anything other than printed report
WMC	Environmental report; adequacy of EMS	V	PricewaterhouseCoopers	Community report not verified
	External reviews of report	A	WWF; Snowy Mountains Engineering Corporation	
	Commentary on reporting improvements	A	Energetics (data consultant)	
	Opinion on quality of report	A	Advisory Group	

4.

⁰¹ Annual finance and sustainability reports
combined in one document

Why the Heat?

Though companies have long engaged in different forms of public policy activity, the very nature of lobbying and other forms of political influence keeps it primarily outside of the public eye, raising concern over the consistency between companies' increasingly ambitious public statements on sustainable development and their behind-the-scenes activities on the policy front.

Companies will feel increasing pressure to disclose elements of their public policy agenda — including, for example, their lobbying positions on key legislative issues, internal policies on political funding and membership of external organisations with policy activities.

Who's Raising the Issue?

Concern over corporate influence on public policy is not new. What is notable, however, is that some companies are starting to weigh the reputation effects of participating in particular activities.

This dynamic was in play in the gradual desertion of the Global Climate Coalition by a number of companies, including **BP Amoco**, **Ford Motor Company**, **General Motors** and **Royal Dutch /Shell Group**. These companies, and others, had come under enormous pressure from NGOs, who charged that their stated commitments to address climate change were seriously undermined by affiliation with a group actively lobbying against action.

Top 50 Coverage

While we are not surprised to find that coverage of public policy in sustainability reports is minimal, there are some encouraging signs. Although none of the companies in our Top 50 score the full four points for their coverage of public policy, seven (14%) score three points. This group includes **BMW Group**, **BP Amoco**, **Eastern Group**, **Interface**, **Manaaki Whenua Landcare Research**, **Matsushita Electric Group** and **Sunoco**.

United Utilities refers to its 'Principles of Political Contact' posted on its website, inviting readers to contribute views on the legitimate use of corporate political influence. For the most part, however, the principles are ideals rather than tangible guides to action. Interestingly, the company commits to identifying areas of inconsistency between its own policy positions and that of the prevailing government and using dialogue to resolve the differences.

In another case, CERES challenged **Sunoco** (a signatory to the CERES Principles) specifically to address its public policy activity in its reporting, and then reviewed the company on this issue. **Sunoco's** latest report contains information on the company's positions on several discrete issues.

In **BP Amoco's** web-based report, the company includes a brief description of its work in public affairs 'relationship mapping', the primary objective of which is "to assure management that political relationships are being actively and effectively managed".

Next Steps

For 2001–2002, reports should start to address more systematically the ways in which companies define and carry out their public affairs agendas — and seek to establish a greater degree of public buy-in for these activities. In order to help catalyse best practice, in early 2001, **SustainAbility**, along with **Government Policy Consultants**, will launch its **JANUS** research programme, focusing on the conduct and content of corporate public affairs activity.

Influencing Public Policy

Why the Heat?

Electronic communication — whether in the form of websites, intranets, extranets or other systems — potentially impacts companies in many ways. Indeed, anyone treating the internet as simply a virtual blackboard to educate outsiders is seriously underestimating a resource which will eventually transform products, technologies, values and economies.

The internet is not just an eco-efficient way of moving bits of information around. For one thing, it means that reported information is accessible 24 hours a day. As a result, the internet is transforming expectations in terms of corporate disclosure. We expect stakeholders to be less satisfied with historical case studies; increasingly expecting to be offered virtual 'windows' into the thinking and operations of major companies.

At the same, many companies have recognised that the internet provides NGOs and other critics of business with opportunities to develop and co-ordinate campaigns at warp speed, requiring ever-faster corporate reflexes. That is one reason why our *Engaging Stakeholders* programme has increasingly focused not just on reports, but on reporting and web-based communication.

Where's the Action?

Our 1999 SURF survey³⁵ scanned 150 websites to see which offered reports as print-ready downloadable (e.g. pdf) files. We found 48% with downloadable financial reports, 31% with downloadable environmental reports and just 6% with downloadable social reports. The 2000 figures show 30 out of 50 companies (or 60%) offering print-style reports as pdf files, and four (8%) that report solely or primarily in the form of html web-pages, which are not designed with print in mind at all.

These are: **Anglian Water**, **BC Hydro**, **BP Amoco** and **Unilever**. Given that both surveys have focused on leading edge practice, this suggests that more reporting companies are waking up to the web.

The big question is still whether electronic or paper reporting is 'best'. Electronic reports can be seen as environmentally better in many respects, although this has been challenged, given the energy requirements of computers and the impact of remote printing. There are also many people across the world without access to the internet, so an electronic report could be viewed as socially exclusive. **ESAB** discusses this dilemma in its report, proposing to solve it by producing a summary report on paper, referencing additional information available on the web. Other companies already doing this include **Anglian Water**, **Novo Nordisk**, **Procter & Gamble**, **Royal Dutch / Shell Group** and **Unilever**.

Multi-media features are still used largely for design impact, rather than content. **BP's** site has video footage that includes speech clips by CEO Sir John Browne, but in order to make this accessible it has to be provided in several formats to cope with modem or software differences. Bandwidth and software restrictions mean there is still some way to go before multi-media is used to its full potential, although such features are very much the future.

Royal Dutch / Shell Group's website is notable for its 'Shell Forum', where visitors can post their responses to various issues. Unlike other corporate sites, **Royal Dutch / Shell Group** is happy to hold often very negative, unedited postings about its operations and business.

Two key issues are updating and verification. The internet potentially offers continuously updated information, but constantly changing information is hard to verify. **Anglian Water** provides a rare case of a company having website information verified, although this process does mean that the online environmental performance information must remain relatively static.

Links to outside organisations remain rare, but can provide a strong signal of a company's commitment to transparency — particularly if it is prepared to link to organisations with opposing views. **Unilever's** site has a section on 'responding to global issues', which contains a list of topic pages, each of which has a case study linked to online sources. For example, their page on endocrine disruptors links to the website of the European Chemical Industry Council, the World Health Organisation, the OECD and the World Wide Fund for Nature.

Next Steps

Among trends we see building are the following:

- 1 more rapid updating of websites and other internet resources;
- 2 greater sophistication in triple bottom line cross-linking;
- 3 more virtual meetings;
- 4 greater demand for real-time reporting;
- 5 increasing use of audio and video;
- 6 increasing interactivity, coupled with greater customisation of reporting to different stakeholder needs, with users building their own reports via keywords and prompts.

Internet, Intranets, Extranets

³⁵ Ibid.

Our focus on corporate disclosure and transparency is driven by the potential connections between transparency and deeper change within corporations. Indeed, the goal of triple bottom line reporting can be thought of as accounting to society. Essentially, the company is making the case for its continued licence to operate and for further societal (including financial) investment.

Imagine a company holding a future annual general meeting not only of shareholders, but also of all other stakeholders in the enterprise. Collectively, this group would aim to assess the company's commitments, actions, performance and impacts.

Our benchmarking aims to rate how well a company's primary public reporting — including environmental, social and annual reports — helps it fulfill this societal accounting function. In other words, are key stakeholders able to decide whether to continue doing business with this company, e.g. working for it, investing in it, buying from it or allowing it to operate and innovate?

Financial analysts have a long-standing tradition of using reports and other publicly-available information from companies to help make judgements about whether to issue a 'buy', hold' or 'sell' recommendation. On the basis of those recommendations, investors' fortunes rise and fall, and the analysts issuing them are rewarded or punished.

A key question on the agenda now is whether we are making similar decisions as a result of corporate sustainability reporting? And what difference has it made — have anyone's fortunes, financial or otherwise, risen or fallen as a result? Are societies, and companies' contributions to them, more sustainable? And if not, why not?

Global Reporter Views

In our 1996 survey, *Engaging Stakeholders*, we profiled institutions and organisations that use company environmental reports, to understand what their needs were, what use they put reports to, and how reports would need to evolve in response. At that time, we identified several key responsibilities for companies embarking on sustainability reporting.¹⁶

- Consult stakeholders on appropriate reporting frameworks and on where the boundaries of reporting should lie.
- Supply useful and relevant information which implies comparability, comprehensiveness and benchmarkability.
- Respond promptly to stakeholder feedback and emerging needs and agendas.

We also identified the parallel responsibilities of stakeholders calling for more and better disclosure from companies, to:

- take the information disclosed by companies fully into account in their actions and decision-making;
- give constructive feedback, articulate information needs and participate actively in building the necessary framework for effective reporting;
- send the right signals back to companies and markets on the basis of the information disclosed.

To assess progress, we asked a few of our global reporters whether, in the years since we first made those recommendations, stakeholders have fulfilled those responsibilities.

Headline Responses

Generally, companies are not receiving unsolicited feedback on their sustainability reports, except from, as Judith Mullins and Erin Kreis of **General Motors** put it, "the usual suspects". David Russell from **Dow Europe** suggests that "we need to be clever and think of systems that would encourage that."

Russell thinks the business-to-business implications of sustainability reporting are more subtle, but no less powerful. "People are looking deeply at life cycle issues — if the supply chain is dubious, it reflects on a company's products. As long as the price is right, there is clear competition in the sector on sustainability performance." **General Motors** has experienced a good deal of interest from its suppliers, and notes that its Supplier Environmental Advisory Team has been instrumental in raising awareness of GM's sustainability report. As a result, says Erin Kreis, "other suppliers started looking at our initiatives, and now we get lots of requests for the report from suppliers."

But the audience viewed as the biggest prize among sustainability reporters is certainly the financial community. "If I could pick one group," says Mullins, "it would be the financial community, and every level from stock analysts, to commercial bankers, to insurers. They're just not paying attention, even after 30 years of environmental performance tracking." If top executives from major companies, she argues, had to refer to sustainability performance, strategy and priorities for mainstream investors on a regular basis, "every one of those firms, from the top down, would take notice, and performance would just fall into place. Until that happens, the people who care about sustainability reporting and performance improvement are taking two steps forward and one step back."

Towards Stakeholder Governance If the 1990s agenda focused on transparency, accountability and the evolving art of stakeholder engagement, an emerging focus for the next decade is stakeholder governance. Broadly, the conclusions of the 2000 benchmark survey reinforce this view.

Turned on and Tuned in?

It seems many of the stakeholders for whom a sustainability report is intended have yet to be reached, or fully convinced of the value of reporting. We plan to work more closely with stakeholders to understand this dynamic better and hope to report back with some recommendations that will help reports promote better relationships and better performance. In the meantime, a few conclusions can be drawn.

Much of the effort in environmental and social reporting has gone into collating information, presenting it in an accessible and intelligible way, and in disseminating it via print or web-based media. We are convinced that more effort should be directed towards ensuring not only that the message is well developed and 'broadcast', but also that it is generating the right sort of responses with the intended audiences.

This conclusion is in part to do with the need to integrate reports into a fuller communications process; and in part to do with the recognition that different stakeholders have significantly different interests, concerns and information needs. No single printed report is likely to meet all stakeholders' needs equally. While this has always been true of financial reports, it is triply true of sustainability reports.

We are confident that much of the content of reports is not getting through to most readers. It is critical, therefore, to understand not simply what is put into reports but also what readers take out of them. In an analogy with broadcasting, it is of little value to have produced and broadcast the finest programming if the intended audiences do not have the right equipment to receive the broadcast, have it switched off or are not tuned in.

Information or Changing Relationships?

Communication, including sustainability reporting, can – and usually does – operate at different levels of effectiveness. Most reporting is geared to information sharing, which may change awareness, but generally does little to change perceptions, let alone relationships and responses.

Changing perceptions and relationships requires improved awareness, certainly, but also improved understanding, commitment and behaviour. These outcomes require different types of input – which may be assisted by good reporting, but almost certainly will not be fully provided by it.

To improve awareness, a company's reporting must inform.¹⁰ This is generally well understood by reporters, with a great deal of effort to date focused on improving the quality of indicators and available data.

To improve understanding, a reporting company must enquire. It must stretch the boundaries of the company's operations and look for origins. Sustainability reports that explore a company's impact beyond its factory gates, that acknowledge its deeper connections to society, and that set goals in relation to what it wants to achieve in the future, begin to provide this deeper understanding.

To advance commitment, a company must engage. Among other things, it must provide tools for greater social accountability, illuminating pathways through which external stakeholders can influence the company's direction. Very few reports provide a platform for active dialogue, and even fewer provide measures of success for such dialogue.

To change behaviour, a company's reporting must enlist. It must show clearly and with inspiration how a company understands its own role in bringing about sustainability, but equally it must do the same for other actors. Crucially, this means not just pointing the finger at governments, markets and other companies, but working to enable those actors to fulfill their respective roles. The report must say – these are all our responsibilities, and this is what we are doing to help us all meet them.

Too many sustainability reports still act as one-way information feeds. Even if they discuss the role of stakeholders, even if they discuss some of the major challenges to sustainability, they are frequently not supported by active stakeholder negotiation – or this is not evident in the reports provided.

The steps to take reporting from **inform** → **enquire** → **engage** → **enlist** are progressively more challenging, and even some of the best reporting companies have difficulty making, for example, the **enquire** → **engage** leap. Several possible reasons were illuminated in our survey.

Elephants in the Bedroom

With very few exceptions, the Top 50 reports fail to address what we consider to be the biggest sustainability issues associated with a company's activities – the world's dependence on fossil fuels for an oil company, exponential increases in global air travel for an airline or airport operator, the continued destruction of ecosystems through growth in raw materials extraction for a forestry or mining company, and so on.

¹⁰ SustainAbility, *Engaging Stakeholders. Volume 2, The Case Studies: Twelve Users Respond to Company Environmental Reporting*, for UNEP, London, 1996.

¹¹ Based on the *Hierarchy of Engagement and Desired Response Model*, originally developed by the international communications consultancy Countrywide Porter Novelli and further developed by SustainAbility.

These issues are the proverbial 'elephant in the bedroom',³⁸ the obvious, fundamental facts of a company's sustainability impact that are either not recognised in – or actively airbrushed out of – the sustainability picture the company paints. A case in point is top-scoring BAA, whose reporting takes for granted that its current operations will expand indefinitely into the future.

Lack of discussion of such issues may quite reasonably result from the fact that these larger impacts involve actors beyond the companies themselves. In the context of an individual company's report on sustainability, what responsibility does it have for effects for which there are multiple contributors? Our advice to companies is that these issues are of central importance to stakeholders – and therefore must be afforded appropriate treatment in sustainability reports, regardless of an individual company's own control over them.

Tips of the Iceberg

While our initial search turned up over 200 potential candidate reports, there are doubtless hundreds (possibly thousands) more company reports addressing economic, social and environmental issues. Clearly, many more companies report in 2000 than did a decade ago.

But these numbers are still minute as a percentage of commercial organisations, not to mention the millions of public and non-governmental sector organisations, with impacts on, and therefore responsibilities for, economic, social and environmental dimensions. We are focusing on the glittering tips of a giant global iceberg of potential reporters.

Our 1998 publication, *The Non-Reporting Report*,³⁹ spotlighted just how many companies have yet to respond to the sustainability reporting agenda. At that time, we called for major business organisations, such as the International Chamber of Commerce (ICC), to begin taking action against members that had not produced such reports (as the ICC's *Business Charter for Sustainable Development* encourages) by the end of 2000. While there has most certainly been progress on that front, a next step for SustainAbility will be investigating just how far it has gone.

Unfortunately for companies reporting in good faith, the fact that their peers and competitors do not report rubs off on them in the eyes of many stakeholders. For disclosure to have a truly transformative effect, both for companies and for others, it must begin to cover a much larger community than it does presently.

The Stakeholder Governance Agenda

From our fourth international benchmark survey, it is clear that sustainability reporting is here to stay – virtually all the evidence suggests that more companies are reporting in greater depth and sophistication than ever before. Quality has gone up substantially, helped along by the GRI, WBCSD and others. Indeed, nearly all the reports we reviewed this year have made significant improvements over their previous reports.

But we still have a very long way to go before sustainability reporting fulfills its potential as a driver of change and innovation. A great deal has to happen before governments, consumers and commercial partners rely on such reports and reporting to make their day-to-day decisions.

As is suggested by the fact that we call our programme on disclosure and responsiveness *Engaging Stakeholders*, our intention is that eventually corporate decision-making will be in service of society much more broadly than it presently is. Being responsive to stakeholders does not mean bending to every whim and desire that surfaces periodically – it means being deeply aware of the impacts of a company's activities, being sensitive enough to predict how they change and develop over time, and pro-active enough not just to respond to those changes, but to help bring them about actively.

This is the new reporting and stakeholder governance agenda. We plan both to monitor and encourage progress in future editions of *The Global Reporters*.

Next Steps

In light of these issues, SustainAbility will also focus on the gaps between the current state of reporting by companies and the decision-making needs of key stakeholders. Next steps include:

- an assessment by a panel of stakeholders of the alignment – or lack thereof – between the quality of sustainability reporting by companies and their performance on sustainability goals and indicators;
- the development of tools and forums to help stakeholders make better use of the information available to them, and thereby bridge the gap between the sustainability reporting world and that of organisational learning.

³⁸ Term coined by Alcoholics Anonymous. See also Stanley I. Hart and Alvin L. Spivak, *The Elephant in the Bedroom*, New Paradigm Books, Pasadena, 1993.

³⁹ SustainAbility, *The Non-Reporting Report*, for UNEP, London, 1998.

01 Names of the Game

We have waded through corporate citizenship, corporate social responsibility, and public and sustainable development reports. Overall, our strong sense is that sustainable development language is on the up – driven by, for example, the Global Reporting Initiative and the Dow Jones Sustainability Indexes.

02 Standard Responses

Voluntary reporting drives competition and experimentation. One unfortunate result is that the task of comparing apples and pears is made even more complicated. Companies that embrace (and participate in the evolution of) major international standards help tackle this problem. Reports that use standard measurements are often more comprehensible. However, at the same time, companies should not rely on standards and guidelines to do the heavy lifting for them. Real accountability requires dedication to stakeholder dialogue and new forms of decision-making, and a standard will not deliver those by itself.

03 Selling Wall Street

'Selling Wall Street' has clearly emerged as a key challenge. Companies pursuing eco-efficiency and wider sustainability targets must persuade their own CFOs and financial markets generally that the investment is worthwhile. Companies need to spotlight work on the business case for sustainable development – and make links with their annual report and accounts. That is where financial eyes turn first.

04 Governance Agendas

Corporate reporting has generally been driven by professionals in areas such as environmental policy, health & safety, community relations and communications.

As the sustainable development agenda begins to encompass the global and corporate governance agendas, some of these folk can find themselves a bit out of their depth. They should not be afraid to ask for help, though. This is the direction the reporting agenda is headed.

05 Incoherence Hurts

Time and again, we see major companies producing top-quality reports – and then encounter the same company (or its industry federation or lobbying firm) promoting a very different agenda in the corridors of Washington, Brussels or Westminster. Reporting companies need to ensure coherence right across their public policy activities, and explain how they are pursuing this integration.

06 Go Real-Time

There is a great temptation to think in terms of *annual* reporting. Indeed, even with the growing coverage of internet reporting, the focus of *The Global Reporters* may well aggravate this problem. So we say it loud and clear: the long-term trend is towards real-time, online reporting. Just as companies have sites displaying their real-time financial performance, we could see triple bottom line sites before the end of the decade.

07 Strengthen Foundations

As companies make ever more stretching promises about their intent in the sustainability arena, there is a danger that their ambitions will lose touch with their real-world performance. By all means companies should dream, but they must ensure the basics of their reporting are robust, and involve real stakeholders in the development of key performance indicators.

08 Head South, East

A major gap in the 2000 reports is systematic coverage of issues related to operations, supply chain activities and marketing in the less developed and emerging economies of the South – and the old Communist bloc countries. This gap will need to be closed. In the future, we expect to see internet-based reporting evolve to where companies in the developed world routinely include active links to websites and other reporting by non-OECD world suppliers – and vice versa.

09 Offer Real Assurance

Verification activities are still on a growth trend. New challenges are emerging, among them that of providing assurance on the quality of website information. But innovators are also experimenting with new forms of assurance, including stakeholder-vetted web portals to corporate reporting. Companies should keep an eye on the leading edge – and provide feedback on their thinking.

10 Amplify Weak Signals

We all know the problem. We drop our keys at night and stand under the streetlight looking for them, even though we know the keys have ricocheted elsewhere in the darkness. When we step beyond the circle of light, our eyes adjust, allowing us to discern outlines and glints obscured in the glare. As stakeholder-based forms of governance evolve and become more professional, the value of successful corporate engagement grows. Companies tend to focus on the known stakeholders and issues, forgetting the potential importance of the unknown. Increasingly, they need to step outside this circle of light and amplify weak signals to find interesting things in the dark.

Global Reporting in 2002

About the Methodology

Since their introduction in 1994, the **UNEP /SustainAbility** benchmarking tools have been modified slightly for each of our reports in response to stakeholder input and to reflect the latest developments in reporting practice. With this version, however, we have undertaken a fundamental overhaul of the methodology.

The basic information needed to make an informed judgement about a company's quality can be surprisingly similar across stakeholder groups. Consider the case of a financial analyst considering whether or not to issue a 'Buy', 'Hold' or 'Sell' recommendation. He or she would need to know the company's:

- strategy: is it compelling?
- quality of management: can they pull it off?
- track record and forecasts: how have they done so far; and what are their targets?
- available information quality: can we believe what they say?

The new methodology follows the same pattern. How well does a company's disclosure enable the user to draw comprehensive and accurate conclusions about:

- **context and commitments:** what does the company plan to do to address the triple bottom line agenda in a real and strategic way, short-, medium- and long-term?
- **management quality:** does management have the leadership, insight, structures, systems, processes and incentives to ensure its commitments are achieved?
- **reporting period performance:** are we provided with full triple bottom line results – and targets for the next reporting period and beyond?
- **accessibility and assurance:** what measures have been taken to ensure that the information provided is useful, accessible, timely and trustworthy?

38 The Methodology in Detail

1 Context and Commitments

Assesses how well a company explains its business context for sustainable development, as well as the principles and intentions which guide its actions.

Context

Description of the company's main business, and its interpretation of the areas of positive and negative value added associated with its activities. Included are:

- company and industry profile;
- top management statement;
- economic, social, and environmental issue identification, with links to company and industry profile;
- stakeholder involvement in issue identification and prioritisation.

Decision-making

Core values and principles, as well as the scope of accountability for which the company accepts responsibility. Included are:

- core values, principles and policies for triple bottom line accountability;
- issues and dilemmas in integrating the triple bottom line;
- the business case: company's rationale for pursuing sustainable development.

Sustainable development vision

How the company expects its interpretation of sustainable development to affect its current and future choices around business direction.

2 Management Quality

Assesses how well the quality of information allows a judgement on a company's actions and processes against its intentions (as described in Part 1).

Internal alignment

A company's systems and processes to ensure that its goals are met. Included are:

- governance and organisational accountability;
- managing the economic dimension;
- managing the social dimension;
- environmental (and EHS) management systems.

External alignment

How the company strives to achieve consistency between its internal programmes and objectives and the way it attempts to influence its external environment. Included are:

- public policy;
- industry standards;
- customer influence.

3 Reporting Period Performance

Assesses aspects of operational performance, triple bottom line impacts and targets for improvement in the economic, social & ethical and environmental dimensions, as well as aspects which cut across these three bottom lines – i.e. multi-dimensional aspects.

Economic performance

This section covers aspects of economic resource use and creation of wealth which go beyond conventional financial accounting and reporting.

It assesses how and where economic value is added, and – in a field of rapid innovation – how creatively or meaningfully a company reports on value added to its stakeholders. However, it does also recognise information on financial performance and competitiveness usually provided in annual reports. What we particularly looked for here were cross-references to the triple bottom line of sustainable development: do sustainability reports contain information on how commercial performance affects triple bottom line performance, and vice versa? Included are:

- profits and growth;
- intangible assets;
- investments;
- wages, benefits, employee share ownership plans, taxes;
- productivity (labour, capital);
- environmental cost accounting;
- economic development and social investment.⁴⁰

4
Accessibility and Assurance

Tests the quality and usefulness of information according to stakeholders' needs.

Social and ethical performance

The social and ethical dimension of sustainable development captures impact on society. Social performance is a key ingredient in assuring an organisation's licence to operate. Reporting and improving social and ethical performance enhances reputation, increases stakeholder trust, creates opportunities, and lowers costs. Included are:

- workplace;
- quality of people management;
- health and safety;
- diversity / non-discrimination;
- human capital / training / education / personal growth;
- labour (child, forced, freedom of association);
- human rights;
- integrity.⁴¹

Environmental performance

This section is most closely based on our 1997 methodology, developed according to widely accepted consensus around environmental reporting. It focuses on input and output data, as well as important aspects such as habitat stewardship and transportation. Included are:

- inputs: energy, materials, water;
- outputs: waste, air emissions, water effluents;
- habitat stewardship, land use, biodiversity;
- transportation.

Multi-dimensional performance

This section examines a few areas of performance that cut across the economic, social and environmental domains. Included are:

- supply chain;
- products and services;
- compliance, fines and liabilities.

In scoring, we attempted to recognise greater integration across the triple bottom line and links to external, macro-level impacts.

Reporting commitment /policy

How information is presented in relation to generally accepted reporting principles, as well as an explanation of what information readers can expect to get regularly and how. Included are:

- scope and geographic coverage: the boundaries of what is/is not included in the report in terms of issues and/or the breadth of the company's activities;
- verification and assurance: the steps a company takes to ensure that information reported is accurate and reliable – where possible in the light of agreed standards;
- accessibility of information: the overall appeal, comprehensibility, and usefulness of the information provided;
- accessibility of design: the usefulness and appropriateness of photographs, graphs, illustrations and text layouts, as well as the degree to which the illustrations make the text easier to read and understand.

Challenges

As we have done in the past, it is our intention that the 2000 benchmark methodology will be refined and improved through further use and development of best practice in the rapidly emerging field of sustainability reporting. Some of the challenges we acknowledge after carrying out this current survey, and that we would like to refine in the future, include:

Scoring

Clarity around scoring when progress from a score of 0 to 1 and beyond is not necessarily linear — reports occasionally show elements of higher-scoring integration and information quality while lacking the lower-scoring fundamentals.

Definition

Defining and rationalising the scope of the methodology — in social and ethical dimensions in particular, our methodology was very clear in certain areas, such as human rights, while others, such as animal rights, were not explicitly addressed at all. Our challenge will be to ensure that the full scope of a company's impacts is treated in our assessment without being too prescriptive.

Impartiality

A company's actual performance in sustainability terms is affected by a range of factors beyond what comes through in reporting. However, our scoring system is designed to evaluate only quality of reporting.

We are constantly challenged to separate our review of reports from any additional information we may know from other sources.

We welcome others' comments and contributions towards improving the clarity, content and rigour of our assessment tool in the future.

The Scoring System

Rather than ticking off elements of a rigid check-list, the new methodology requires the analyst to assess the information provided according to essential qualitative characteristics of sustainable development and corporate accountability, such as:

- integration of economic, social and environmental aspects;
- integration of sustainability management into core business management systems and processes;
- integration of short and long term perspectives;
- engagement with internal and external stakeholders;
- transparency of thinking and acting.

Additionally, the following characteristics, similar to financial accounting practice and stipulated by the GRI guidelines⁴² were used in the assessment:

- relevance
- reliability
- understandability
- comparability
- timeliness
- verifiability

For each criterion, the scoring runs from 0 (issue not mentioned) to 4 (issue fully discussed in a comprehensive, integrated and particularly innovative manner). The total possible score is 196.

The Scoring System

Reporting Clusters	Score
Maximum Possible	196
Context / Commitments	40
Management Quality	28
Performance	100
Economic	(28)
Social/Ethical	(28)
Environmental	(32)
Multi-dimensional	(12)
Accessibility/Assurance	28

The 2000 Report Library

In selecting the Top 50 reports, we contacted hundreds of companies regarding their reporting activities. Figure 39 shows the 202 candidate reporting companies we ultimately considered for *The Global Reporters*, and identifies those selected as the Top 50 of our report, as well as pilot testers of the Global Reporting Initiative. For transparency, we also indicate those companies from SustainAbility's client and sponsor base that made it into our list of candidates.

Top 50

Companies finally selected for *The Global Reporters* Top 50

Pilot

Companies selected as official GRI pilot testers

Sponsor

Companies which are current or past sponsors of the *Engaging Stakeholders* programme

Client

Companies which are current or past clients of SustainAbility

* Ibid., p16.

39 The 2000 Report Library

Company	Business	Country	Top 50	Pilot	Sponsor	Client
3M	Consumer, healthcare & industrial products	USA				
ABB Group	Engineering & related services	Sweden / Switzerland	Top 50			
AEG	Household products	Germany				
Ahold	Food retail	Netherlands				
Akzo Nobel	Chemicals	Netherlands				
Alinta Gas	Gas utility	Australia				Client
Anglian Water	Water utility	UK	Top 50			Sponsor Client
APS	Electricity utility	USA				
Aracruz Celulose	Forest products	Brazil	Top 50			
ASG	Transport / Logistics services	Sweden				Sponsor Client
AstraZeneca	Pharmaceuticals / Agrochemicals	UK				Sponsor Client
Axel Springer Verlag	Media	Germany	Top 50			
B&Q	Home improvement	UK				
BAA	Airport administration	UK	Top 50			Sponsor Client
Bahia Sul Celulose	Forest products	Brazil				
Bank of America	Financial services	USA				
Barclays	Financial services	UK				
BASF	Chemicals	Germany	Top 50			Client
Bass	Hotels / Leisure / Beverages	UK				
Baxter	Pharmaceuticals	USA	Top 50	Pilot		
Bayer	Chemicals	Germany				Sponsor
BC Hydro	Electricity utility	Canada	Top 50			Client
Ben and Jerry's	Ice cream manufacture	USA				Client
Bertelsmann	Media	Germany				
Bethlehem Steel Corporation	Steel	USA				
BG Group	Energy	UK				Client
Biffa	Waste management	UK				
Blue Circle Industries	Cement / Building materials	UK				
BMW Group	Automotive	Germany	Top 50			Sponsor
The Body Shop Australia/NZ	Personal care products	Australia / New Zealand	Top 50			
BP Amoco TM	Oil, gas & renewables	UK	Top 50			Sponsor Client
Bristol-Myers Squibb	Pharmaceuticals	USA	Top 50	Pilot		Sponsor
British Airways	Air transport	UK	Top 50	Pilot		Client
British Telecom	IT & telecom	UK	Top 50			
The Broken Hill Proprietary Co	Mining / Oil & gas / Steel	Australia				Sponsor Client
Cable & Wireless	Telecom	UK	Top 50			
Cadbury Schweppes	Beverages & confectionery	UK				
Camelot	Lottery administration	UK	Top 50			
Canon	Consumer electronics	Japan				
Carillion	Finance / Infrastructure	UK				
Carter Holt Harvey	Forest products	New Zealand				
Cemex	Cement	Mexico				
CGU	Financial services	UK				
Chevron	Oil & gas	USA				
CIS Co-operative Insurance	Financial services	UK	Top 50			
Clariant	Chemicals	Switzerland				
Coloplast Group	Medical supplies	Denmark				
Compaq	IT	USA				
Conoco	Oil & gas	USA				
The Co-operative Bank	Financial services	UK	Top 50			Sponsor
Credit Suisse Group	Financial services	Switzerland				Sponsor Client
Cultor	Food products	Finland				
DaimlerChrysler Group	Automotive	Germany / USA				
Danfoss	Industrial equipment	Denmark				
Danish Steel Works	Steel	Denmark				Sponsor
Dofasco	Steel	Canada	Top 50			Sponsor
The Dow Chemical Company	Chemicals	USA	Top 50			Sponsor Client
DSM	Chemicals & pharmaceuticals	Netherlands				Sponsor Client
Duke Energy	Oil & gas / Electricity	USA				
DuPont	Healthcare / Construction / Consumer goods / Transport	USA				

Company	Business	Country	Top 50	Pilot	Sponsor	Client
East Japan Railways	Transport	Japan				
Eastern Group ⁰⁷	Electricity utility	UK	Top 50	Pilot	Sponsor	
Ecopetrol	Petroleum	Colombia				
Electrolux	Electrical appliances	Sweden		Pilot		Client
Elf Atochem ⁰³	Chemicals	France				
Eli Lilly and Company	Pharmaceuticals	USA				
The EMI Group	Audio products	UK				
Enbridge Pipelines	Pipelines	Canada				
Energex	Electricity utility	Australia				
Enterprise Oil	Oil & gas	UK				
Environment Agency	Environmental regulator	UK				
Ericsson	Telecom	Sweden				
ESAB	Welding products	Sweden	Top 50	Pilot		Client
Eskom	Electricity utility	South Africa	Top 50			
Ford Motor Company	Automotive	USA	Top 50	Pilot		Client
Fortum	Energy utility	Finland	Top 50		Sponsor	Client
Fujifilm	Consumer products	Japan				
Fujitsu	IT	Japan				
General Motors	Automotive	USA	Top 50	Pilot	Sponsor	
General Utilities Group	Water utility	UK				
Gerling	Financial services	Germany				
GlaxoWellcome	Pharmaceuticals	UK				Client
Goodyear Tire & Rubber Company	Tyres / Industrial products	USA				
GreenMountain.com	Electricity utility	USA				
Grundig	Consumer electronics	Germany				
Halliburton Company	Engineering / Related services	USA				
Henkel Group	Chemicals	Germany	Top 50	Pilot		
Heidelberger Druckmaschinen	IT / Electronics	Germany				
Hewlett-Packard	IT	USA				
Holmen	Paper products	Sweden				
Homestake Mining Company	Mining	USA				
Hughes Electronics	Telecom	USA				
IBM	IT / Electronics	USA	Top 50			Client
ICI	Chemicals	USA			Sponsor	Client
ING Group	Financial services	Netherlands	Top 50			Client
Intel	IT	USA			Sponsor	
Interface	Flooring products	USA	Top 50		Sponsor	
International Paper	Forest products	USA				
ITT Flygt	Pumps / Valves	Sweden		Pilot		
ITT Industries	Industrial components	USA				
J Sainsbury	Food retail	UK				
Japan Tobacco	Tobacco / Pharmaceuticals / Food	Japan				
Johnson & Johnson	Consumer products / Pharmaceuticals	USA				
Kansai Electric Power	Electricity utility	Japan				
Kemira	Chemicals	Finland				
Kesko	Marketing / Logistics	Finland				
Kirin Brewing Company	Beverages / Pharmaceuticals	Japan	Top 50			
Koch Industries	Oil & gas	USA				
Eastman Kodak Company	Photographic / Imaging products	USA				
Kooperativa Förbundet	Food retail	Sweden			Sponsor	
Kunert	Textile products	Germany				
Lloyds TSB	Financial services	UK				
London Transport	Public transport provider	UK				
Louisiana Pacific	Building products	USA				
Lufthansa	Air transport	Germany				
Manaaki Whenua Landcare	Research & consulting	New Zealand	Top 50			
Matsushita Electric Group	Consumer electronics	Japan	Top 50			
Metsä-Serla	Forest products	Finland				
Miele	Electrical appliances	Germany				
Mitsui & Company	Industrial products	Japan				
Mohn Media	Printing & publishing	Germany	Top 50			
Monsanto	Food biotechnology	USA				Client
Motorola	Telecom	USA				

Company	Business	Country	Top 50	Pilot	Sponsor	Client
Nexfor	Forest products	Canada	Top 50			
Nokia	Telecom	Finland				
Noranda	Mining & metals	Canada				
Normandy Mining	Mining	Australia				
Norsk Hydro	Energy utility	Norway			Sponsor	Client
Norske Skog	Forest products	Norway				
Nortel Networks	IT & telecom	Canada	Top 50			
North West Water	Water utility	UK				
Novartis	Pharmaceuticals	Switzerland			Sponsor	Client
Novo Nordisk	Pharmaceuticals	Denmark	Top 50	Pilot	Sponsor	Client
NTT	Telecom	Japan				
Occidental Petroleum	Oil & gas	USA				
Otto Versand	Mail order service	Germany				
Procter & Gamble	Consumer products	USA	Top 50	Pilot		Client
Pemex	Oil & gas	Mexico				
Pepsico	Beverages & snack foods	USA				
Petrobras Distribuidora	Oil & gas	Brazil				
Philip Morris	Tobacco, food & beer	USA				
Philips	Electronics	Netherlands				
Philips Petroleum Company	Oil & gas	USA				Client
Pitney Bowes	Mailing, messaging & document handling products	USA				
Pittards	Leather	UK				
Placer Dome	Mining	Canada				
Pohang Iron & Steel Company	Steel	South Korea				
Polaroid	Imaging / Film	USA				
PP&L Resources	Electricity utility	USA				
PSA Peugeot-Citroën	Automotive	France				
Rautaruukki	Steel	Finland				
Ricoh	Office equipment / IT	Japan				
Rio Tinto	Mining	UK				
Roche	Pharmaceuticals	Switzerland				
Royal Dutch / Shell Group	Oil, gas & renewables	Netherlands / UK	Top 50	Pilot	Sponsor	Client
Saga Petroleum	Oil & gas	Norway			Sponsor	
Sasol	Oil & gas	South Africa		Pilot		
SC Johnson	Consumer products	USA				
SCA	Forest products	Sweden				
Schenker BTL	Transport / Logistics	Sweden				
ScottishPower	Energy / Water utility	UK				Client
Severn Trent	Water utility	UK				
Siemens	IT & telecom / Electrical products	Germany				
Skanska	Building & construction / Real estate	Sweden			Sponsor	
SmithKline Beecham	Pharmaceuticals	UK				
Södra	Forest products	Sweden				
Sony	Electronics / Music	Japan			Sponsor	Client
South African Breweries	Beverages / Hotels & gaming	South Africa	Top 50		Sponsor	
Southern Sun Group	Hotels & gaming	South Africa				
Stanwell Corporation.	Energy utility	Australia			Sponsor	Client
Statoil	Oil & gas	Norway	Top 50		Sponsor	Client
STMicroelectronics	Semiconductors	France / Switzerland	Top 50			
Stora Enso	Forest products	Finland / Sweden	Top 50			
Storebrand	Financial services	Norway				Client
Sulzer	Industrial machinery / Medical technology	Switzerland				
Suncor Energy	Oil & gas	Canada				
Sunoco	Oil & gas	USA	Top 50	Pilot		
Swiss Re	Reinsurance	Switzerland				Client
TSMC	Semi-conductor manufacturing	Taiwan				
Tarmac	Heavy building materials	UK				
TEPCO	Electricity utility	Japan	Top 50			
Thames Water	Water utility	UK				
Timberland	Clothing / Footwear	USA				
Tokyo Gas Company	Gas	Japan				

Company	Business	Country	Top 50	Pilot	Sponsor	Client
Toshiba	Consumer electronics / Electrical products & components	Japan				
Toyota Motor Corporation	Automotive	Japan	Top 50			
TransAlta	Electricity utility	Canada				
Trelleborg	Tyres / Industrial products	Sweden				
Trillium Asset Management	Financial services	USA				
Umgeni Water	Water utility	South Africa				
Unilever	Consumer products	Netherlands / UK	Top 50			Client
Union Carbide	Chemicals	USA				
United Utilities	Water / Electricity utilities	UK	Top 50			
UPM-Kymmene	Forest products	Finland				
Vauxhall	Automotive	UK				Client
Volkswagen Group	Automotive	Germany	Top 50		Sponsor	
Volvo Group	Commercial vehicles / Transport equipment	Sweden				Client
The Water Corporation	Water utility	Australia				
Weyerhaeuser	Forest products	USA				
WMC	Mining	Australia	Top 50		Sponsor	
The Woolwich	Financial services	UK				
Xerox	Document processing products	USA				

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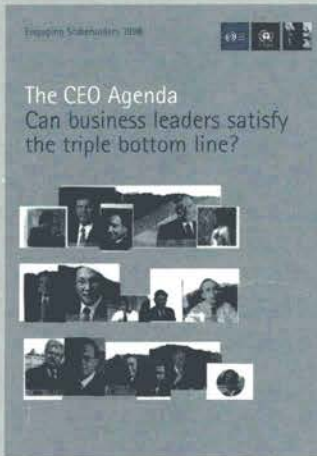
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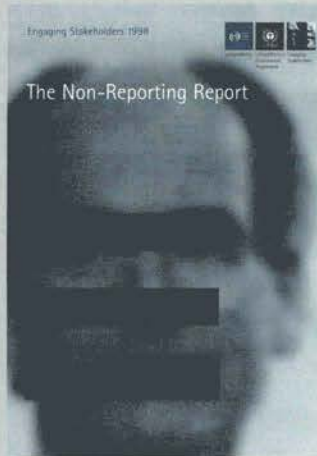
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www.wbcsd.ch



The CEO Agenda
1998

Highlights the findings of an international survey of chief executive officer (CEO) perspectives on the 'triple bottom line' of sustainable development. Discusses the board-level implications of stakeholder engagement and accountability.



The Non-Reporting Report
1998

Based on an international survey of 50 non-reporting companies, this report spotlights key barriers to disclosure and, learning from the experience of successful reporters, and suggests ways forward.



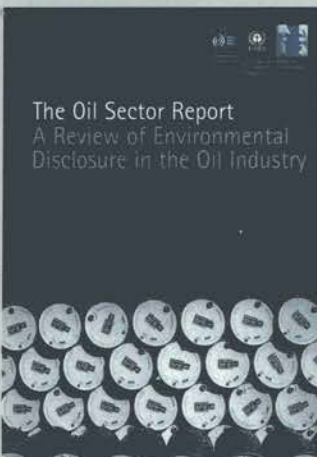
The Social Reporting Report
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An introduction to social reporting, linking growing demands for social accountability with the wider sustainable development debate.



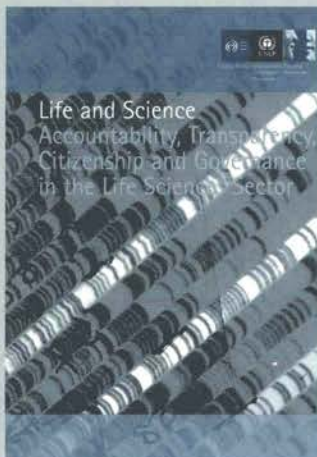
The Internet Reporting Report
1999

Explores the world of internet disclosures and reporting. Which CERs are on the www? What have net reporters learned? How have users reacted? Where will the exploding net take us next?



The Oil Sector Report
1999

An 80-page report that examines how the oil industry is addressing the expanding environmental and social reporting agenda.



Life and Science
2000

Explores the new frontier of biotechnology and how companies are reporting on their performance in the management of 'life sciences'.



The Automotive Sector Report
[forthcoming]

An executive review of automotive sector progress in integrating sustainable development into corporate strategies.



The Business Case
[forthcoming]

Maps the impact of sustainable development on business performance and tries to uncover if/how it enhances business performance.

The Global Reporters and other *Engaging Stakeholders* publications are also available in electronic format and can be ordered online from the **SustainAbility** website www.sustainability.co.uk

The Global Reporters
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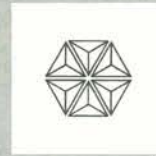
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⁴³ Includes both 1999 and 2000 Engaging Stakeholders sponsors.