

# GLOBAL TRENDS IN SUSTAINABILITY REPORTING

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DÜSSELDORF  
4 December 2001

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DIRECTOR

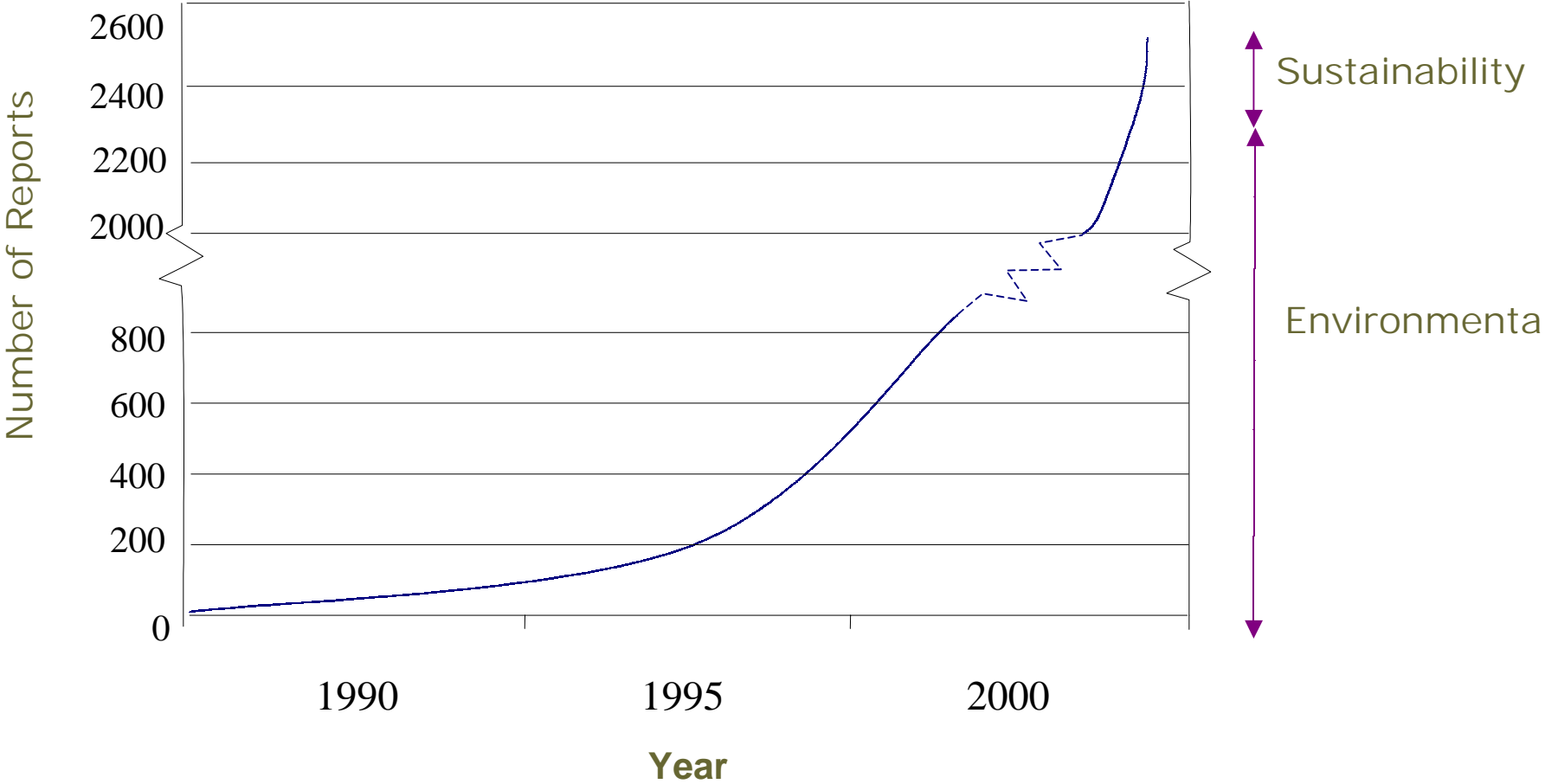


# OUTLINE

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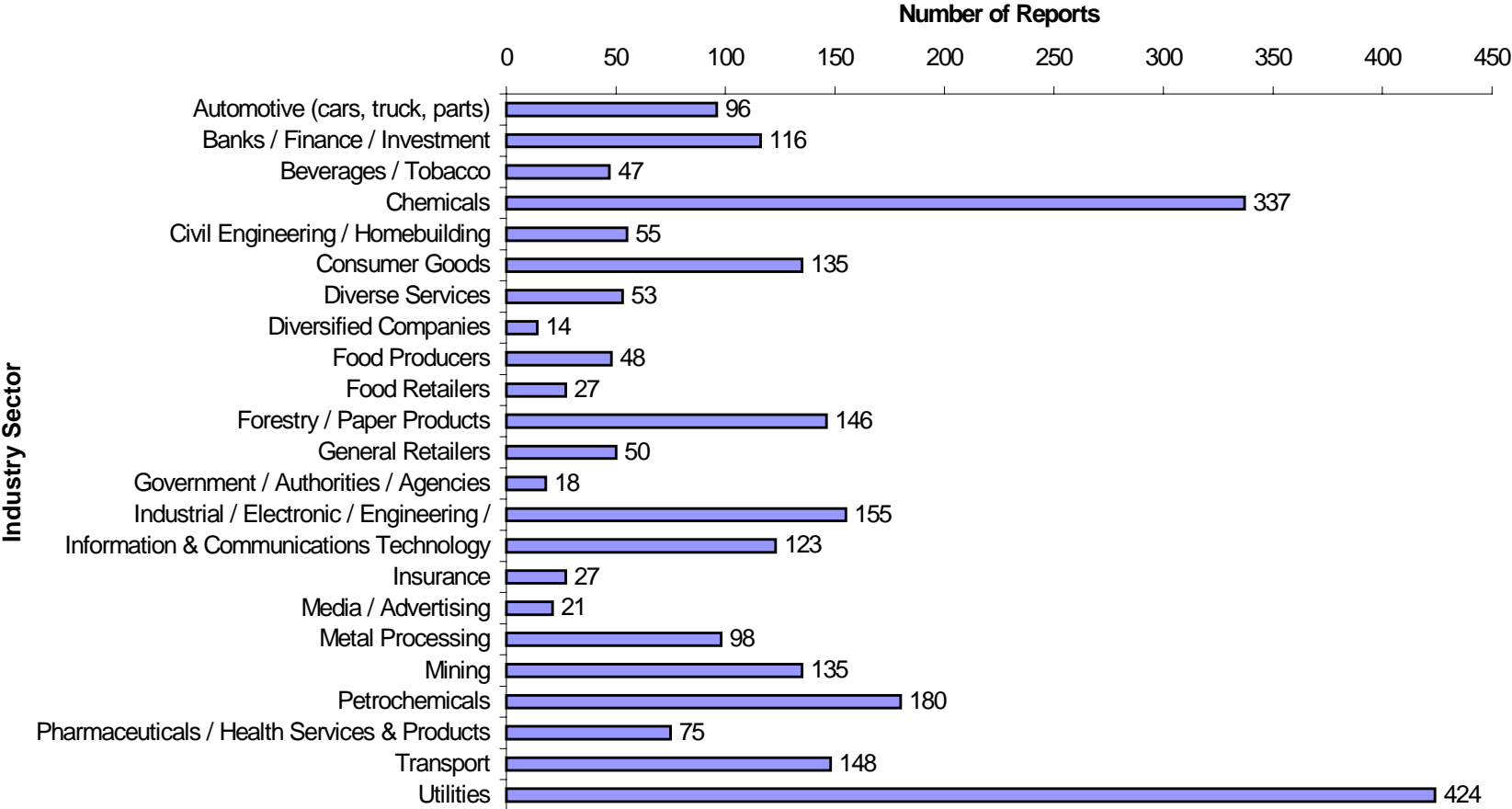
- 
- ▶ Reporting trends
  - ▶ Internal changes
  - ▶ Stakeholder engagement
  - ▶ GRI's future

# REPORTING ON THE RISE



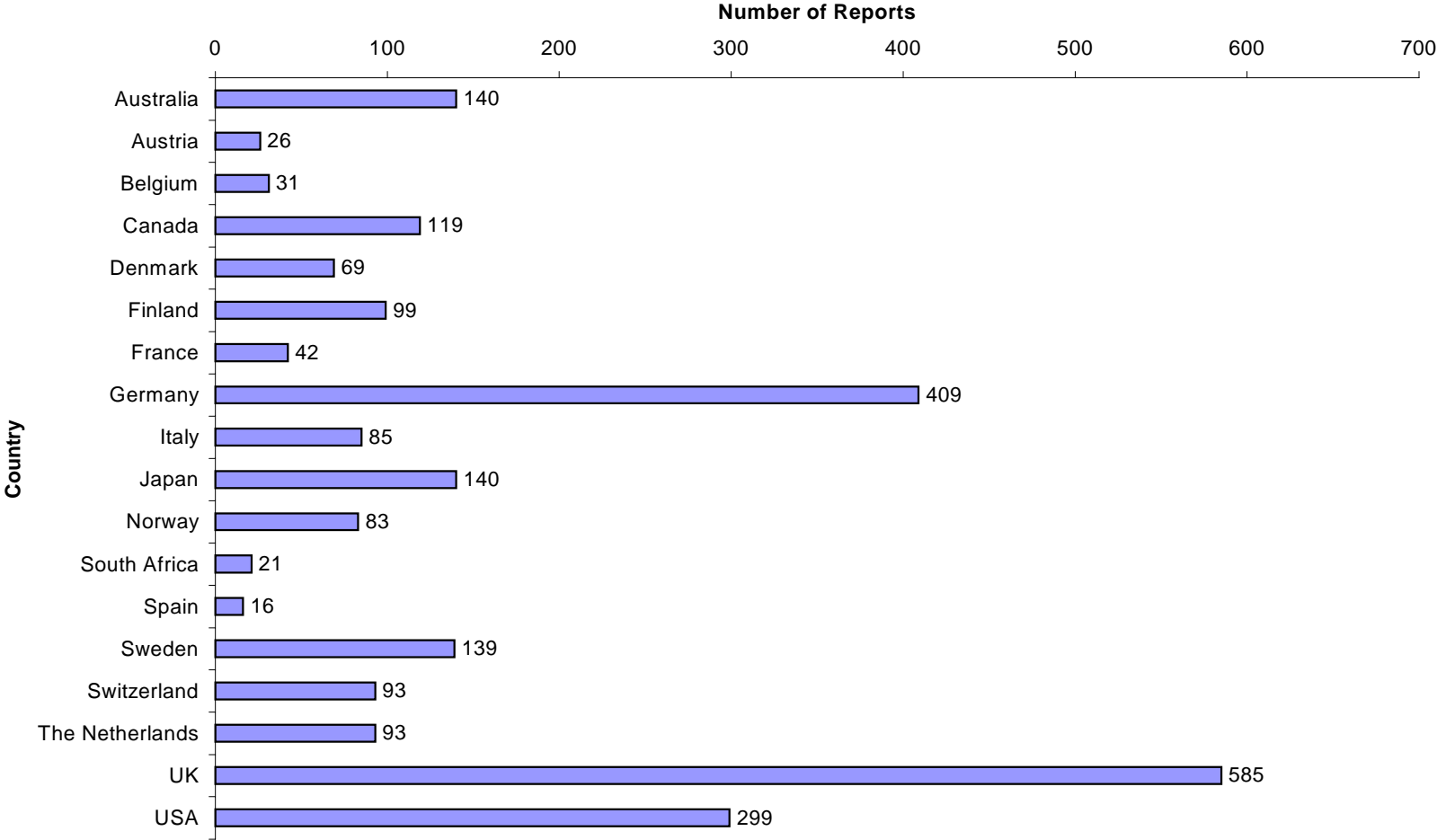
# REPORTING ON THE RISE - INDUSTRY

Number of Reports Produced per Industry Sector (Source: Corporate Register)



# REPORTING ON THE RISE - COUNTRY

Number of Reports Produced per Country (Source: Corporate Register)



# CORPORATE REPORTS IN GERMANY

Total of 415 environmental and social reports published between 1989 and 2001\*



▶ Top 5 industries	Percent
1. Chemicals	14.7
2. Utilities	9.4
3. Consumer Goods	8.4
4. Industrial/Electronic/ Engineering/Manufacturing	8.2
5. Banks / Finance / Investment	7.7

\*Total number of hard copy reports.  
Source: CorporateRegister.com

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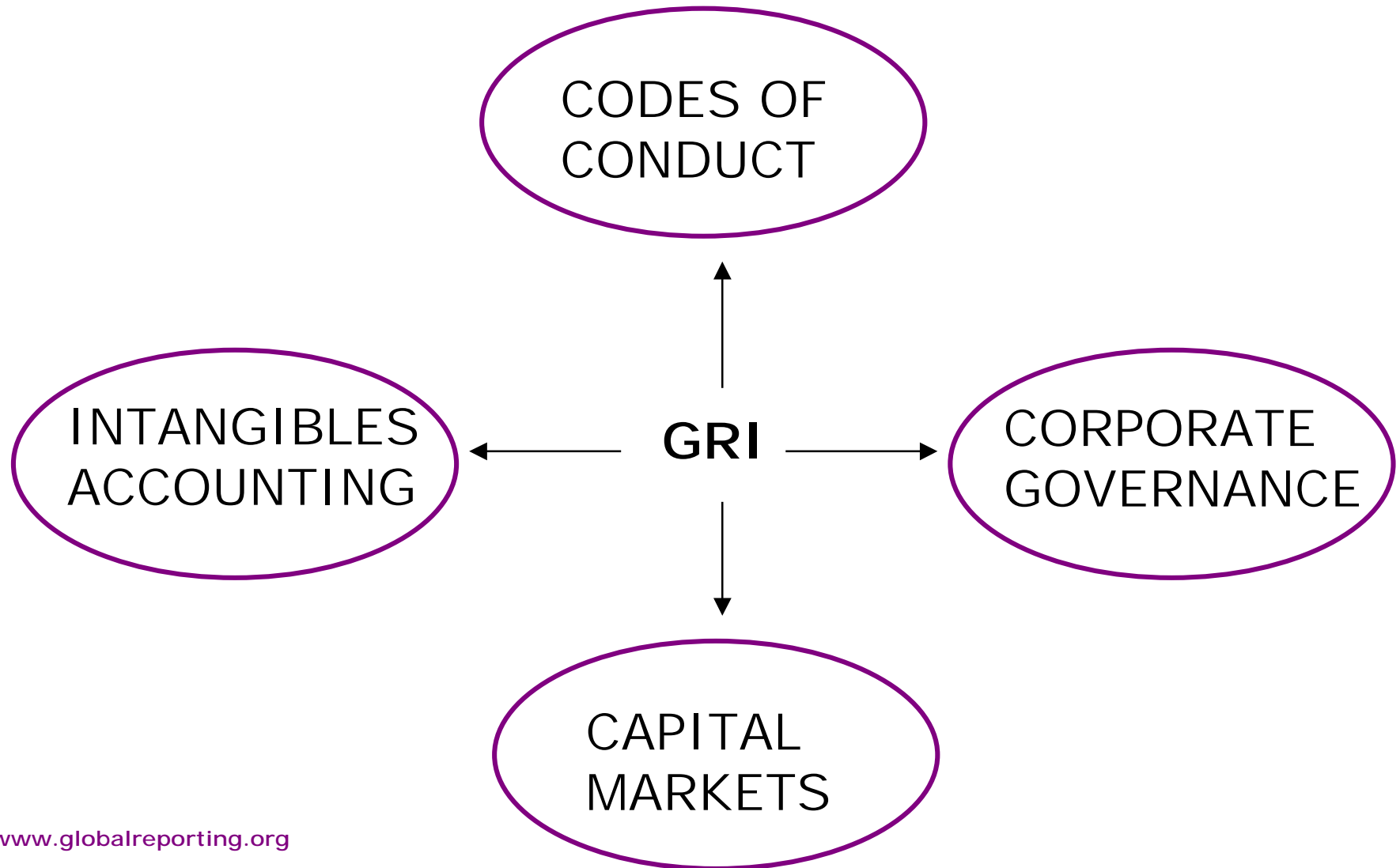
Types of reports:	Percent
Environment	71.8
Other (e.g. social, EH&S, sustainability reports)	28.2

\*Total number of hard copy reports.  
Source: CorporateRegister.com

# WHY COMPANIES REPORT?

- ▶ Communicate within enterprise
- ▶ Internal management improvements
- ▶ Stakeholder consultation tool
- ▶ Attract employees and investors
- ▶ Manage risk and protect reputation
- ▶ Distinguish from competition
- ▶ Measure and communicate intangible assets

# THE BROAD CONTEXT



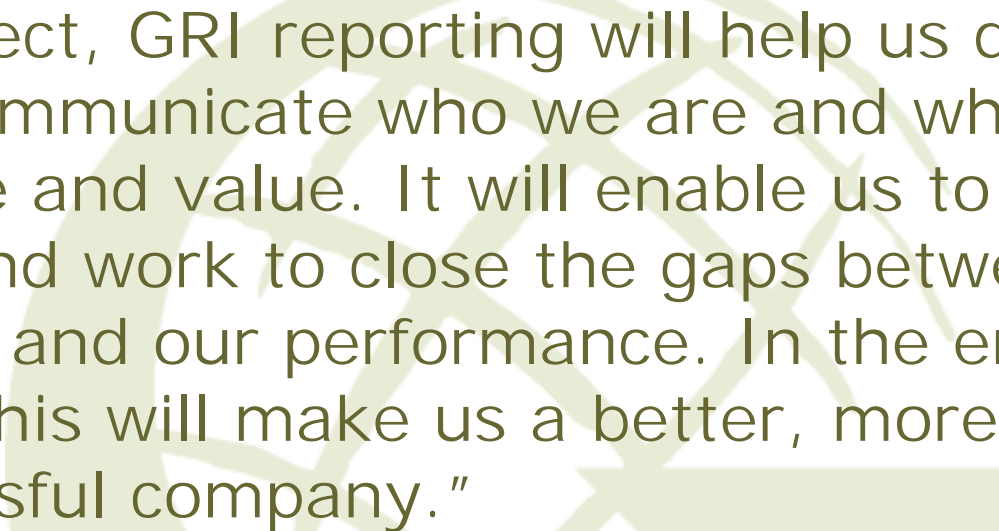
# REPORTING DRIVES INTERNAL IMPROVEMENTS

- 
- ▶ Set targets
  - ▶ Understand linkages, identify deficiencies
  - ▶ Measure outcomes
  - ▶ Benchmark
  - ▶ Communicate commitment
  - ▶ Influence long-term strategic decisions



“It was the GRI reporting process that prompted our announcement last fall to increase the fuel efficiency of our SUV fleet by 25 percent by 2005.”

Deborah Zemke  
Director of Corporate Governance  
Ford Motor Company  
April 2001



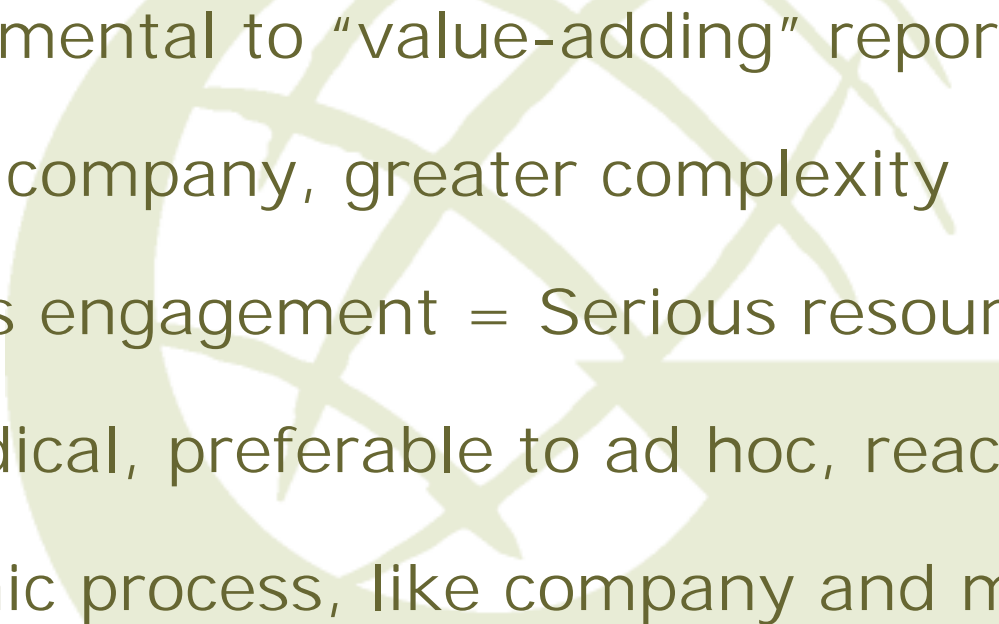
“In effect, GRI reporting will help us define and communicate who we are and what we believe and value. It will enable us to honestly spot and work to close the gaps between our beliefs and our performance. In the end, we think this will make us a better, more successful company.”

William Blackburn  
Vice President & Chief Counsel for EH&S  
Baxter International  
September 2000

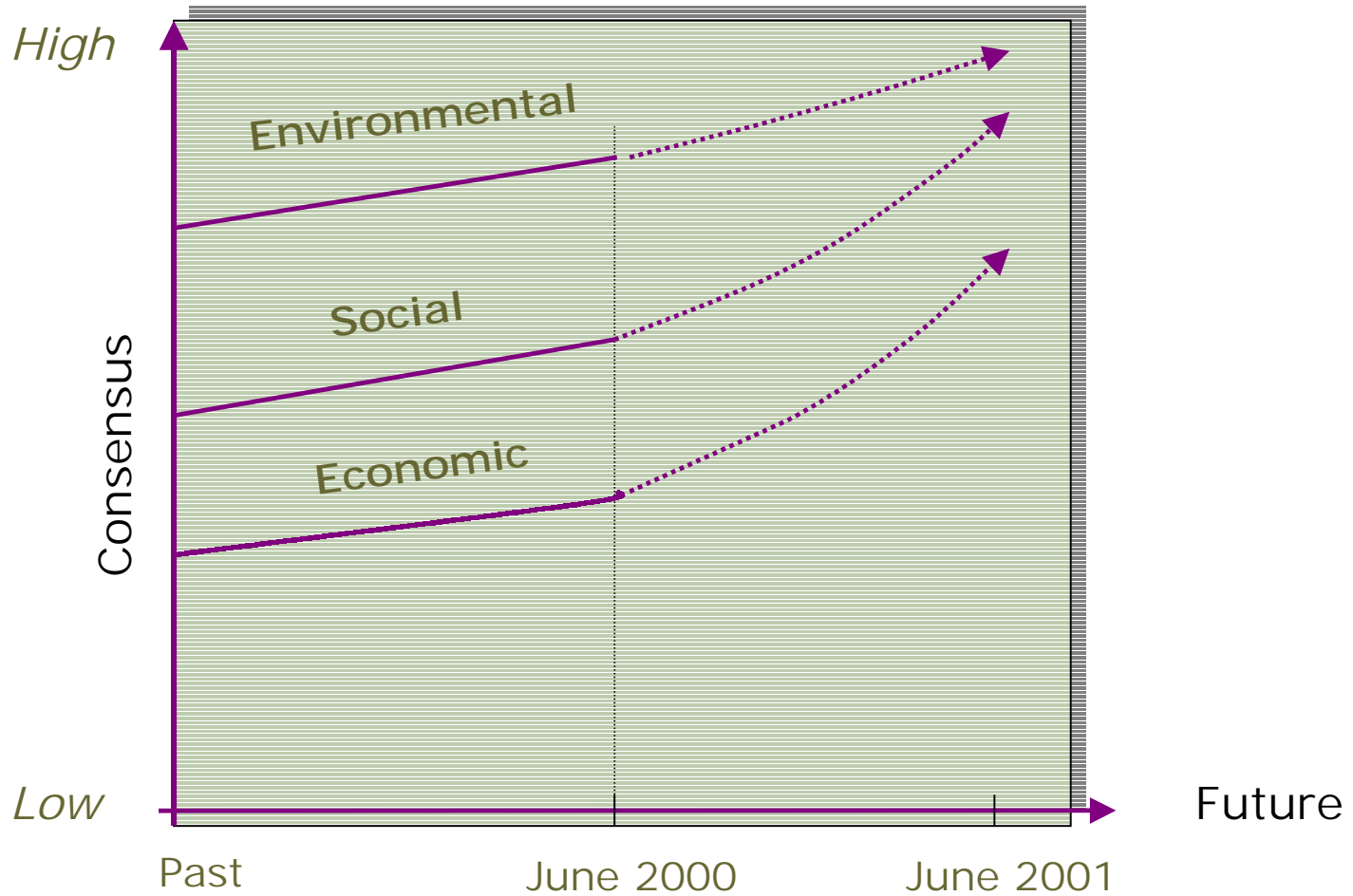
# GRI MISSION

- 
- ▶ Elevate corporate sustainability reporting to the same level as financial reporting
  - ▶ Design and continually improve reporting guidelines reflecting the three dimensions of sustainability: economic, environmental, and social
  - ▶ Build a global and independent institution to steward the *Guidelines*

# STAKEHOLDER ENGAGEMENT

- 
- ▶ Fundamental to “value-adding” reporting
  - ▶ Larger company, greater complexity
  - ▶ Serious engagement = Serious resources
  - ▶ Methodical, preferable to ad hoc, reactive
  - ▶ Dynamic process, like company and marketplace

# CONSENSUS ON INDICATORS



# GRI REPORTERS – A SAMPLING



American Home Products	Johnson & Johnson	SASOL
AT&T	Kirin Brewing	Scandiflex
Baxter	KLM	Shell
Biffa Waste Services Ltd.	Konica	Severn Trent
Body Shop International	Landcare Research	SITA
Bristol-Myers Squibb	NEC	South African Breweries
British Airways	Nissan	Suncor Energy
BT	Nokia	Sunoco
Carillion	Novo Nordisk	Swedish Meats
Electrolux	Procter & Gamble	Thames Water
ESAB	Renfe	TransAlta
Ford Motor Company	Ricoh	TXU Europe
Fuji Xerox	Royal & Sun Alliance	VanCity Savings Credit Union
General Motors	Royal Philips Electronics	Vauxhall Motors Ltd
Henkel	Saint-Gobain	VAW Aluminium
ITT/Flygt	SAS	Waste Recycling Group

# GRI STRUCTURED FEEDBACK COMPANIES

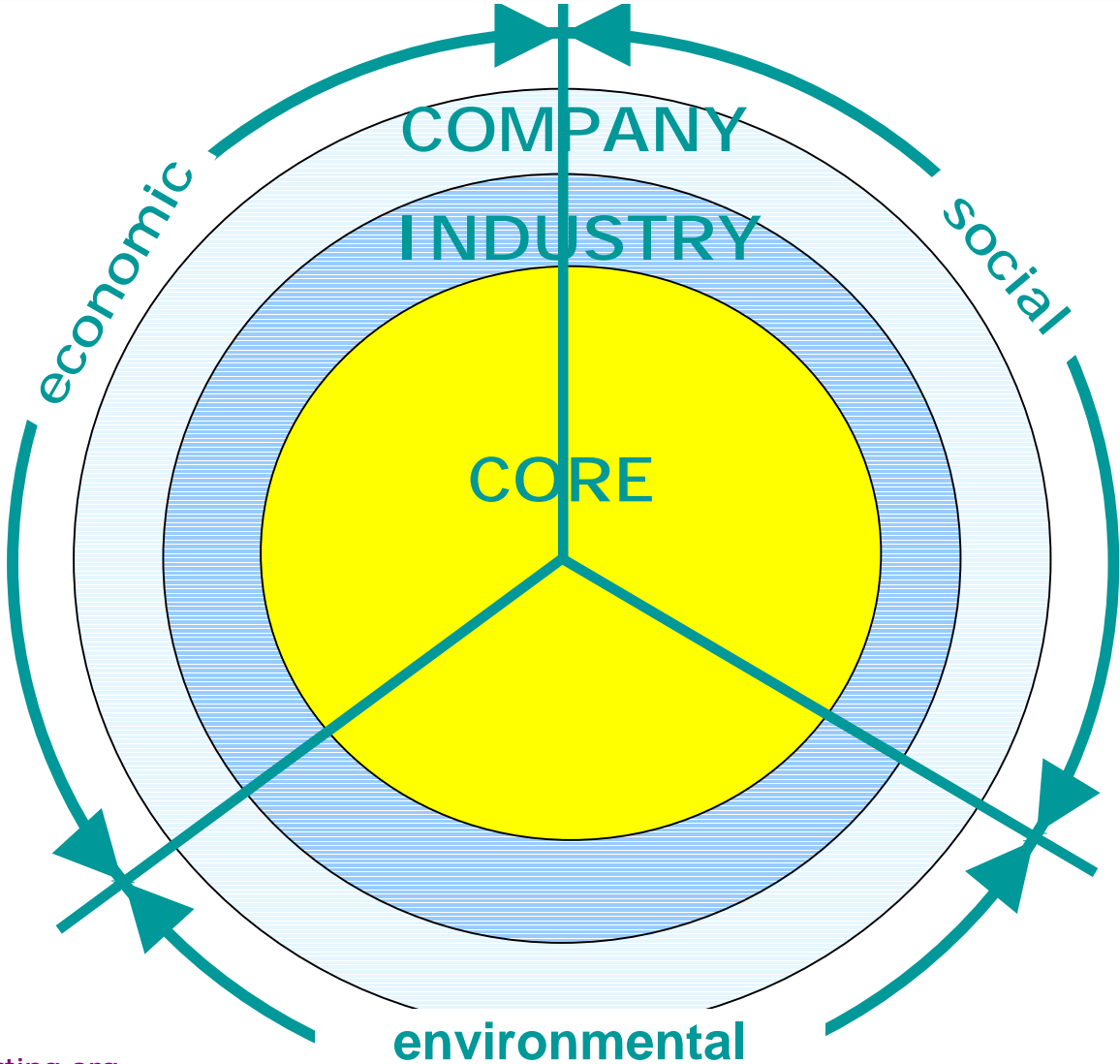
<b>Company</b>	<b>Industry</b>	<b>Headquarters</b>
Agilent	High tech	USA
BASF	Chemicals	Germany
Baxter International	Medical supplies	USA
Bayer AG	Life sciences/chemicals	Germany
British American Tobacco	Tobacco products	UK
CWS Powder Coatings	Chemicals	Germany
ESAB	Welding supplies	Sweden
Ford Motor Company	Automobiles	USA
Gaz de France	Energy utility	France
General Motors	Automobiles	USA
Halliburton	Energy services	USA
Ito Yokado	Retail	Japan
Jebsen and Jessen	Ind. products/services	Singapore
Kirin Brewing	Food and beverage	Japan
Natura	Personal care	Brazil
Nike	Clothing	USA
Panasonic (Matsushita Electric)	Electronics	Japan

# GRI STRUCTURED FEEDBACK COMPANIES

(CONTINUED)

<b>Company</b>	<b>Industry</b>	<b>Headquarters</b>
Renault	Automobiles	France
Rio Tinto	Mining	UK
Shell	Oil and gas	UK
Siam Kraft	Paper products	Thailand
SKF Group	Metal products	Sweden
Suncor	Oil and gas	Canada
Sydkraft Group	Energy services	Sweden
Texaco	Oil and gas	USA
TotalFinaElf	Oil and gas	France
TransAlta	Energy utility	Canada
TXU Europe	Energy utility	UK
Vivendi	Communications	France
WSP Group	Construction consulting	UK

# REPORTING ELEMENTS



# MEASUREMENT WORKING GROUP (SUBGROUPS)

## Social Work Stream

Social Subgroup 1: Labour Practices

Social Subgroup 2: Human Rights

Social Subgroup 3: Community, Society, and Development

## Environmental Work Stream

Environment Subgroup 1: Water Protocol

Environment Subgroup 2: Energy Consumption Protocol

Environment Subgroup 3: Biodiversity Indicators

Environment Subgroup 4: Communication with and  
Assessment of Environmental  
Conventions

## Economic and Integrated Work Stream

Economic Subgroup 1: Conceptual Framework

Integrated Subgroup 1: Micro Macro Linkages

Integrated Subgroup 2: Crosscutting Indicators

# SAMPLE CORE ENVIRONMENTAL INDICATORS: BIODIVERSITY

## Core Indicators:

- ▶ Location and size of existing land owned, leased, or managed by the organization
- ▶ Location and size of land owned, leased, or managed in biodiversity rich areas
- ▶ An account of the major impacts on biodiversity associated with the organization's activities in terrestrial and marine environments

## Best Practice Indicators:

- ▶ What percentage of total operations has reviewed the National Biodiversity Action Plan (NBAP) for the country in which they are located and brought operations into alignment with the findings of an NBAP where relevant?

# SAMPLE CORE SOCIAL INDICATORS


## Human Rights:

- ▶ Share of employees working at facilities for which effective staff forums and grievance procedures are in place?
- ▶ Frequency, type, and outcome of reported cases of non-compliance with laws against child exploitation, by country

## Labor Practices:

- ▶ Proportion of regular or permanent employees to temporary and fixed/short term workers
- ▶ Company provisions for social security of employees beyond legally mandated contributions or requirements (medical, disability, maternity, education, retirement, etc.)

# SAMPLE CORE ECONOMIC INDICATORS

- 
- ▶ Geographic analysis of key markets by turnover
  - ▶ For major suppliers, % purchasing spent per supplier and main invoicing country
  - ▶ Return on Average Capital Employed
  - ▶ Geographic analysis of corporate taxes paid

# INDUSTRY SUPPLEMENTS

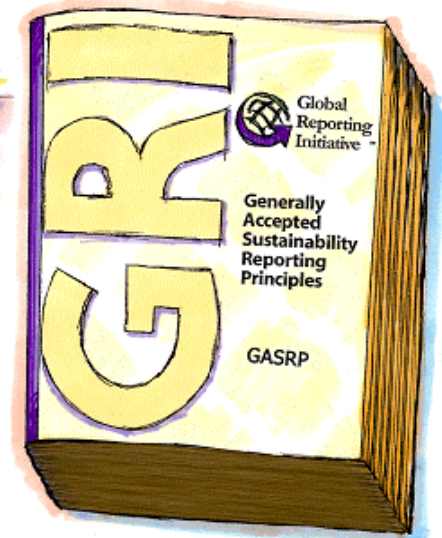
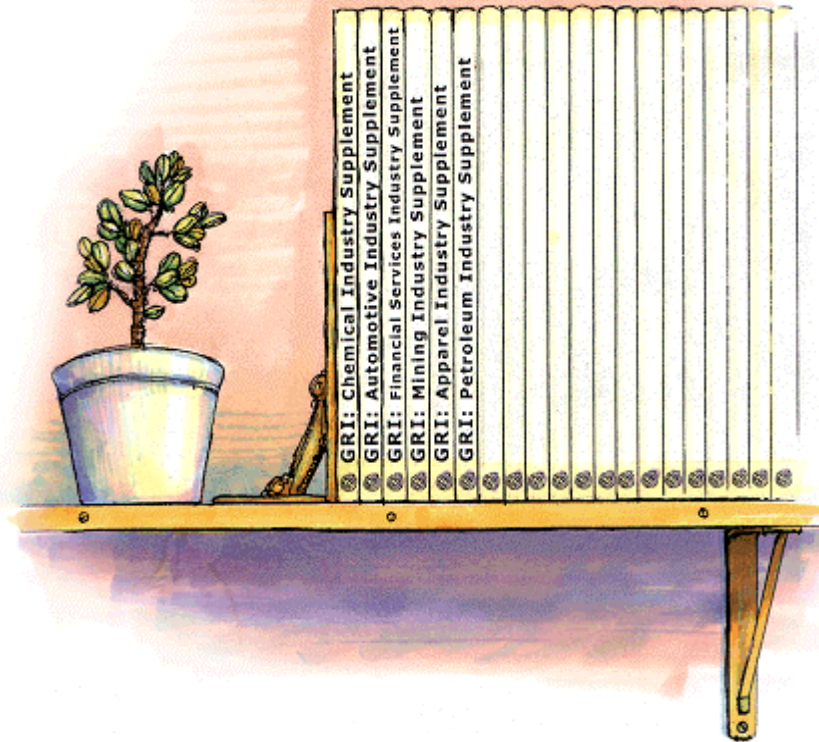
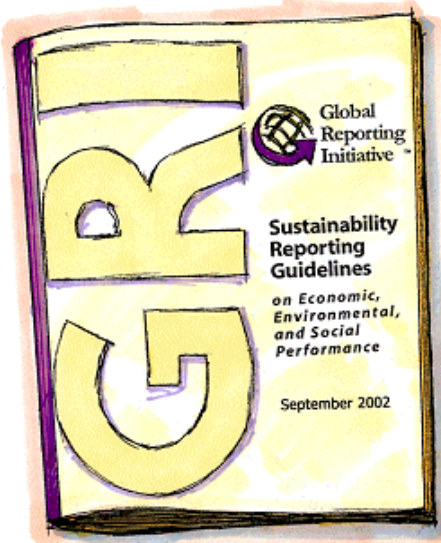
First version by mid-2002:

- ▶ Mining
- ▶ Financial Services-Environmental
- ▶ Financial Services-Social
- ▶ Tour Operators
- ▶ Autos

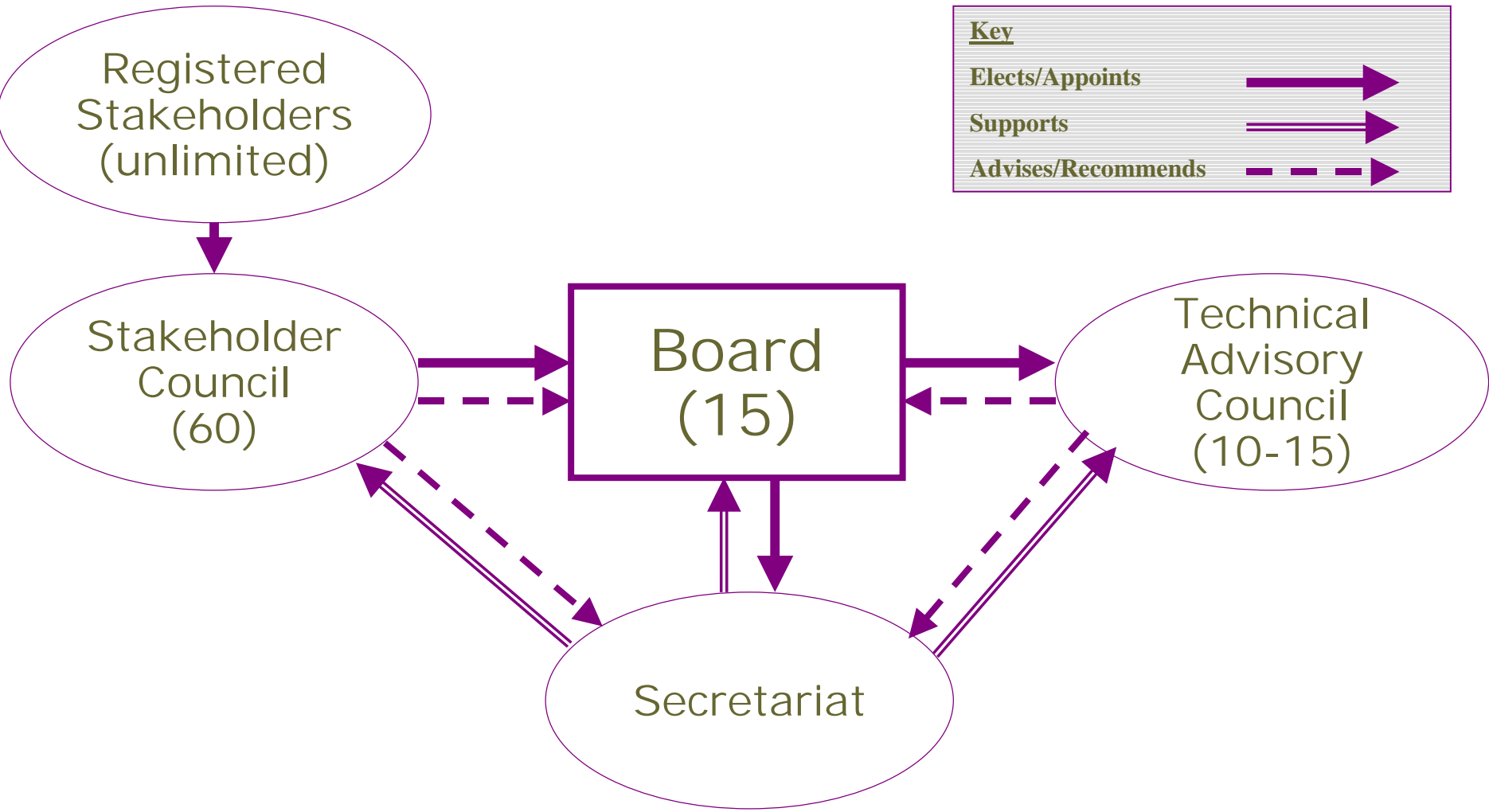
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Next phase: chemicals, telecom, pharmaceuticals, etc.

# A FUTURE GRI PRODUCT PORTFOLIO

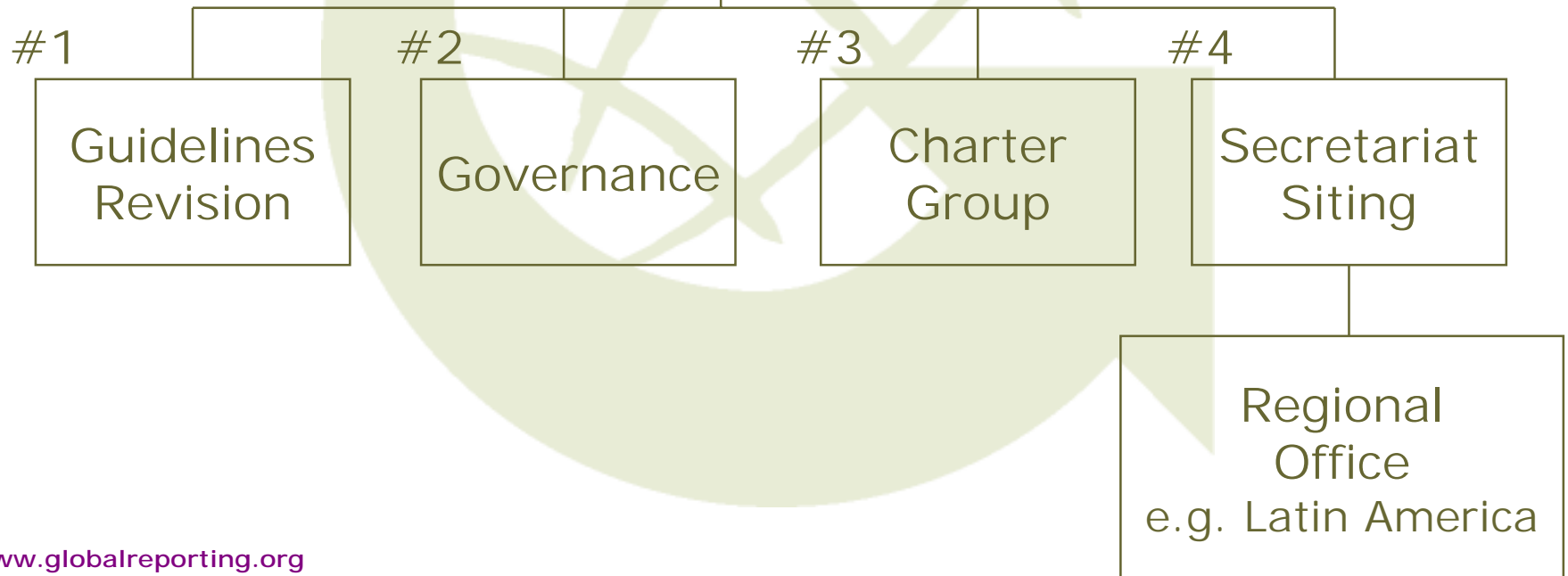


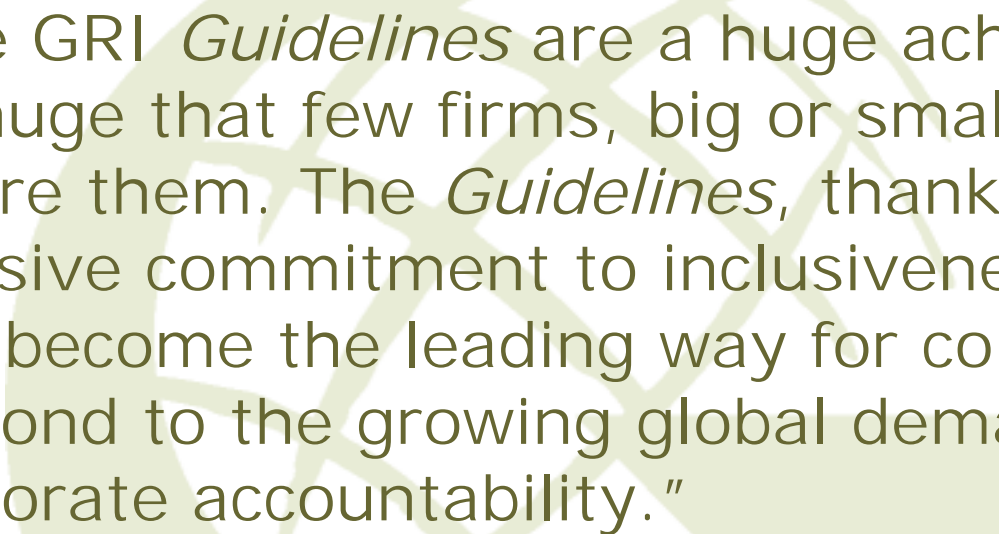
# PERMANENT GRI: GOVERNANCE STRUCTURE



# TOWARD A NEW INFORMATION ARCHITECTURE FOR THE 21<sup>ST</sup> CENTURY

## Pathway to Institutionalization





"The GRI *Guidelines* are a huge achievement. So huge that few firms, big or small, can ignore them. The *Guidelines*, thanks to GRI's massive commitment to inclusiveness, have fast become the leading way for companies to respond to the growing global demand for corporate accountability."

*Tomorrow* magazine  
November/December 2000



“Few developments in corporate citizenship have attracted as much hope in advance of their launch as the Global Reporting Initiative.”

*Financial Times*  
*23 October 2001*