

SustainAbility

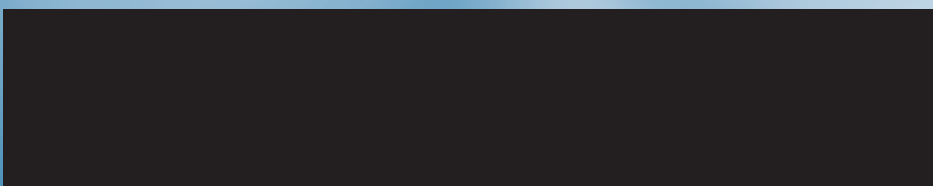


United Nations  
Environment  
Programme



Engaging  
Stakeholders

# The Non-Reporting Report



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# Forewords



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## UNEP Foreword

Since 1993 when **UNEP**, in partnership with **SustainAbility**, began working in the field of environmental reporting, the numbers of companies issuing corporate environmental reports (CERs) has increased dramatically. More recently, the interest of other stakeholders – such as regulators and the financial sector – has also created a greater demand for CERs which has led to exciting developments in environmental performance indicators and standardised reporting formats. In addition, various groups are calling for 'responsible entrepreneurship' and greater transparency, and the review of voluntary initiatives to ensure effective results.

All these factors indicate that reporting needs to become more widespread – in all industry sectors, and globally – for reporting to remain a credible means to communicate environmental performance. In addition, reporting means self-assessment, and is strongly linked to environmental management systems and competitiveness.

In this context, the goal of this report is not to give bad marks. We are convinced that many of the companies listed here as non-reporters have good environmental performance records. Our goal is to identify barriers to reporting and to suggest ways and means to overcome them.

The next step will be to engage non-reporters, including SMEs and companies operating in developing countries. **UNEP** is looking forward to continuing its cooperation with companies and industry associations which have a crucial role to play in encouraging reporting and benchmarking by member companies.

**UNEP** is a strong supporter of voluntary codes of conduct as they can be an important tool for improving industry's environmental performance. **UNEP** has worked closely with the banking and the insurance sectors to develop the **UNEP** statement by Financial Institutions on Environment & Sustainable Development and the Statement of Environmental Commitment by the Insurance Industry. **UNEP** also supports the ICC Business Charter for Sustainable Development.

As outlined in the **UNEP** Technical Report entitled *Voluntary Codes of Conduct for the Environment*, what is critical is that these codes are effectively implemented and lead to improvements in environmental performance. Environmental reports can be an excellent means to identify progress and measure results achieved.

**Jacqueline Aloisi de Larderel**  
Director  
United Nations Environment Programme  
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## SustainAbility Foreword

Ever since we began working with **UNEP** on company environmental reporting and stakeholder engagement, we have had in mind a survey of non-reporting companies. The idea often ended up on the back-burner, however, because of the sheer pace of development in reporting, with one sector after another coming 'on-stream' and environmental reporting beginning to evolve into 'triple bottom line' or 'sustainability' reporting.

Obviously one way to deal with non-reporters is to pass legislation requiring them to disclose environmental information. The USA went this way some time ago, and is being followed by countries like Denmark, The Netherlands, Norway and Sweden. **SustainAbility** has always argued that, after a period of intense, competitive experimentation in disclosure, reporting and accounting, such regulatory pressures would be essential, indeed inevitable.

One driver is the 'free rider' problem, with non-reporting companies gaining unearned benefits from the efforts of reporters. But there will be others, too, as major companies try to build a picture of the life-cycle impacts associated with their value chains. So to help things forward, we have taken a deeper look at the non-reporting issue. In some cases, too, we consider non-reporters directly alongside their reporting competitors, to turn up the heat a little!

Thanks, as ever, to Jacqueline Aloisi de Larderel and Nancy Bennet at **UNEP** – and to our sponsoring companies. But my most heart-felt thanks go to Shelly Fennell, Daniel Halder and Niklas Kreander for taking the somewhat over-simmered idea and producing a key contribution to the *Engaging Stakeholders* series.

**John Elkington**  
Chairman  
**SustainAbility**

# 1.0

## Introduction

'We must listen, learn and respond to the needs and values of our stakeholders. We believe that embracing a stakeholder-led approach will provide us with the best basis for successful business in the future.'

**Mads Øvlisen**

President and CEO, Novo Nordisk  
Environmental Report 1996

Over the past decade, voluntary corporate environmental reporting has expanded rapidly. More than 600 companies have produced a Corporate Environment Report (CER), over 1,000 Eco-Management and Audit System (EMAS) environmental statements are now available, and a growing number of companies release information electronically, through websites and CD-Roms.

Despite the encouraging growth rate, we cannot lose sight of the fact that reporting companies still represent only a small percentage of companies overall.

In *Engaging Stakeholders Volume 1* (1996), we concluded that the ultimate success of environmental reporting hinged on getting more companies to report. For this reason, the promotion of reporting around the world remains a high priority for the ongoing [SustainAbility/UNEP Engaging Stakeholders](#) programme.

Since then, support for greater public disclosure of environmental information has come from some rather unexpected quarters. The environment ministers from member nations of the Organization for Economic Co-operation and Development (OECD) recently approved a recommendation that all member countries take all necessary steps to increase the public availability of environmental information held by public authorities.

Several European countries have already approved legislation requiring companies to publicly report on their performance, and others may soon follow.<sup>1</sup>

Speaking at the **The Association of Chartered Certified Accountants (ACCA)** reporting awards in March 1998, UK Environment Minister Michael Meacher issued a direct challenge to British companies: report voluntarily, or it will become mandatory. He went on to, as one UK newspaper put it, 'name and shame' non-reporting companies in various sectors, while expressing appreciation for reporting companies' efforts.

Our goal in this publication is to promote reporting by exploring why some companies choose to produce CERs while others choose not to. Our focus is primarily on large – Fortune 500 – companies with significant environmental impacts. The majority of companies we looked at are headquartered in Europe or North America.

In the next sections we address the following questions:

- 1 What motivates companies to report in the first place?
- 2 Once they have reported, what benefits do they perceive?
- 3 Why have so many companies decided (so far) not to report?
- 4 Which companies produce reports – and which do not?
- 5 How do the expectations of non-reporting companies compare to the experiences of reporting companies?
- 6 What would convince non-reporting companies to change course?

We also take a special look at corporate signatories of the **International Chamber of Commerce *Business Charter on Sustainable Development***, which includes a commitment to publicly report a signatory company's progress against 16 key environmental principles.

Our conclusions are based on our recent international survey of over 50 reporting and non-reporting companies, and our continuous, worldwide discussions with companies over the advantages and disadvantages of corporate environmental reporting.

<sup>1</sup> Currently Denmark and The Netherlands, with Sweden and other countries also following suit in 1999.

## 2.0 Corporate environmental reporting explained

'I want to encourage those companies that have taken only limited steps to report openly about their environmental performance, to go further. I want to see all companies with over 250 employees report on their environmental performance. I want to see higher quality, more consistent and more complete information about your emissions, and what actions you are taking to reduce them by increasing efficiency. I want to hear about the benefits – energy saved, lower costs and a better understanding of your business.'

**Michael Meacher**  
UK Environment Minister  
ACCA Environmental Reporting  
Awards Ceremony, April 1998

Reporting occupies a pivotal position in corporate environmental management. Many people believe that shareholders and stakeholders have a 'right to know' information on companies' performance on environmental and social issues.

Companies are under pressure to be more transparent about the wider aspects of their operations, including their environmental impacts. One way of doing this is through the company environmental report (CER). Reporting can also serve internal information purposes, by enabling employees to develop a clear view of a company's environmental strategy if they find themselves under public scrutiny.

Reporting is not an end in itself, however. It is best described as a tool to spur corporate policies, strategies and management systems geared to minimising adverse environmental impacts. Therefore it is quite possible that at least one company mentioned in this report as a non-reporter has in fact done more to mitigate its negative impacts than many companies that report extensively on environmental issues.

### Definition of reporting

This report focuses on the reporting / non-reporting divide. For the purposes of this study, we define a reporting company as one with a stand-alone corporate environmental report, which rates Stage 3 or above according to the [SustainAbility/UNEP 5-stage model](#). To be considered Stage 3, a CER has to fulfill a minimum three of the following four criteria:

- 1 Annual environmental reporting;
- 2 Score 30 or more out of a maximum of 194 with the [SustainAbility/UNEP 50 criteria](#);
- 3 Score a minimum of 10 out of 45 in the Management Policies and Systems section;
- 4 Score a minimum of 10 out of 72 in the Inputs and Outputs section.<sup>2</sup>

<sup>2</sup> For more information on the SustainAbility/UNEP criteria, consult *The Benchmark Survey* (1997); *Engaging Stakeholders Volume 1, The Benchmark Survey* (1996); and the website [www.sustainability.co.uk](http://www.sustainability.co.uk).

Figure 1

The original 5-stage model					
					Sustainable development reporting. Aim: no net loss of carrying capacity. Linking of environmental, economic and social aspects of corporate performance, supported by indicators of sustainability. Integration of full-cost accounting.
			Annual reporting, linked to environmental management system, but more text than figures.	Provision of full TRI performance data on annual basis. Input/output data for service companies. Corporate and site reports. Available on disc or online. Environmental report referred to in annual report.	
		One-off environmental reporting, often linked to first formal policy statement.			
	Green glossies, newsletters and videos. Short statement in annual report.				
Time and Effort					
	Stage 1 Green Glossy	Stage 2 One-off	Stage 3 Descriptive	Stage 4 State-of-the-art	Stage 5 Sustainability
	Stage of Company Environmental Reporting				

According to this definition, the following types of companies would be considered non-reporters:

- 1 A company with no publicly available information on its environmental performance.
- 2 A company whose reporting was restricted to 'good news stories' – e.g. a 'green glossy'.
- 3 A company that shows no signs of reporting as a regular activity.
- 4 A company that reports only for some part of the business – e.g. a country, site or division report.
- 5 A company that does not produce a stand-alone, printed report, but makes information available via other channels.

Some companies may find our definition to be unnecessarily restrictive. However, to advance the state of reporting, it is vital to distinguish between meaningful reporting of progress and public relations tools.

When reports focus solely on good news stories – and lack quantitative performance data or reference to goals and objectives – we believe that they fall in the latter category, and should not be considered fully fledged CERs.

With respect to communication medium, until recently the CER has been the most meaningful device through which companies voluntarily reported on their environmental progress. Increasingly, we would expect electronic communication to become a preferred communication medium for many companies. Accordingly, in the next round of the **SustainAbility/UNEP** environmental reporting programme, we are focusing attention on Internet reporting. In our upcoming sector-based disclosure studies, we are focusing on a company's total communication efforts – including printed media, electronic media, and face-to-face meetings.

#### The SustainAbility/UNEP Programme

For the past four years, **SustainAbility** and **UNEP** have been working to advance the state of 'triple bottom line' – economic, environmental, and social – performance reporting.

Past publications have included: *Company Environmental Reporting* (1994) *Engaging Stakeholders Vols 1 and 2* (1996) *The 1997 Benchmark Survey* (1997) *The CEO Agenda* (1998).

Looking ahead, the **SustainAbility/UNEP** Programme will continue its focus on leading edge 'triple bottom line' reporting, as well as the following specific areas:

- 1 Internet-based reporting
- 2 Social reporting
- 3 Sector-specific disclosure.

In the **SustainAbility/UNEP** programme we have looked primarily at CERs written in English and, for the most part, at reports at the corporate level.<sup>3</sup>

<sup>3</sup> We have also looked at CERs written in Finnish, German, Japanese and Swedish.

## 3.0

# Why do some companies choose to report?

Ten years ago there were only a handful of environmental reports. Today there are hundreds of corporate level environmental reports, and thousands of reports produced at site, division, or country levels. Given that reporting is not (yet) mandatory in most countries, this growth rate demonstrates that an increasing number of companies believe that the advantages of producing a CER outweigh any disadvantages.

### What do companies find beneficial?

For many companies, the original decision to report is sparked by a desire to enhance credibility with stakeholder groups. Companies are under pressure to become more transparent and accountable in their operations, and many believe that voluntary reporting is one strategy to meet these expectations.

*'In 1996 we said that with our first social statement we had planted a flag. Nearly two years on the flag is still flying and more businesses are committing to combined environmental and social reporting, including several of our international franchisees. In our experience, these businesses will not just benefit from the approval of their stakeholders, they will be able to run their businesses better.'*

**Anita and Gordon Roddick**  
The Body Shop *Values Report 1997*

CERs are often considered a good 'one-size-fits-all' tool to meet specific requirements of different audiences. Indeed, many of the reporting companies we interviewed cited time savings as a major benefit. High-profile companies in particular are often bombarded by information requests from different stakeholders.

The time invested in producing the report can be recaptured by not having to deal with these requests individually. For some companies, the original motivation is to publicise their environmental commitment by listing particular initiatives, or more generally to demonstrate the progress they have made in reducing their environmental burden.

**'Our activities in the field of environmental protection and environmental reporting put us in a favourable position compared to our competitors. Our goal is to make use of this advantage and to further enhance it.'**

**Dr. Hans Waschkowski**

**Member, Board of Managing Directors,  
Landesgirokasse, November 1997**

We also see peer pressure at work. Some companies are simply reacting to their competitors, sensing that the benchmark for best practice behaviour now includes environmental reporting.

### Mandatory reporting

Still others expect that, eventually, they will be legally required to produce reports, and that they are better off moving in this direction several years ahead of any requirement. Indeed, there are strong signals that this key Transition (Transition 8, page 16) is underway.

#### Australia

The National Pollutant Inventory was launched in 1998. Facilities are currently required to report on 36 specific emissions, and in three years will need to disclose information on 90 substances.

#### Canada

The Securities Commission requires public companies to report the current and future financial or operational effects of environmental protection. Canada has a National Pollutant Release Inventory, similar to the US Toxic Release Inventory programme.

#### Denmark

Many companies are required by a 1995 law to produce 'green accounts'. This reporting requirement already affects many companies — and by the year 2000 will affect an estimated 2,000 companies.

#### Indonesia

The government-led Pollution Control, Evaluation and Rating ranking scheme informs the public of companies' relative position based on environmental performance data.

#### Sweden

All companies with significant environmental impacts must report on them in their annual reports from January 1999 onwards.

#### The Netherlands

300 industrial companies will have to produce annual CERs from January 1999 onwards. The Dutch government recently released the list of industries subject to the reporting requirement.

Once companies have begun reporting, however, additional — and often unanticipated — benefits arise. Chief among these is the added rigour for internal data gathering and reporting systems that the external check provides — particularly for companies who opt for third-party verification. Another frequently unexpected benefit is greater employee awareness of environmental issues and enhanced employee morale.

**Finally the process of reporting often helps to identify possibilities of saving energy, water, materials, and money.**

### Motivations to report

Turning to our recent survey, we can see a number of different motivations at work in the companies we spoke to:

- Enhanced ability to track progress against specific targets (**Akzo Nobel**)
- Facilitating the implementation of the environmental strategy (**Electrolux**)
- Greater awareness of broad environmental issues throughout the organisation (**Glaxo Wellcome**)
- Ability to clearly convey the corporate message internally and externally (**J Sainsbury**)
- Improved all-round credibility from greater transparency (**Noranda**)
- Ability to communicate company's efforts and standards (**Novartis**)
- Licence to operate and campaign (**The Body Shop**)

Interestingly, many non-reporting companies also cite a number of perceived benefits from reporting:

- According to **Barclays Bank**, reporting would bring 'reputational benefits, cost savings identification, increased efficiency, enhanced business development opportunities and enhanced staff morale'.
- **Motorola** believes that reporting 'would increase visibility of EHS matters' and give the company 'a better grasp of how we are doing'.
- For **Merita/Nordbanken**, the benefits could be straight to the bottom line: 'If you can't demonstrate that you are working on environmental matters, many customers might switch to another company'.

'Imagine, as an investor, a company that can't or won't provide you with reliable financial statements and representations of the state of their business, its competitive situation and market risks and opportunities. Now ask yourself, are environmental risks and opportunities important to business? What does it say about a company if it can't or won't provide you with good environmental reporting? In my view, quality of environmental management and reporting tell a lot about a company's management quality in general. An investor who ignores this clearly increases risk and misses out on opportunities.'

**Carlos Joly**

As Senior Vice President, Storebrand  
November 1997

## 4.0

# Why do so many companies choose not to report?

Table 1

Companies' reasons for not producing an environmental report	
Score	Reason
3.2	We have doubts about the advantages it would bring to our company.
2.5	We already have a good reputation for our environmental performance.
2.0	It is too expensive.
1.3	It could damage the reputation of our company.

Average score based on 38 responses on a scale of 1–5 with 1 being 'irrelevant' and 5 'very important'.

We next turn to the central question in our survey: why have so many companies decided not to report? We asked more than 50 non-reporting companies to describe their main reasons for not reporting, as well as the perceived obstacles.

Each company gave a score between 1–5 for each reason for not producing an environmental report. 1 was 'irrelevant' and 5 'very important'. Table 1 reports the average score based on 38 responses. (Appendix 2).

So let's turn first to the main reason that so many companies cite: they are not convinced of the benefits. This sentiment is expressed in a number of different ways.

For one company, what competitors were doing was the all-important factor — 'If **General Electric (GE)** would start reporting it would help us to start'.

'It would not increase our sales', said one interviewee. Even more bluntly, one company rejected the whole notion of stakeholder engagement, noting that 'it is our policy not to interact with the public'. According to another, 'We have no communication with the public, because they are not interested'. Yet another company said 'the demand is not strong enough to justify a report'.

Some felt the need for information was being satisfied in other ways. 'We have different businesses, and some do their own reports', said **Partek**, a Finnish manufacturing company. 'Generally investors ask specific questions and we supply the information requested', said **Enron**, a US-based energy company.

Some respondents preferred other communication channels, with the Internet a particular favourite due to its ease of updating and extensive reach for low cost. Other popular forms of communication were face-to-face meetings, articles in mainstream media and the annual financial report.

A number of companies cited resource constraints or logistical difficulties. For **Enron**, problems lie in 'getting consistent data from very diverse, worldwide operations'. For UK retailer **Marks & Spencer**, the difficulty is found in 'selecting correct indicators which also have a commercial use'. And the problem gets worse as you move out into a company's value chain. 'It is difficult to get information from subcontractors,' said **Nike**.

A few worried that the report could be in some ways harmful, but this was not a high-priority issue for most companies. 'Fear of waking up sleeping (NGO) dogs' was how one company put it. One European company worries about the legal implications, particularly in the USA. A German company felt that reporting could actually damage the company because it is currently 'not so environmentally friendly'.

For one company a possible confusion of message was seen as an issue: 'Management wants to speak with a single voice for shareholders'. Rather mysteriously, one company also reported that it had 'political reasons for not reporting'.

Turning next to the question of perceived obstacles, we find that the top two related to data — specifically the company's difficulty in obtaining it and the challenges of translating data into meaningful, comparable environmental performance indicators.

Table 2

Expected obstacles to reporting perceived by non-reporting companies	
Score	Obstacle
3.8	Gathering data
3.4	Lack of indicators
2.6	Lack of resources
2.3	Lack of management interest

Average score based on 38 responses on a scale of 1–5 with 1 being 'irrelevant' and 5 'very important'.

Table 3

Actual obstacles to reporting experienced by reporting companies	
Score	Obstacle
2.9	Gathering data
2.8	Lack of indicators
2.0	Lack of management interest
1.8	Lack of resources

Average score based on 16 responses on a scale of 1–5 with 1 being 'irrelevant' and 5 'very important'.

Companies that cite resource constraints often feel themselves in something of a bind. According to one such company, while it wanted to report and did not perceive any major non-financial obstacles, it nonetheless had no plans to do so. It simply had no funds for gathering data or producing a report. As an indication of the level of resources likely to be needed, reporting companies seem to dedicate a small team of 1-3 persons to produce the report, with some assistance from the production sites.

How do non-reporters' expectations of obstacles compare with the actual experiences of reporting companies? Overall, the rough ordering is comparable – but non-reporters tend to think the obstacles are more significant in absolute terms than do companies that are reporting on their actual experience. Thus we see significantly lower scores attributed to the same challenges by the reporting companies.

These results suggest that while data gathering and indicators are still viewed as challenges, they are much less significant hurdles than might first appear.

Cetrel (Brazil) commented that the ISO 14031 standard will help solve the indicators problem. On the other three challenges (gathering data, lack of management interest and lack of resources) we asked about, the company responded: 'No problem'.

Our sample of reporting companies was smaller than the non-reporting group. We received 16 responses from a survey sent to over 30 reporting companies (Appendix 2).

## 5.0 Who reports and who does not?

Many companies choose not to voluntarily disclose any environmental information – perhaps hoping that by staying silent they will avoid attracting public attention.

Recent events would suggest otherwise. With growing numbers of companies choosing to produce CERs, notable non-reporters are coming under scrutiny. Once reporting takes hold as established best practice within a sector, companies that do not report are (perhaps unintentionally) sending a signal of non-commitment.

Such signals can carry considerable subliminal weight. As one investor relations specialist put it to us in a recent interview, 'When financial analysts look at the environmental records of companies, they tend to downgrade those that don't keep up with the pack – lack of disclosure could be read as a 'dinosaur indicator'. This doesn't say much for a company's management.'

In Appendix 3, we have included a list of some of the larger non-reporting companies (based on the CER definition we used earlier).

## 5.1 Reporting by sector

Table 4

Reporters and non-reporters by sector		
Sector	Reporters	Non-reporters
Finance	ABN-Amro, BankAmerica, ING Group, Landesgirokasse, National Westminster Bank	Bank of China, Barclays, Commerzbank, Dresdner Bank, Hong Kong and Shanghai Banking Corporation (HSBC)
Metals/Mining	Broken Hill Proprietary, Rio Tinto, Western Mining Corporation	Asarco, Pechiney, RJB Mining
Oil	British Petroleum, Neste, Phillips Petroleum, Shell, Sun, Statoil, Texaco	Coastal, Kuwait Petroleum (Q8), Ssangyong, Total
Pharmaceutical	Baxter, Bristol-Myers Squibb, Glaxo Wellcome, Novo Nordisk	Celltech, Pfizer, Pharmacia-Upjohn
Retail	ICA, J Sainsbury, Karstadt Kooperativa Förbundet, Migros,	ASDA, House of Fraser, Kesko, Marks & Spencer, Safeway, Somerfield, Tesco, Wal-Mart
Telecom/IT	British Telecom, IBM, Nortel	Cable & Wireless, Microsoft, Telecom France, Sonera, Telenor

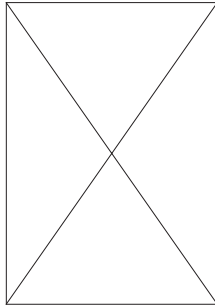
Table 4 gives an idea of how variable environmental reporting still is. Looked at on a sector basis, we can see that major corporate players are to be found on both sides of the reporting/non-reporting divide.

The KPMG 1996 international survey of the 100 largest companies in 13 countries found the highest rates of reporting in the chemical industry, where nearly three-quarters of companies in the sample produced CERs (31 companies). Over half of the forestry, pulp and paper companies reported, along with nearly half of the oil and gas companies. The lowest rates were in the financial, communications, and media sectors, where only around 5% of the companies in the sample had produced separate environmental reports.

## 5.2 Case Studies



J Sainsbury plc  
1996 Environment  
Report



Marks & Spencer?

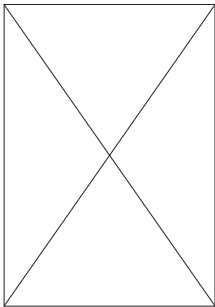
To get a better idea of what is leading to this divide between reporters and non-reporters, we decided to take a closer look at four pairs of companies in the retail, banking, telecommunications and oil sectors. On the reporting side, we have **J Sainsbury, NatWest, Nortel, and Statoil**.

On the non-reporting side, we feature **Marks & Spencer, Barclays Bank, Motorola and Total**. These non-reporters are unusual and interesting in the sense that they are all working on environmental communication<sup>4</sup> and some of them plan to produce separate environmental reports in the future.

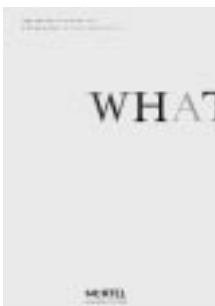
In each of these case studies, we try to draw out some of the main features that influenced one of the pair to put more effort into reporting and the other to put less.



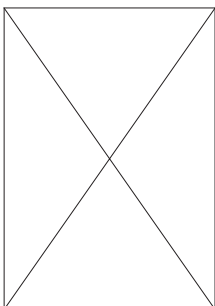
NatWest Group  
1996 Environment  
Report



Barclays?



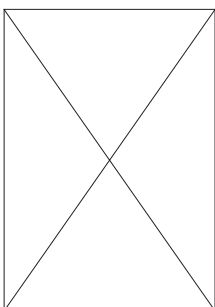
Nortel 1997 Report  
on Environment  
Health and Safety



Motorola?



Statoil Annual  
Report on Health,  
the Environment  
and Safety 1997



Total?

### 5.2.1 J Sainsbury vs Marks & Spencer

Both companies produce some information on environmental issues, but only **J Sainsbury** meets our CER definition for a reporting company. **Marks & Spencer** does produce a document, but it lacks quantitative data. According to the company, this is due to the immaturity of the environmental reporting field and the desire to keep the report readable for customers. The company finds it a challenge to select appropriate indicators to measure performance, and expects significant problems in gathering data.

For **J Sainsbury**, reporting has brought a number of benefits. An external report clarifies the corporate message and conveys a clear agenda, internally and externally. The CER also provides a framework for reporting on progress and for the public announcement of targets and policies. **J Sainsbury** found that data-gathering and appropriate indicators had only posed minor problems.

With our two retailers, then, the key difference in their reports is willingness to provide quantitative data on performance. Here, we wonder if corporate culture may have an influence. **Marks & Spencer** – which only sells its own-brand goods – is well known within the UK to be highly concerned with consistency in its products. Such a corporate philosophy might be hard to reconcile with the still immature state of reporting, which still lacks common standards.

Indeed, one key factor in early reporting seems to be a company's willingness to experiment with a still evolving tool. Looking ahead, the new emphasis on sector-based performance indicators should make it easier for companies to structure their reports along similar lines. And, as we discuss in Section 6, Next Steps, a number of organisations have joined forces in forming the Global Reporting Initiative (GRI) to develop international guidelines for reporting.

<sup>4</sup> With a less strict definition, Barclays, Marks & Spencer and Motorola might be considered as early reporters.

## 5.2.2 NatWest vs Barclays

Financial institutions often play an important catalytic role in influencing the environmental behaviour of other industries. What sort of pressure are banks under to report? **NatWest** frequently receives information requests from students researching the links between environmental and financial performance. **Barclays** gets a broad range of requests for environmental information on its operations, including inquiries from customers, staff, the public, shareholders and environmental groups.

How do our two banks stand on expected benefits of reporting? As discussed above, CERs are often seen as a good vehicle for dealing with varying information requests. For **NatWest** reporting is seen as a good tool to demonstrate commitment to environmental issues to its shareholders and to communicate environmental initiatives, products and services to customers. There are also internal benefits, such as greater incentives to meet environmental objectives. Interestingly, **Barclays** seems to expect an even wider range of benefits, including enhanced reputation, cost savings, increased efficiency, enhanced employee morale, and new business development opportunities.

So, with **Barclays** seemingly under greater pressure for information – and expecting greater benefits from reporting – why is it still a non-reporter? According to our interviewee, the reasons hinged on data issues – the company expected difficulties in obtaining comparable data from large, fragmented, autonomous groups.

While **NatWest** has reported since 1993, **Barclays** has produced a first 'prototype' report. And it is likely to report more extensively in the future when the environmental management system is implemented. What sparked the change of heart? One of the main factors was increased pressure from stakeholders to supply information. For both banks, reporting will be enhanced by common stakeholder-reviewed metrics for reporting on environmental performance.

## 5.2.3 Nortel vs Motorola

The telecommunications industry is an interesting one, with several companies – notably **Nortel** and **BT** – emerging as leaders in the environmental reporting field. At the same time, the sector overall has a relatively low rate of reporting.

**Nortel** has distinguished itself with several environmental reporting awards in Canada, and has been an early leader in the area of Internet-based reporting. The company also embraced third-party verification at a relatively early stage.

Turning to US giant multinational **Motorola**, we find that the company produced an abbreviated environmental brochure three years ago, but has not yet produced its first environmental report. Our interviewee told us that, while small numbers of NGOs, students, shareholders and investors have requested environmental information, the company did not feel sufficient stakeholder demand to justify the expense of an environmental report.

**Motorola** also expects challenges in consolidating data from different business units, which are highly decentralised and independent. Another challenge is normalising data from different sectors, to account for changes in production volumes and changes in techniques.

Despite these barriers, however, the company believes it could benefit from reporting. Our interviewee suggested that reporting might help the company understand its true progress in environmental, health and safety (EHS) issues, could increase the visibility of EHS matters, and would fit in with the **Motorola** 'culture of measuring things'. Perhaps because of these perceived benefits, the company plans to have its first environmental report on the web by the end of the June and to begin producing a biannual hard copy environmental report shortly thereafter.

## 5.2.4 Statoil vs Total

Our final case study looks at two oil companies, **Statoil** (the largest corporation in Norway by revenue) and **Total** (a large French oil, gas, and mining company).

At **Statoil** the original decision to report was largely internally driven. The environmental department, formed in 1990, spearheaded the decision to produce the first report for 1991 operations. The company continues to produce corporate EHS reports, but has also begun to release local reports on environmental issues.

Let's compare **Statoil's** experience with **Total**, a company with no immediate plans to report. **Total** finds its diversified structure to be a significant barrier to reporting, as the many different businesses reject the idea of reporting on a corporate level. Without support for a common approach, it is not surprising that **Total** also expected data gathering to be a significant hurdle.

We asked what might change **Total's** decision. Interestingly, the company responded that the drive could originate either from inside, through management support for a corporate-wide approach to reporting, or from outside, due to increased pressure from external stakeholders.

This case seems to demonstrate the influence of a strong central commitment to overcome the trickier issues involved in dealing with separate businesses.

In our interviews with French companies, we generally found a high degree of concern over the perceived risks of public reporting – along with a greater scepticism over the benefits.

## 5.3 Non-reporters and voluntary codes of conduct

Voluntary codes of conduct are an important tool for improving industry's environmental performance. Agenda 21 – the global action plan for sustainable development adopted at UNCED in Rio 1992 – endorsed this voluntary approach and encouraged business and industry to use such codes 'to promote best environmental practice'. But it is critical that these codes are effectively implemented and monitored, and result in improvements in environmental performance.

The ICC Business Charter for Sustainable Development, launched in 1992, is one example of an industry voluntary code of conduct, with over 2,000 signatories worldwide. The 16 principles for environmental management of the Charter aim to help business around the world improve its environmental performance, which the Charter states is 'a vitally important aspect of sustainable development'. With regard to environmental reporting, two points in the ICC Business Charter are of particular importance:

- The introduction of the Charter states: 'The objective remains that the widest range of enterprises commit themselves to improving their environmental performance in accordance with these Principles, to having in place management practices to effect such improvement, to measuring their progress, and to reporting this progress as appropriate internally and externally.'
- Principle 16 – Compliance and Reporting – of the Charter states: 'To measure environmental performance; to conduct regular environmental audits and assessments of compliance with company requirements, legal requirements and these principles; and then periodically to provide appropriate information to the Board of Directors, shareholders, employees, authorities and the public.'

Table 5

Non-reporting signatories of the ICC Business Charter for Sustainable Development		
Company	Country	Sector
Bank of China	China	Finance
Barclays Bank	UK	Finance
Caterpillar	USA	Manufacturing
Fujitsu	Japan	Telecom/IT
L'Oreal	France	Cosmetics
Mitsubishi Heavy Industry	Japan	Manufacturing
Motorola	USA	Telecom
Nokia	Finland	Telecom
Petronas	Malaysia	Oil
Pfizer	USA	Pharmaceutical
Pharmacia Upjohn	Sweden/USA	Pharmaceutical
Tesco	UK	Retail

While many companies have signed the ICC Business Charter, only a minority have so far issued a corporate environmental report. Judging from the companies we interviewed, it is clear that commitment to sign the ICC Business Charter does not necessarily translate into commitment to report on environmental performance. In some extreme cases, some managers we interviewed were not even aware that their companies had signed the ICC Business Charter.

It must also be mentioned, however, that a number of companies do take their commitment to the ICC Business Charter very seriously and many of these companies prepare CERs. Encouragingly, too, the percentage of non-reporters among ICC-signatories is lower than the percentage of non-reporters overall.

The table above contains some of the many signatory companies that have so far chosen not to report. Note that this is just one group of companies and there are many other ICC signatories that have not yet reported either. There are also many other codes of conduct encouraging companies to report, such as the UNEP financial institutions' statements.

Within the past year, a number of banks have joined the UNEP Financial Institutions Initiative on the Environment, which aims to raise awareness of environmental issues within the financial industry. A centre-piece of the initiative is the Statement by Financial Institutions on the Environment and Sustainable Development, which commits its signatories to improved environmental management and information sharing.<sup>5</sup> It has attracted more than 100 signatories since its inception in 1992. The UNEP insurance initiative has signatories from more than 70 companies in 25 countries.

<sup>5</sup> 3.1

We recommend that financial institutions develop and publish a statement of their environmental policy and periodically report on the steps they have taken to promote integration of environmental considerations into their operations.

3.2

We will share information with customers, as appropriate, so that they may strengthen their own capacity to reduce environmental risk and promote sustainable development.

3.3

We will foster openness and dialogue relating to environmental matters with all relevant audiences, including shareholders, clients, employees, governments and the public.

## 6.0

### Next steps: starting to report

Table 6

Incentives to report	
Score	Incentive
3.7	Increased pressure to report
3.7	Knowing stakeholder expectations
3.4	Comparability across reports
3.3	Industry reporting guidelines
3.3	More examples to follow
2.7	Implementation of EMS
2.4	Change in attitude (in company)

Average score based on 38 responses on a scale of 1–5 with 1 being 'irrelevant' and 5 'very important'.

We said at the outset that our objective was to encourage greater reporting in the future. In this section, we draw lessons from the survey, recommending strategies to encourage non-reporters to take the plunge. We asked our non-reporters to identify factors that would convince them to begin reporting. Interestingly, the two most powerful incentives had to do with stakeholders – feeling increased stakeholder pressure to report, and having greater clarity as to what stakeholders wanted them to report.

In *Engaging Stakeholders Volume 2: The Case Studies*, we asked a number of stakeholders what they wanted from environmental reports. What came through was a strong emphasis on measuring, monitoring, screening, comparing and benchmarking company performance.

Other key incentives focused on the need for greater consistency and clarity in the field of environmental reporting itself. Here, help may soon be at hand. There are considerable efforts around the world to standardise the field.

Table 7

Benchmark Survey Results			
Rank State-of-the-art reporter		Rank State-of-the-art reporter	
1	Body Shop	15	Phillips Petroleum
2	Baxter	15	SAS
3	Neste	15	Unilever
4	Novo Nordisk	18	BASF
5	British Airways	19	Statoil
6	Volvo	20	MoDo
7	General Motors	20	Severn Trent
7	Sun Company	22	DSM
9	Bristol-Myers Squibb	23	Anglian Water
9	Polaroid	24	ASG
9	Tokyo Electric Power	24	The E B Eddy Group
12	Enso	24	Norske Skog
12	IBM	24	Umgeni Water
12	Nortel	28	Glaxo Wellcome
		28	International Paper

In the past year, perhaps the most significant development has been the launch of a multi-party Global Reporting Initiative (GRI) – spearheaded by CERES, the Coalition of Environmentally Responsible Economies – which aims to move toward global standardisation of environmental reporting.<sup>6</sup> We are currently exploring ways in which the *SustainAbility/UNEP* and GRI programmes can work together.

Other organisations are also working toward standards. **Baxter International** reports it is developing a set of Generally Accepted EHS Reporting Principles, designed to be compatible with GRI. In Germany, the national standardisation body introduced a standard for environmental reports in July 1997. The standard stresses the following basic principles: Truth, Importance, Clarity, the Public, Continuity and Comparability.

With respect to the desire for good reporting examples, fortunately there are a growing number of high quality reports to review.

Table 7 (above) lists the 'state of the art' companies (scoring 81 or more out of a maximum of 194) in the *SustainAbility/UNEP* ranking of 100 company reports in *The 1997 Benchmark Survey*.

The scoring system is based on comprehensiveness of coverage of 50 key reporting measures, spanning: management policies and systems, inputs and outputs, stakeholder relations and partnerships, finance, sustainable development, and report design and accessibility.

In addition, we believe the following reports are worth investigating:

- In the financial sector, **ABN Amro** (The Netherlands) and **BankAmerica** (USA).
- In retail, **J Sainsbury** (UK).
- In telecommunications, **BT** (UK) (winner of the 1998 ACCA award for environmental reporting).
- In the utility sector, **CLP Holdings** (Hong Kong).

<sup>6</sup> Organisations developing GRI: Association of Chartered Certified Accountants; Council on Economic Priorities; Canadian Institute of Chartered Accountants;

Fondazioni ENI Enrico Mattei; General Motors; Investor Responsibility Research Center; IIT Industries; New Economics Foundation; *SustainAbility*;

Swiss Bank Corporation; Tellus Institute; United Nations Environment Programme; World Business Council for Sustainable Development; World Resources Institute.

## 6.1

## Where is environmental reporting headed?

'The quality [of environmental reporting] varies. We believe that all companies could benefit from recognised environmental reporting standards.'

**Sir Nicholas Goodison**  
Deputy Chairman,  
Lloyds-TSB Group

Table 8

Engaging Stakeholders: The 10 Transitions	
	Established focus → Emerging focus
1	One-way, passive communication → Multi-way, active dialogue
2	Verification as option → Verification as standard
3	Single company progress reporting → Benchmarkability
4	Management systems → Life-cycles, business design, strategy
5	Inputs and outputs → Impacts and outcomes
6	Ad-hoc operating standards → Global operating standards
7	Public relations → Corporate governance
8	Voluntary reporting → Mandatory reporting
9	Company determines boundaries → Boundaries set by stakeholder dialogue
10	Environmental performance (Stage 3-4) → 'Triple bottom line' performance (Stage 5)

In *Engaging Stakeholders Volume 1*, we identified ten transitions likely to change the nature of environmental reporting. Some of the transitions are worth discussing further.

## Transition 1

An increasing number of companies are using stakeholder consultation processes (Glaxo Wellcome, Novo Nordisk, Shell) and the Internet for environmental communication (BT, Bristol-Myers Squibb). *SustainAbility*/UNEP is publishing a report on Internet communication in 1998.

## Transition 6

As discussed on page 15, there are several initiatives around the world working on indicators and global standards for reporting, most notably UNEP and the CERES-led Global Reporting Initiative.

## Transition 10

Several companies are now addressing 'Triple Bottom Line' performance (economic, environmental and social) and explicitly discuss sustainable development. Examples include: British Petroleum, British Telecom, Interface, Placer Pacific, Shell, The Body Shop and The EB Eddy Group.

Those readers who want more information about the ten transitions are referred to earlier *Engaging Stakeholders* publications (Appendix 1). Section 3 also addresses the transition from voluntary to mandatory reporting.

## 7.0

# Conclusions and recommendations

### Conclusions

**The majority of companies do not yet feel great pressure to report.** But the pressure is likely to intensify as stakeholders increasingly draw comparisons between reporting and non-reporting companies within the same sector.

**The number of companies producing reports will continue to grow.** Indeed, nearly half of the interviewed non-reporters said they were planning to produce their first report before 2000.

**Non-reporting companies do not perceive much benefit from reporting.** Whether for commercial or image reasons, some non-reporting companies do not see much added value from producing a stand-alone environmental report. This perception contrasts sharply with the benefits experienced by many reporting companies – suggesting a key role for peer-to-peer communication fora.

**Greater clarity and consistency in reporting standards would help encourage up-take.** Many non-reporting companies are aware that there is no agreed format for best practice environmental reporting. Without greater standardisation, companies will find it much easier to dismiss the whole idea of voluntary reporting than they would with an agreed, consistent framework. Fortunately, as we discuss in the report, efforts are underway to develop standardised comparable reporting metrics.

**The financial sector could play a pivotal role.** Ethical investors often see it as a positive indication that a company has produced environmental information. In the US, a total of \$1,185 trillion dollars of investment was ethically screened in some way by the end of 1997. In fact, one-third of the non-reporting companies surveyed explicitly mentioned that investors and the financial community had already requested environmental information. Helpful as this is, what is needed is for the mainstream financial sector to ask more questions requiring fuller environmental disclosure.

**The ultimate answer may well rest in legislation.** A number of stakeholders have concluded that voluntary disclosure alone will never be sufficient, and are recommending that countries pass legislation requiring a minimum level of disclosure. As discussed on page 7, countries such as Denmark, The Netherlands and Sweden are moving in this direction. In some areas, the US is far ahead of Europe, with the 10K form and the Toxic Release Inventory (TRI).

### Recommendations for non-reporters

**Commit to an ongoing reporting strategy with a first report targeted for release within the next financial year.** Don't be discouraged if the first report is rather sketchy, as long as the report clearly states the company's commitment to continuous improvement.

**Don't wait for standardised formats.** While there are strong indications that reporting will converge toward common standards, agreement on this is still a number of years away. Companies that have already begun to report will gain a better understanding of their internal data and information systems – and will have an easier time adopting any accepted format for their own purposes.

**Ask for help if needed.** Appendix 1 lists a number of organisations and publications designed to help companies begin reporting.

### Recommendations for reporters

**Share your experiences with non-reporting companies.** Compared to reporters, non-reporting companies often over-estimate the challenges and under-estimate the benefits.

**Get involved in sector-specific reporting efforts.** Report benchmarking results.

**Encourage non-reporting supplier companies to start reporting.**

### Recommendations for stakeholders

**Encourage companies to report.** A number of non-reporting companies do not feel under much pressure to report, and find it difficult to justify the time and resource expenditure.

**Give feedback on reports.** Most reports have a section asking for reader response – but response rates are often discouragingly low.

**Be patient with first-time reporters.** Do not underestimate the challenges involved in collecting and collating high-quality information from diverse businesses around the world. Appreciate commitment to improve year-on-year – and continue to check for progress.

# Appendix 1

## Resources

### Organisations

Below, we have listed a number of organisations that have worked extensively to advance the state of environmental reporting. Any of these can provide advice to companies that wish to begin reporting. Contact information for [SustainAbility](#) and UNEP are given on page 22.

#### ACCA

T +44 171 242 6855  
F +44 171 831 8054

#### CERES

T +1 617 247 0700  
F +1 617 267 5400

#### CSEAR

T +44 (0)1382 344 789  
F +44 (0)1382 224 419

#### Deloitte & Touche

T +45 33 763229  
F +45 33 763 940

#### IÖW

T +49 30 884 59 40  
F +49 30 882 54 39

#### KPMG

T +44 171 311 8272  
F +44 171 311 3311

#### Lund University

T +46 46 222 0000  
F +46 46 222 0210

#### PIRC

T +44 171 250 3311  
F +44 171 251 3811

#### Tomorrow Magazine

T +46 8 335290  
F +46 8 329 333

### Publications and Guides

**ACCA, Aspinwall & Co and BRECSU**  
*Guide to Environment and Energy Reporting and Accounting*  
1997

#### ACBE

*Environmental Reporting and the Financial Sector: An approach to good practice*  
1996

#### Financial Times

'Companies face threat of compulsory reporting'  
7.4.1998.

#### The Guardian

'Name and shame for the firms that fudge'  
7.4.1998

#### Jupiter Asset Management Ltd

*The Assessment Process for Green Investment*  
1997

#### Gray, Owen & Adams

*Accounting & Accountability*  
1996

#### Investor Responsibility Research Center

*Environmental and Financial Performance: Are They Related?*  
1996

#### Investor Responsibility Research Centre

*Disclosure of Environmental Information about S&P 500 Companies' Non-US Operations* 1997

#### IÖW

*Environmental Reports and EMAS-Statements in Germany*  
1996

#### KPMG

*International Survey of Environmental Reporting* 1996  
March 1997

#### KPMG

*The KPMG Survey of Environmental Reporting*  
1997

**John Elkington and Shelly Fennell**  
*'Verification: Can Credibility be Bought'*  
*Tomorrow* No.5  
September/October 1996

**John Elkington and Helen Stibbard**  
*'Socially Challenged'*  
*Tomorrow* No.2  
March/April 1997

**John Elkington and Niklas Kreander**  
*'CERs for Cars'*  
*Tomorrow* No.4  
July/August 1997

#### John Elkington

*'White Sand, Green Pines, Blue CEOs'*  
*Tomorrow* No.5  
September/October 1997

#### John Elkington and Niklas Kreander

*'Big Oil on the Slippery Slope'*  
*Tomorrow* No.6  
November/December 1997

#### PIRC

*Environmental and Social Reporting: A survey of current practice at FTSE 350 companies* 1998

#### [SustainAbility/UNEP/ACCA/PWBLF](#)

*The CEO Agenda: Can business satisfy the triple bottom line?*  
1998

#### [SustainAbility/UNEP](#)

*The 1997 Benchmark Survey*  
1997

#### [SustainAbility/UNEP](#)

*Engaging Stakeholders*  
*Volume 1: The Benchmark Survey and*  
*Volume 2: The Case Studies* 1996

#### [SustainAbility/UNEP](#)

*Company Environmental Reporting*  
1994

#### UNEP

*Voluntary Industry Codes of Conduct for the Environment*  
1998

## Appendix 2

### Survey respondents

Websites	Abbreviations	Reporters
<a href="http://www.accesspt.com/cep">www.accesspt.com/cep</a> Council of Economic Priorities (CEP)	<b>ACBE</b> Advisory Committee on Business and the Environment	Akzo Nobel ASG Body Shop British Airways Cetrel Electrolux Elf Aquitaine GlaxoWellcome J Sainsbury NatWest Nortel Novartis SAS Severn Trent Statoil Volvo
<a href="http://www.ceres.org">www.ceres.org</a> Coalition for Environmentally Responsible Economies (CERES)	<b>ACCA</b> The Association of Chartered Certified Accountants	
<a href="http://www.irrc.org">www.irrc.org</a> Investor Responsibility Research Center (IRRC)	<b>CER</b> Company Environmental Report	
<a href="http://www.sustainability.co.uk">www.sustainability.co.uk</a> SustainAbility	<b>CERES</b> Coalition for Environmentally Responsible Economies	
<a href="http://www.tomorrow-web.com">www.tomorrow-web.com</a> <i>Tomorrow Magazine</i> with links to cutting edge company environmental reports	<b>CSEAR</b> Centre for Social and Environmental Accounting Research	
<a href="http://www.unepie.org">www.unepie.org</a> The United Nations Environment Programme, Industry and Environment (UNEP IE)	<b>EHS</b> Environment, Health and Safety	
	<b>EMS</b> Environmental Management System	
	<b>ICC</b> International Chamber of Commerce	
	<b>IÖW</b> Institut für Ökologische Wirtschaftsforschung	
	<b>PIRC</b> Pensions Investment Research Consultants	
	<b>PWBLF</b> The Prince of Wales Business Leaders Forum	
	<b>UNEP IE</b> United Nations Environment Programme Industry and Environment	
		Non-reporters
		Adidas AGA Allied Signal Asarco ASDA Atlas Copco Avesta Sheffield Barclays Bosch Enron Hanson Holderbank Lloyds-TSB Lyonnaise des Eaux Marks & Spencer Merita/Nordbanken Metra Metro Holding Michelin Motorola Nike Nokia Orion Outokumpu Partek Placer Dome PTT Exploration and Production Puma Reebok RWE Energie Safeway St Gobain Swiss Life Insurance Swiss Reinsurance Tesco Total Trelleborg Valio

## Appendix 3

### Non-reporters

Company	Country		Sector	Company	Country		Sector
Adidas	Germany		Sports	Eaton	USA		Manufacturing
AGA	Sweden	1	Manufacturing	Echo Bay Mines	USA		Metals/Mining
Aldi	Germany		Retail	Ecolab	USA	1	Chemical
Alleghene-Teledyne	USA		Steel	Engelhard	USA		Chemical
Allied Signal	USA	1	Chemicals	Enron	USA		Energy
Aluminium Rheinfelden	Germany	1	Metals/Mining	FMC	USA		Chemical
American Cyanamid	USA	1	Chemical	Freeport McMoran	USA		Metals/Mining
Armco	USA		Steel	Fujitsu	Japan	1	Telecom/IT
Asahi Glass	Japan		Glass	Gidding & Lewis	USA		Manufacturing
Asarco	USA		Metals/Mining	Goodrich	USA		Chemical
ASDA	UK		Retail	Goodyear Tire	USA	1	Tyres
Ashtead Group	UK		Construction	Great Lakes Chemicals	USA		Chemical
Atlas-Copco	Sweden		Engineering	Haniel	Germany		Transport
Avery Dennison	USA		Manufacturing	Hanson	UK		Building Materials
Avesta Sheffield	Sweden	1	Metals/Mining	Hays	UK		Distribution
Baker Hughes	USA		Oil	Hellmerich & Payne	USA		Oil
Bank of China	China	1	Finance	Highland Distilleries	UK		Alcohol
Barclays Bank	UK	1+2	Finance	Hi-Tec	UK		Sports
Barrick Gold	Canada		Metals/Mining	Hoesch Krupp	Germany		Metals/Mining
BAT Industries	UK		Tobacco	Holderbank	Switzerland	1	Building Materials
Battle Mountain Gold	USA		Oil	HSBC	UK	2	Finance
Bilfinger & Berger	Germany		Construction	Hong Kong & China Gas	China		Utility
British Oxygen Corp.	UK		Chemical	Hong Kong Electric	China		Utility
Bridgestone	Japan		Tyres	Hong Kong Telecom	China		Telecom
Briggs & Stratton	USA		Manufacturing	Idemitsu Kosan	Japan		Oil
British Borneo	UK		Oil	Illinois Toolworks	USA		Manufacturing
BurlingtonResources	USA		Oil	Imperial Tobacco	UK		Tobacco
Cable & Wireless	UK		Telecom	Indian Oil	India		Oil
Canon	Japan	1	Manufacturing	Int. Flavors & Fragrances	USA		Chemical
Caterpillar	USA	1	Agricultural	Ionica	UK		Telecom
Cathay Pacific	China		Transport	JAL	Japan		Transport
Celltech	UK		Pharmaceuticals	James River	USA		Paper
Charter	UK		Industrial	Japan Energy	Japan		Oil
Chrysler	USA		Automobile	Japan Tobacco	Japan		Tobacco
Coastal	USA		Oil	Johnson Controls	USA		Manufacturing
Coca-Cola	USA		Food	Kajima	Japan	1	Construction
Colonia	Germany		Insurance	Kalon Group	UK		Chemical
Commercial Union	UK		Insurance	Kerr-McGee	USA	1	Oil (E&P)
Commerzbank	Germany	2	Finance	Kesko	Finland		Retail
Corning	USA		Manufacturing	KHD (Deutz)	Germany		Conglomerate
Cosmo Oil	Japan		Oil	Kimberly Clark	USA		Paper
Cowie Group	UK		Distribution	Kowloon Motor Bus Co.	China		Transport
Crane	USA		Manufacturing	Kuwait Petroleum (Q8)	Kuwait		Oil
Cyprus Amax Minerals	USA		Metals/Mining	Lasmo	UK		Oil
Deutsche Post	Germany		Post	Lidl & Schwarts	Germany		Retail
Devro	UK		Food	L'Oreal	France	1	Cosmetics
Dresdner Bank	Germany	2	Finance	Lloyds TSB	UK	1+2	Finance
Dresser Industries	USA		Oil	Louisiana Land Exploration	USA		Oil (E&P)
Diadora	Italy		Sports	Lyonnaise des Eaux	France	1	Diversified Industrial
Duracell	USA	1	Manufacturing	Mannesmann	Germany	1	Engineering

The 200 companies on this list are examples of companies which were non-reporters according to the definition used in this report at the beginning of January 1998. Of these 200 companies, more than 20% are signatories of the ICC Business Charter for Sustainable Development. We hope that this list will be obsolete before 1999.

It must be noted that this list is not even the tip of the iceberg. In 1993 roughly 100 multinational corporations had produced environmental reports, but more than 35,000 had not. The situation has improved during the last five years, but there are still only around 600 corporate environmental reports available.

- 1 Signatory of the ICC Business Charter for Sustainable Development.
- 2 Signatory of the UNEP Statement by Financial Institutions on the Environment and Sustainable Development.
- 3 Signatory of the UNEP Statement of Environmental Commitment by the Insurance Industry.

E&P Exploration and Production

D&E Drilling and Equipment

Company	Country		Sector	Company	Country		Sector
Marks & Spencer	UK	1	Retail	Robert Bosch	Germany	1	Manufacturing
Maxus Energy	USA		Oil (D&E)	Royal Bank of Scotland	UK	2	Finance
McDonalds	USA		Food	Rowan	USA		Oil (D&E)
Merita/Nordbanken	Finland/Swe	1+2	Finance	Ruhrkohle	Germany	1	Mining
Metra	Finland		Manufacturing	Safeway	UK	1	Retail
Metro Holding	Switzerland		Retail	Saint-Gobain	France		Construction
Michelin	France		Tyres	Sandvik	Sweden		Manufacturing
Microsoft	USA		Telecom/IT	Santa Fe Energy Res.	USA		Oil (E&P)
Millipore	USA		Manufacturing	Schlumberger	USA		Oil (D&E)
Mitsubishi Heavy Ind.	Japan	1	Manufacturing	Sears-Roebuck	USA		Retail
Motorola	USA	1	Telecom	SE Banken	Sweden	2	Finance
Münchener Rück	Germany		Insurance	Securicor	UK		Security
National Express	UK		Transport	SIG	UK		Building Materials
National Service Ind.	USA		Manufacturing	Sigma-Aldrich	USA		Chemical
Nestlé	Switzerland	1	Food	SNCF	France	1	Transport
Newmont Mining	USA		Metals/Mining	Somerfield	UK		Retail
NFC	UK		Transport	Southern Electric	UK		Utility
Nike	USA		Sports	SSAB	Sweden		Metal/mining
Nippon Oil	Japan		Oil	Ssangyong	S Korea		Oil
Nippon Steel	Japan	1	Metals/Mining	Stagecoach	UK		Transport
Nippon Tel & Tel	Japan	1	Telecom	Sunkyong	S Korea		Oil
Nokia	Finland	1	Telecom	Swiss Life	Switzerland	1	Insurance
Northern Foods	UK		Food	Swiss Reinsurance	Switzerland	3	Insurance
Nucor	USA		Steel	Taisei	Japan	1	Construction
Orion	Finland		Pharmaceutical	Tesco	UK	1	Retail
Oryx Energy	USA		Oil (E&P)	Textron	USA		Manufacturing
Outokumpu	Finland		Metals/Mining	Thermo Electron	USA		Manufacturing
Pall Corporation	USA		Manufacturing	Trinova	USA		Manufacturing
Parker Hannifin	USA		Manufacturing	Tosco	USA		Oil
Pechiney	France	1	Metals/Mining	Total	France	1	Oil
Pemex	Mexico		Metals/Mining	Trelleborg	Sweden		Metals/Mining
Pennzoil	USA	1	Oil	TT Group	UK		Diversified Industrial
Petrobras	Brazil		Oil	Tyco Laboratories	USA		Manufacturing
Petronas	Malaysia	1	Oil	United Airlines	USA		Transport
Pfizer	USA	1	Pharmaceutical	Union Pacific Resources	USA		Oil (E&P)
Pharmacia Upjohn	Sweden/USA	1	Pharmaceutical	USX-Steel Group	USA	1	Metals/Mining
Phelps Dodge	USA		Metals/Mining	Virgin Atlantic	UK		Transport
Philip Morris	USA		Tobacco/Foods	Wal-Mart	USA		Retail
Pizza Express	UK		Food	Wassall	UK		Diversified Industrial
Placer Dome	Canada		Metals/Mining	Wemco	China		Paper
Praxair	USA		Chemical	Western Atlas	USA		Oil (D&E)
Premark	USA		Manufacturing	Whitbread	UK		Brewery
Puma	Germany		Sports	Willamette	USA		Paper
RAG	Germany		Metals/Mining	Williams	UK		Support Services
Redrow	UK		Construction	Willis Corroon	UK		Insurance
Reebok	USA		Sports	Wilson Conolly Holdings	UK		Construction
Renault	France	1	Automobile	Winterthur Group	Switzerland	1	Finance
Reynolds Metals	USA		Metals/Mining	Woolwich	UK		Finance
Rheinmetall	Germany		Metals/Mining	Worthington Industries	USA		Metals/Mining
RJB Mining	UK		Metals/Mining	Zürich Insurance	Switzerland	1+2	Insurance

# Appendix 4

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## Why do some companies choose to report?

In exploring the non-reporting phenomenon, we cross-checked with reporting companies to find out why they felt reporting brought gains, and not just pain. Here are some of their answers:

**Akzo Nobel** mentioned an enhanced ability to track progress against specific targets.

**Electrolux** said that reporting helps in implementing its environmental strategy.

**Glaxo Wellcome** noted that reporting brings greater awareness of broad environmental issues throughout the organisation.

**Landesgirokasse** recognised that their activities in environmental protection and reporting gives them competitive advantage.

**Noranda** underscored the benefits in terms of all-round credibility from its greater transparency.

**Novartis** appreciated its reporting as an excellent way to communicate its efforts and standards.

**J Sainsbury** valued the improved ability to clearly convey the corporate message internally and externally.

**Statoil** mentioned time saved in dealing with information requests.

**The Body Shop**, always in a class of its own, said that its Values Report helped build the company's licence both to operate and to campaign.

# Engaging Stakeholders Publications

...required reading for all of us involved in preparing reports!  
**Hugh Somerville**  
 Head of Environment  
 British Airways

To order *The CEO Agenda* or any other of the *Engaging Stakeholders* publications, or for any other information, please contact **SustainAbility** at the address below:



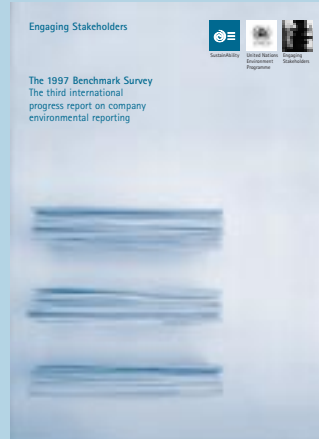
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