

Surveying corporate environmental and social reporting

By Hope Hawley

Current trends suggest that we are entering a new phase of reporting that places more emphasis on social responsibility. A survey conducted this year by csr network, the 2001 Benchmark Survey of The State of Global Environmental and Social Reporting, which evaluated reporting by the world's largest 100 companies, (according to profit) as listed in Fortune magazine's Global 500, found that for the first time 50% of the world's largest companies are producing environmental and social reports, up from 44% last year. Reporting was analysed according to 33 criteria grouped into 4 categories: how firms report; EMS reporting; environmental performance reporting; and corporate citizenship reporting.

Although most companies that did produce a report focused primarily on their environmental impacts, many are moving towards a more integrated approach, choosing to report on issues that are of particular relevance to their business and of particular concern to the general public.

Global warming and environmental reputation

The most frequently discussed topic of global concern has been global warming, which was addressed by almost all of the sectors. Many of the automotive companies chose to address issues such as vehicle greenhouse gas emissions, alternative fuels, traffic congestion and sustainable mobility. Toyota, for example chose to report in detail on its hybrid vehicle, the Prius. In the consumer products sector companies including Unilever reported on genetically modified organisms, water pollution and personal health, while several of the merchandising companies involved in food retail reported their position on the use of crop pesticide spraying and organic sourcing.

The added emphasis given to what the survey has termed "global environmental

and consumer issues" underlines a growing consciousness that companies cannot ignore public sentiment. Company reputation as regards corporate responsibility is playing an increasingly important role in today's markets. This year for the first time the Financial Times survey of the world's most respected companies has included questions about environmental reputation.

Electronics sector

The electronics and computer sector has consistently produced the most comprehensive coverage in their social and environmental reporting. This sector shows consistently strong reporting both across a large proportion of the constituent companies and also across the range of categories. Japanese electronics firms dominate this sector and have a tendency to report strongly on environmental management systems - including policies and targets. In this sector over 90% of companies used the internet for reporting, 90% had an environmental policy, and 90% reported EMS standards, compared with overall survey figures of 65%, 52% and 45% respectively.

Financial services sector

In contrast, the financial services sector, which has traditionally made up the largest part of the global 100 list of companies, offers the smallest number of reporters. One might think that they have nothing to report - what can their environmental and social impacts be?

However, the significance of the financial services sector within the global 100 cannot be ignored. This sector both accounts for one third of the world's largest companies and also affects the environment and society in many ways as a direct and indirect result of its activities, as some of the companies are now realising.

The benchmark survey has found that this year the proportion of financial services

companies reporting has risen from 7% to 21%. CGNU, ABN-AMRO holding, Allianz and Bank of America Corporation have all been credited with producing global environmental reports for the first time in 2000.

Reporting priorities

Naturally, reporting priorities for financial services companies differ from those of other sectors, reflecting the very different scope of activity. These tend to focus on corporate social responsibility activities and product or service sustainability. Many firms have set up a charitable foundation to carry out philanthropic and community-based projects. The number of financial services companies now discussing socially responsible investment in their reporting also indicates the increasing importance of the future sustainability of their services and their indirect environmental and social impacts through investment decisions.

Over the last few years the number of global companies reporting on their environmental and social performance and programmes has increased significantly. With a marked increase in reporting from sectors such as the financial services sector, this growth looks set to continue. At the same time the range of issues on which many choose to report has grown to represent a much broader understanding of and responsibility to society as a whole. The findings suggest that this trend is likely to continue with sectors such as financial services previously unheard of in corporate social and environmental responsibility circles beginning to take a stand and see there can in fact be real benefits to companies that see social and environmental responsibility as an integral part of a well managed business and not just as a well-meaning add on. ■

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