

SustainAbility



Trust Us

The Global Reporters
2002 Survey of Corporate
Sustainability Reporting



Executive Summary

Corporate accountability gained new urgency in 2002. Following scandals in the United States, Europe and Asia, companies increasingly have felt demand from stakeholders to account more fully for their actions – through, among other things, increased transparency and reporting.

Trust Us, which summarizes the findings of the 2002 Global Reporters survey, aims to identify and classify best practice in corporate accountability across the triple bottom line (TBL) of sustainable development. The spotlight is on 100 sustainability and corporate social responsibility (CSR) reports from around the world, with the Top 50 subjected to an in-depth benchmarking. In addition, we analyze current reporting across industry clusters and in terms of emerging 'hot topics'.

As trust in capitalism and in companies has hit new lows, CSR and sustainability reporting potentially offers real opportunities for companies to rebuild that trust. Key to this, however, will be three necessary conditions for rebuilding trust:

Materiality

Intelligent identification of the issues that matter most for measurement, management and reporting

Governance

New frameworks for corporate decision-making, including improved board recruitment, structures and processes

Brands

Closer links between key areas of corporate accountability and company and product identity and communication.

Key Conclusions

Transparency's Glass Ceiling

Best practice in corporate sustainability reporting appears to be hitting a plateau, with scores virtually unchanged since 2000.

Social and Economic Issues on the Rise

Social issues, and to a lesser extent wider economic issues, are making a noticeably stronger showing in the latest company reporting – alongside a corresponding (and potentially worrying) drop in emphasis on environmental dimensions.

The Carpet Bombing Syndrome

The average page-length of printed reports has soared 45% in just two years – with no associated increase in overall report quality. Some reporters seem to be bombarding report users with facts, with little or no thought for significance and materiality.

GRI Guidelines Raise the Bar

The Global Reporting Initiative (GRI) sustainability reporting guidelines have allowed first-time reporters to enter at a much more sophisticated level of reporting than previously possible. A key question: how does this quality of disclosure relate to quality of performance?

The Magnificent Seven

Seven companies scored over 50% in the 2002 survey: **The Co-operative Bank, Novo Nordisk, BAA, BT, Rio Tinto, Royal Dutch / Shell Group** and **BP**. The newcomer to the highest-scoring bracket since the 2000 survey is **Rio Tinto**. Interestingly, there are no non-European companies among the Magnificent Seven, although **Bristol-Myers Squibb** from the USA, **South African Breweries** from South Africa and **WMC** from Australia are in hot pursuit.

North America Leads – Just

Overall, average scores across the regions remain relatively static, although in 2002 the North American reports (45%) overtook the Europeans (43%). Non-OECD reporters (41%) and Other OECD reporters (40%) follow very close behind.

GRI Signatories Excel

There is a substantial difference between reports based on the GRI guidelines and others. On average, GRI reports scored 8% higher than their non-GRI counterparts, with the most significant difference in scores at the bottom end of the Top 50 – a 17% difference between the lowest scoring GRI report and the lowest scoring non-GRI report.

All in the Mix

The scoring profile across the major areas of our assessment methodology has remained largely the same since the 2000 survey, with strong performance from all the Top 50 reports in the Context and Commitments (48%), and Management Quality (42%). The **Royal Dutch / Shell Group** report tops the league in Context and Commitments with 80%, while **BT** leads on Management Quality (69%).

⁰¹ A term used by SustainAbility Faculty member Jed Emerson to describe value added across several dimensions of the triple bottom line.

The area of greatest change is in the balance of reporting. The early emphasis on environmental performance has shifted towards greater reporting on social and ethical material, at the expense of the environmental dimension. While environmental reporting has gone down 9%, reporting on social performance has increased by a dramatic 24%. **BT** leads with 67%, followed closely by newcomer **Chiquita** and veteran reporter **Royal Dutch / Shell Group** (58% respectively).

Economic reporting remains the weakest aspect of performance reporting, although bright spots of best practice are emerging. **BAA** (71%) and **South African Breweries** (63%) lead the pack in this area.

Clusters of Risk and Opportunity

In the 2002 survey, we examined results in detail from eight clusters of companies spanning a range of impacts and issues:

- Consumer Products
- Energy
- Finance & Insurance
- Food & Beverages
- Heavy Industry
- IT & Telecommunications
- Life Sciences
- Transport

Common issues cross-cut all eight clusters, including: climate change, business models, and governance

Hot Topics

Section X examines and evaluates seven current issues highlighted during the benchmarking process:

Financial Markets

How are corporate reporters seeking to engage the financial world?

Verification and Assurance

The GRI will drive market demand, but how can real value be added?

Supply Chains

As value webs globalize, how can they be made more transparent and accountable?

Emerging and Transition Economies

Who is reporting on – and in – less developed regions?

Economic Bottom Line

Beyond financial accounting, what economic information do we want?

Brand & Reputation

How does – and how should – reporting link to corporate and brand reputation and value?

Governance

What are the appropriate roles for boards and top executives?

Breaking Transparency's Glass Ceiling

The final section of the report focuses on two significant new priorities: materiality and integration.

Materiality

The soaring size of corporate reports – a trend also now found in mainstream financial reporting – underscores the need for a new push in relation to the closely linked areas of issue identification and materiality. The plateau in scores can only be overcome if companies provide better evidence of how sustainability issues, management programs, and performance trends are significant. But in the process, current definitions of materiality will need to expand.

Integration

That said, the most important challenges to come will have less to do with questions of how we report better, or govern companies better, and more to do with how reporting can help us use (and, where necessary, change) market mechanisms to define, develop and deliver sustainable business solutions. This will require a greater focus on four key areas of integration: **Balance Sheets**, with a new focus on 'blended value';⁰¹ **Boards**, as they wrestle with the new governance agendas; **Brands**, with companies building new conversations with customers and consumers; and, as the need for more radical solutions is increasingly recognized, **Business Models**.

The Top 50 Companies

Rank	Company	Score	%
1	The Co-operative Bank	120	61
2	Novo Nordisk	118	60
3	BAA	116	59
4	BT Group	114	58
5	Rio Tinto	107	55
6	Royal Dutch / Shell Group	104	53
7	BP	103	53
8	Bristol-Myers Squibb	96	49
9	ITT Flygt	95	48
	South African Breweries	95	48
	BASF	95	48
12	Volkswagen Group	94	48
	WMC	94	48
14	CIS Co-operative Insurance	91	46
15	Baxter International	89	45
16	Cable & Wireless	88	45
17	Ricoh Japan	87	44
18	Kirin Brewery	86	44
	Chiquita Brands International	85	43
20	United Utilities	83	42
21	Suncor Energy	82	42
22	BC Hydro	81	41
	Eskom	81	41
	Matsushita Electric Group	81	41
	Manaaki Whenua	81	41
26	British Airways	80	41
	SAS Group	80	41
28	Alcan	79	40
29	General Motors	78	40
30	Henkel	77	39
	Kesko	77	39
31	Novartis International	76	39
32	Unilever	75	38
34	RWE	73	37
35	Bayer	72	37
35	Deutsche Telekom	72	37
	Procter & Gamble	72	37
	Swiss Re	72	37
39	Toyota Motor Corporation	71	36
40	BMW Group	70	36
41	Tesco	69	35
42	AWG	68	35
	Danone Group	68	35
44	Siemens	67	34
45	Aracruz Celulose	66	34
	Sony Corporation	66	34
47	TEPCO	64	33
48	Suez	62	32
49	Credit Suisse Group	61	31
50	adidas-Salomon	57	29

Figure 01