

Engaging Stakeholders 1999



Engaging
Stakeholders



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Royal Dutch /
Shell Group

The Social Reporting Report

“A company doesn’t operate
in a vacuum.”

John A Roth, President and CEO, Nortel

Contents



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Delbé

Tell
Muenzing

Virginia
Terry

Page	Information
03	Forewords
04	Introduction
08	Towers of Babel
10	Hot topics
12	Stakeholder approaches to social reporting
13	Employees
14	Communities
15	Suppliers
16	Clients/Customers
17	Investors
18	The future agenda
20	Appendix 1 Approaches to social reporting
21	Appendix 2 Companies involved in social reporting
22	Appendix 3 Organisations with an interest in SEAAR
23	Appendix 4 Companies sponsoring Engaging Stakeholders
24	Engaging Stakeholders publications

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UNEP foreword

Throughout the *Engaging Stakeholders* programme, the issue of social accounting and reporting has been waiting in the wings. Some reporting companies have seen their environmental reporting as part of wider social accounting and reporting activities. Others have wondered whether their thinking and progress in relation to evolving social responsibility and accountability expectations and indicators could be embraced as sub-sections of their existing environmental reports – or whether a parallel series of reports would need to be developed?

The Social Reporting Report reviews the wide spectrum of work under way in this area. Their intention is not to provide the definitive guide to social and ethical accounting, auditing and reporting, but to help companies and other organisations wrestling with the following questions. Where has this new agenda sprung from – and where might it go? Who are the key players – and what do they want from companies? How does this fit the growing demand for sustainability reporting?

UNEP is delighted to support this cutting-edge work – and thanks the company sponsors for their funding. We are also grateful to **Shell** for its generous sponsorship for this particular project.

Your comments on this latest *Engaging Stakeholders* report would be very much appreciated. Once **SustainAbility's** follow-on publication *The Internet Reporting Report* is published, the programme focus will shift to sectoral studies of accounting and reporting needs and progress. Two sectoral studies are under way, focusing on the oil and life sciences industries. UNEP and **SustainAbility** will also be developing a new programme on corporate boards, project Trimaran (see page 19).

Jacqueline Aloisi de Larderel
Director, United Nations Environment Programme (UNEP), Industry and Environment Office, Paris

SustainAbility foreword

In calling for 'sustainability' or 'triple bottom line' reporting, **SustainAbility** has argued that the economic, social and environmental dimensions of sustainable development are increasingly intertwined. But we are acutely aware that these three dimensions of accounting, auditing and reporting are at very different stages of their evolution.

Financial reporting has a 500 year history, but still finds it hard to account for such things as financial derivatives. Environmental accounting, with decades of work under its belt, is evolving rapidly, albeit with a huge amount of work still ahead.

In preparing *The Social Reporting Report*, however, **SustainAbility** and our partners acknowledge that the challenge is now greatest in two areas. First, in social and ethical accounting and reporting. And, second, in the integration of the three different streams of information into management accounts and decision-making. We will address the latter challenge in a parallel programme, *Trimaran*, launched in 1999.

Paradoxically, perhaps, we conclude that financial turmoil in world markets will increase the calls for corporate transparency – and will further spotlight many of the social issues discussed in *The Social Reporting Report*.

John Elkington and Francesca van Dijk
SustainAbility, London

Shell foreword

The **Royal Dutch / Shell Group of Companies** formally adopted the concept of Sustainable Development as a central corporate value in 1997. We did so for several reasons, not least because as a commercial enterprise we recognised that in order to create long-term wealth for all our stakeholders and society at large, economic growth alone is not sufficient. Environmental protection and social equity are inextricably linked to responsible wealth creation to safeguard the well-being of future generations, and the very existence of companies.

Business does best in stable and sound conditions, economically, environmentally as well as socially. As such companies are major stakeholders in society, and society increasingly expects companies to live up to high expectations in this regard and to become more transparent and accountable in the process.

We have accepted this challenge and we have done so on the firm foundation of long-existing values we hold dear. We consider ourselves a value-driven company, and when in early 1998 we published *The Shell Report – Profits and Principles – does there have to be a choice?* we sketched our way forward towards Sustainable Development firmly within the context of our Business Principles.

In the process we also embraced the concepts of social accountability and the current and future *Shell Reports* aim to incorporate the aspects of social reporting so admirably described in this Report. We are convinced that the sustainable development approach is the right way to do business in the 21st century.

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

Engaging
StakeholdersKatherine
Howard

ISEA

Introduction

What needs to happen in social reporting during the next five years?

ISEA would like to see ethical behaviour becoming associated with high flying, leading edge people and companies, rather than being identified as soft or 'wimpish,' which is currently often the case. We would like to see accountability becoming mainstream in the governance process on a self-regulated basis. We want to see the chief executive taking the responsibility.

Katherine Howard

Executive Director, Institute for Social and Ethical Accountability (ISEA), UK

Why corporate social reporting?

1998 saw both the onset of global recession and a distinct change of gear in the corporate social responsibility debate. Although international government organisations, among them the **International Labour Organisation (ILO)** and the **United Nations Environment Programme (UNEP)**, have long been active in this area, business is now also starting to engage. Business organisations and companies are doing so because they increasingly see corporate social responsibility and accountability as a strategic business issue.

The **World Business Council for Sustainable Development (WBCSD)** held two major conferences on the theme, for example, one in London, the other in Amsterdam; the **Institute for Social and Ethical Accountability (ISEA)** held a key event in Vancouver; and **Business for Social Responsibility (BSR)** held a further event in Boston. These events signalled the growing recognition that the social accountability dimensions of the sustainable development agenda are becoming increasingly important. In *The Social Reporting Report*, we explore some of the evolving trends in this area.

How to use this report

This short publication is intended as an introduction to the field of corporate social reporting for those new to it, especially first-time or would-be reporters. More particularly, it aims to link the growing demands for social accountability with the wider sustainable development debate.

The publication is designed either to be read cover-to-cover, or to be dipped into by readers testing the waters and wondering whether to dive in. The main themes of the report are listed below. You will find a series of Sound Bites, intended to give an impression of the nature and flavour of the current debate in the margins throughout the document.

Pages	Information
4–7	Introduction The business case for social reporting
8–9	Towers of Babel Background information
10–11	Hot topics Frequently asked questions
12–17	Stakeholder approaches to social reporting
18–19	The future agenda The future of social reporting
20	Appendix 1 Typology of reporting approaches
21–23	Appendices 2–4 Key players and contact details

Engaging
StakeholdersMargaret
Flaherty

WBCSD

The Values Shift

A few decades ago, the aim of most companies was relatively simple: to provide safe products or services together with a reasonable return to shareholders in accordance with their legal obligations. But there has been a steadily growing consensus that this is no longer enough. In a world dominated by transnational corporations (TNCs), whose internal financial transactions alone comprise one third of all global trade,¹ a rising tide of public opinion demands greater accountability — and this at a time when the capacity of some governments to tackle the challenge is weakening. Key drivers in this wave of change include:

- 1 Growing public unease, for example about the levels of directors' pay and broader issues of corporate governance.
- 2 The rising influence of pressure groups and non-governmental organisations (NGOs), which track the activities of corporations world-wide.
- 3 The 'global village', in which near-instantaneous global media coverage ensures that a company can be 'caught out' anywhere, any time.

A 'Show Me' world

In the past, business leaders — and, to a degree, politicians — could rely on a culture where there was a greater degree of trust in the 'Establishment'. In its *Profits & Principles* report,² Shell International notes that the world is moving from a 'Trust Me' culture (where companies can rely on society's broad acceptance that they act in good faith), through a 'Tell Me' culture (where society wants to be told what is going on) to a 'Show Me' culture (in which companies demonstrate their serious intent to change for the better).

Different parts of the world still operate on different lines, clearly. Until the recent focus on 'crony capitalism' in countries such as Indonesia and Malaysia, for example, most of Asia was still very much in 'Trust Me' mode. But the globalisation of the media, leading to the creation of what some dub a 'CNN World', means that all major international companies will increasingly be exposed to 'Tell Me' and 'Show Me' requirements.

So what does this greater accountability imply? This is the central question which ISEA aims to address. For many companies it means turning the concept of a 'Show Me' world into a reality — and a starting point is to listen to stakeholders and respond to their views.

The result will be a seismic shift. As the *Engaging Stakeholders* series of reports has shown, the implications for corporate governance, strategy, management, auditing and reporting are profound.

The WBCSD has a work programme on corporate social responsibility and reporting; measurement is one component of that programme. Will the lowest common denominator prevail?

No. Our aim is to be the 'voice of reason' and move the debate forward. Our work attempts to provide guidance for companies on how to manage these issues. Leading companies are working hard to tackle these challenges and make corporate social reporting a core business strategy.

Margaret Flaherty
Programme Manager, World Business Council for Sustainable Development (WBCSD), Switzerland

¹ Alison Warhurst, *Corporate Social Responsibility: A Pro-active Approach*, paper for the World Business Council for Sustainable Development, January 1998.

² Shell International *The Shell Report: Profits and Principles — Does there have to be a choice?* 1998.

Engaging
StakeholdersSimon
ZadekNew
Economics
Foundation

Where is social reporting headed over the next ten years?

In ten years, we won't have social reports – we're going to move towards not simply web delivered reports but also to real-time reporting. Audiences will become users of information, rather than just receivers. Software will enable each user to access and assemble customised information from the original accounts.

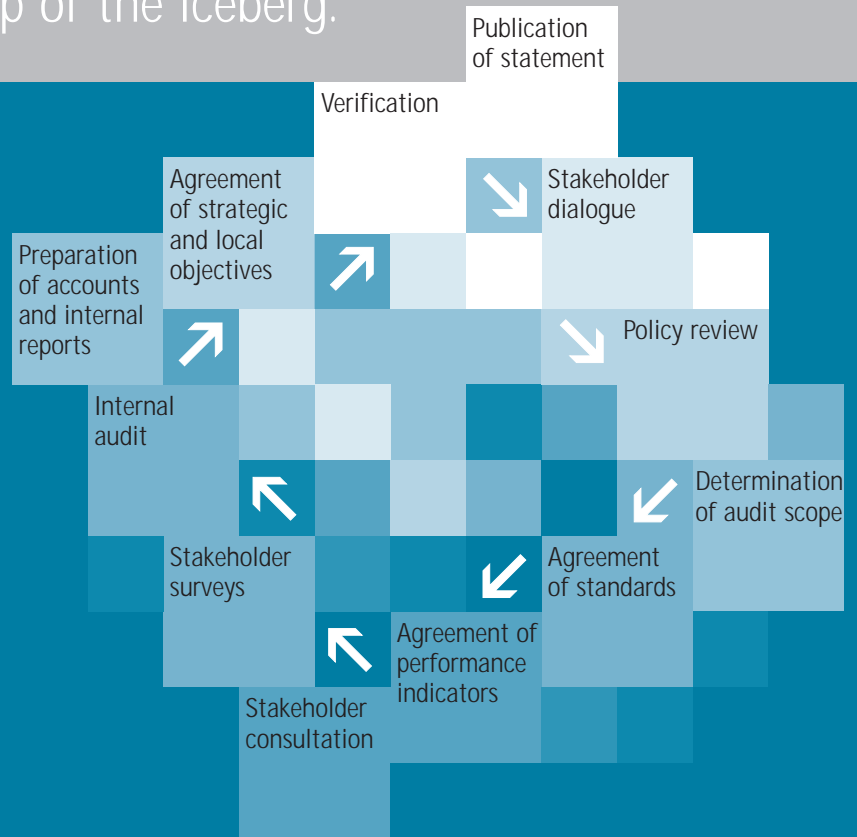
Simon Zadek

Development Director, New Economics Foundation, UK

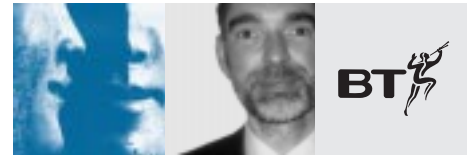
Figure 1

The Social Auditing and Disclosure Cycle

The report, or reporting, should be seen as the 'tip of the iceberg.'



Adapted from *The Body Shop's Framework for Social Auditing and Disclosure in Building Corporate Accountability*, Simon Zadek, Peter Pruzan and Richard Evans, 1997, p116.



Engaging Stakeholders Chris Tuppen BT

What is corporate social reporting?

There are a number of definitions of corporate social reporting, but ISEA's concept of social and ethical accounting, auditing and reporting (SEAAR) is increasingly accepted. It is important, however, to distinguish between the process of corporate social accounting and the end-product — the corporate social report. The report, or reporting, should be seen as the 'tip of the iceberg' (see Figure 1 on p6).

As in other areas of corporate disclosure, diversity rules here, too. There is no such thing as a 'standard' social report, because the nature of each depends upon: the variety of issues it covers; the range of stakeholders for whom it is intended; and what the reporting organisation is trying to achieve. A typology of some of the different approaches to corporate social reporting can be found in Appendix 1 (page 20).

Some people debate whether aspects of social reporting, for example community relations, are properly part of a corporate environmental report (CER), or whether environmental reporting should be seen as part of wider corporate social reporting. It is our view that corporate social accounting and reporting represent one of three (social, environmental and economic) dimensions of triple bottom line accounting and reporting,³ and that these three bottom lines will become increasingly integrated as we move towards sustainability reporting.

Why do it?

Today, environmental management and reporting are treated by a growing number of companies as core business activities, and SEAAR is fast following suit. Why? In terms of business benefits, social accounting and reporting can be seen as an emerging set of management tools which can:

- 1 Reinforce and communicate the company's core values and visions.
- 2 Identify 'blind spots' and areas of weakness, pinpointing high risk activities requiring sound management.
- 3 Promote stability and protect organisations from unexpected shocks.
- 4 Create windows on the world, helping companies explore and understand stakeholder concerns and interests.
- 5 Help all organisations, including NGOs, understand how to manage such 'intangibles' as reputation and trust.
- 6 Provide a credible means to communicate with stakeholders.
- 7 Help companies to attract, understand, motivate and retain employees in an economy which is increasingly reliant on knowledge and relationships, not just products.

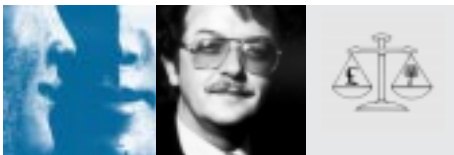
But with no agreement as to what a social report should look like, and no common language or agreed approach to social reporting, the need for convergence is pressing.

How do you do compile a social report for a big company?

At BT, we found that we had plenty of information already compiled through various 'silent' accounting processes. The challenge for us has been deciding what to put into the social report. We identified key issues through stakeholder consultation — and their views guided us in setting the parameters for the social report.

Chris Tuppen
Corporate Social and Environmental Programmes Manager, British Telecommunications, UK

³ See *Engaging Stakeholders Vol. 1*, 1996; *The 1997 Benchmark Survey*, 1997; and *The CEO Agenda 1998*, all by SustainAbility. For a fuller discussion of the Triple Bottom Line, see John Elkington, *Cannibals with Forks: the triple bottom line of 21st century business*, Capstone, Oxford, 1997.



Engaging Stakeholders Rob Gray CSEAR

Towers of Babel

Should there be mandatory standards?

Unless we have some kind of minimum mandatory standards, then we can forget about progress — because the bad will drive out the good. But the standards should be general, to allow for further experimentation. We still need many minds working on the challenge.

Professor Rob Gray
 Director, Centre for Social and Environmental Accounting Research (CSEAR),
 University of Dundee, UK

Background

Many people think social reporting is new. Not so. In one form or another it has been around for decades (see Table 1 below). But interest in the area has waxed and waned over the years, reaching a peak in the 1970s, then giving way in the 1980s and early 1990s to environmental reporting. A resurgence is well under way, however, and most commentators and practitioners argue that this time, social and ethical accounting, auditing and reporting are here to stay.

Areas of Diversity

Anyone looking at social reports for the first time may have problems finding many similarities between them. There is common ground, but practitioners in SEAR inevitably approach the subject from different angles — as indicated in Appendix 1 (p20). Below we explore four ways in which such reports can differ.

Philanthropy vs Social Value Added

Many companies bring out community reports which are little more than a description of their philanthropic activities. Although this is a form of social reporting (and communities are indeed an important stakeholder group), there is a stark and growing differentiation between those companies that see the strategic business value of their social activities, and those who treat these as an 'add on'. Companies like **Tata Iron and Steel**, **United Utilities**, **Diageo** and **British Petroleum** go to great lengths to measure, evaluate and benchmark their social activities, viewing their standing in the community as key to their future business potential.

Ethical vs Social

Some experts, like Sheena Carmichael of **Ethos**, argue that getting the internal ethics of an organisation straight has to be the main priority. Everything else, she believes, will follow, including reporting. Others advocate a broader approach, in which stakeholders are widely consulted. This is typical, for example, of **NEF's** methodology, adopted by **The Body Shop** and **VanCity Credit Union**.

Table 1

Selected landmarks in social reporting

1940s	→ 1950s	→ 1960s	→
<p>USA Theodore J. Kreps uses the term social audit for the first time in relation to companies reporting on their social responsibilities.⁴</p>	<p>USA Howard Bowen argues companies should better understand their social impact, using the information as an internal management tool.⁵</p>	<p>UK George Goyder proposes that social auditing can act as both a useful management tool and offer stakeholders a platform for challenging and influencing companies.⁶</p> <p>USA Milton Moskowicz starts publishing <i>Business in Society</i> newsletter in 1968.</p>	

⁴ Simon Zadek, Peter Pruzan and Richard Evans, *Building Corporate Accountability*, 1997, pp16-17.

⁵ Ibid.

⁶ Ibid.

⁷ Rob Gray, Dave Owen and Carol Adams, *Accounting and Accountability*, 1996, p102.

⁸ John Elkington and Helen Stibbard, *Socially Challenged in Tomorrow Magazine*, March-April 1997.



Engaging Stakeholders

Peter Pruzan

Copenhagen Business School

Company Voice vs Stakeholders' Voices

There is a school of thought, supported by Professor Rob Gray at the **Centre for Social and Environmental Accounting Research (CSEAR)**, that social accounting can be modelled on conventional accounting thinking — in which the sole reporting entity is the company itself. Most of us are familiar with the financial accounts laid out in company annual reports, but few are probably aware that, in the UK at least, annual reports are required by law to include social information on, amongst other things: charitable donations, pension fund adequacy, employment data and employee share ownership schemes.

Gray calls this type of disclosure 'silent accounting', and believes that the practice could form a template for truly benchmarkable corporate social reporting. This approach, however, is very different from that adopted by the **NEF**, which tends to combine internal and external participant inputs, focusing on the 'voices' of stakeholders, rather than that of the company.

Verified vs Unverified

There is also some disagreement about external verification. In the traditionally 'high trust' countries of Scandinavia, there is often little or no perceived social need for a third party to verify reports or the methodologies used. The assumption is that an organisation will be honest. Thus the *Ethical Accounts* produced by Denmark's **Sbn** bank are not externally verified. In the Anglo-Saxon context, by contrast, the scepticism of readers means that many consider an unverified report to be little more than a PR document. As a result, there is a growing trend towards third-party verification.

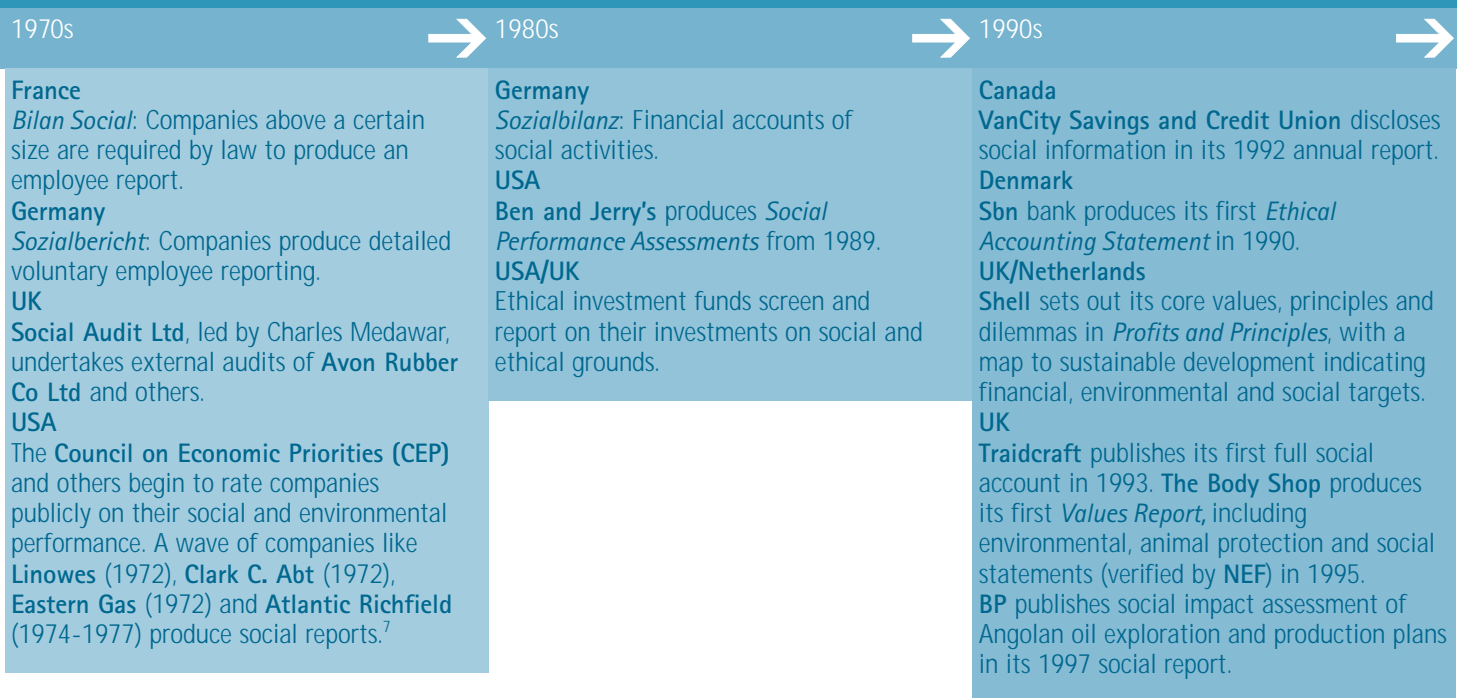
We should not over-stress the areas of divergence, however. Indeed, Professor Peter Pruzan of the **Copenhagen Business School**, a pioneer in 'ethical accounting' in Scandinavia, is distinctly upbeat. He notes that there is "a strong convergence in terminology, methodology and practice."⁸ And **ISEA**, in which many of the key actors are now involved, is tackling the task of drawing together mainstream approaches to **SEAAR**.

of ethical accounting?

- 1 Based on stakeholder engagement, the shared values that the organisation has agreed with its stakeholders to follow are developed.
- 2 This code of values is formulated into a series of statements, which serve as the basis for a questionnaire designed to determine how well the organisation promotes the shared values.
- 3 The stakeholders' responses to the questionnaire are interpreted and presented, together with management's report, as the ethical accounting statement.
- 4 Action plans (the 'ethical budget') are generated, based on stakeholder dialogue as to the results presented in the ethical accounting statement.
- 5 Steps 3–4 are repeated at regular intervals; steps 1–2 are modified at less frequent intervals.

Professor Peter Pruzan
Copenhagen Business School, Denmark

Selected landmarks in social reporting





Engaging Stakeholders Patrice van Riemsdijk ISEA

Hot topics

How useful is verification?

From the corporate perspective, it is becoming very important — because corporations need increased legitimacy, assurance and transparency. But it will only be useful if the verification process is different from the environmental and financial models. Social reporting needs both quantitative and qualitative elements. Here are two possible steps that can help in this direction:

- 1 Involve the verifiers throughout, so they understand the decision-making process.
- 2 Consider using a group of distinguished individuals, with no direct interest in serving the company, to undertake the verification.

Patrice van Riemsdijk

Council Member, Institute of Social and Ethical Accountability, The Netherlands

Talk to people in the field of social accounting, and it's a bit like poking a stick into a wasps' nest. A swarm of issues buzz around your head. Here are ten questions that just wouldn't go away when we were working on *The Social Reporting Report*:

1 Is this a fad — or is it the future?

Despite the recent growth in social reporting, a long recession — or a political swing to the right — could turn back the clock. Janet Ranganathan from the **World Resources Institute** is among the optimists, however:

“The pressure for social reporting is much more diverse than in the 1970s, when it typically focused on labour issues in a firm's home country. Now, multinational companies are finding that their overseas operations and upstream activities take place in a global fish bowl, with NGOs becoming adept at collecting and disseminating information to corporate stakeholders around the globe. Firms are waking up to the fact that it is in their self-interest to secure a ‘social licence to operate’ by communicating the social value of their operations and activities. As many companies have learned the hard way, such ‘social contracts’ can be more reliable than legal contracts in many emerging markets.”

2 Is there really a business case?

Yes, but it is still evolving. The global retreat of government, despite the efforts of politicians to preserve their power, will mean that a growing range of social responsibilities will cascade into corporate laps. Companies currently lobby for de-regulation, but may soon find themselves having to call for re-regulation and new forms of global governance, to spread the social load. Meanwhile, companies will feel the need to account for their expenditures in the social area. Reporting will help communicate their priorities and investments to a wider world — and, potentially, moderate demands for unsustainable levels of corporate social expenditure.

3 What is the link with sustainable development?

Sustainable development will be most likely — and will be achieved at the lowest overall cost to the economy — in societies enjoying the highest levels of trust and other forms of ‘social capital’.¹¹ Broadly, social reporting can bring clarity to the ways in which social capital is created, conserved, effectively invested or eroded in any given society.

4 How to select the best approach?

Some companies will opt for approaches required by governments. Others will use methods proposed by NGOs, research institutes or consultants. Others still will evolve their own methods, drawing on current best practice. Next come decisions on what to measure and which indicators to use. With environmental management systems, companies decide on their own ‘significant environmental effects’ or ‘aspects’ and report against these.

While some argue that significant social effects can be identified in this way, others advocate a stakeholder-led approach, with an organisation's stakeholders highlighting areas they think should be measured. The key challenge: to select indicators that are easy to understand, yet sophisticated enough to communicate the complexity which characterises social relationships.

5 Who should we target?

The stakeholders of an organisation are all those people, or groups, affected by — or who can affect — the activities of that organisation. Since most organisations have many stakeholders, it is rarely practical to consult all of them. Most organisations choose to prioritise, especially in the first year of the audit. On pages 12–17, we consider five ‘core’ stakeholder groups.



Engaging Stakeholders Charles Medawar

6 Is verification useful?

Just as verified environmental reports carry more weight, so it will become increasingly common for social reports to be verified. But the quality of the verifiers themselves will be challenged. Although ISEA is working hard to develop methods of accrediting social auditors and verifiers, some question whether everyone will be equally effective. For example, NGOs challenge commercial auditors from the major accounting firms, arguing that they may find it hard to contest the scope of an audit, even if they can handle other parts of the process.

7 What are the implications for corporate environmental reporting?

In social reporting, the environment is often considered to be a 'stakeholder' like any other. So will social reports replace environmental reports, simply including some environmental data? No. Instead, here are some clues to the future. NEF has developed a set of assessment criteria for social reports called the 'Quality Scoring Framework'. Building on the SustainAbility/UNEP environmental reporting criteria and '5-stage model', the 'Five Stage Ladder' of social reporting will help benchmark future social reports. As far as integrated triple bottom line reporting is concerned, The Centre for Tomorrow's Company proposes a new format for company annual reports.⁹ The CERES Global Reporting Initiative (GRI) aims to integrate the three dimensions of sustainability reporting. The 1999 SustainAbility/UNEP benchmark survey will focus on sustainability or 'triple bottom line' reporting.

8 Is this a Trojan Horse?

A real worry for some companies, particularly those based in the USA. They fear that sustainable development and social reporting potentially represent Trojan Horses — through which socialism (or even communism) might be wheeled in through the back door. Anything is possible in human affairs, but it is far more likely that social reporting — or the social dimension of sustainability reporting — will provide business with channels to re-engage key stakeholders.

9 Will social reporting become mandatory?

In some parts of the world, yes. France already has a legal requirement for companies with over 300 employees to produce a *Bilan Social*, and it looks as if Brazil will be following suit. But elsewhere this is going to remain an uphill struggle. Some argue that companies' actual accountability has developed only marginally because environmental and social reporting are voluntary, allowing a majority of 'free riders' to benefit from the efforts of a few pioneers.¹⁰ In any event, further experimentation is desirable. Mandatory reporting might help tackle the free rider problem, but the 'one size fits all' approach could result in 'lowest common denominator' reports.

10 What is the corporate governance agenda?

Even in the long-industrialised countries, the social accountability agenda is still evolving. In the newly industrialised or industrialising countries, it is embryonic at best. So the development of appropriate corporate governance frameworks and institutions which set parameters for acceptable corporate behaviour is crucial, both nationally and internationally. A key question: will organisations like the ICC and WBCSD spot this as an opportunity space and mobilise their corporate members to lobby for sensible change, or will it have to be forced upon them?

You were an early pioneer in social auditing and reporting: has it all been downhill since?

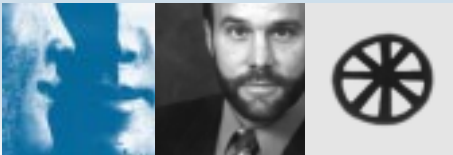
No, but neither do I think it has pursued a clearly viable path over the past 20 years. The notion that companies need to account to stakeholders other than shareholders has gained ground, true, and that is important. But the gloss put on much of the information presented and the lack of independent attestation have rather derailed the notion of social auditing we originally had in mind. The original idea was that companies should closely examine their impact on the community and present some account of what they did and where they hoped to go — and that this account would then be verified externally.

Charles Medawar
Director, Social Audit, UK.

⁹ Alan Benjamin, *Prototype plc: Core Company Report 31 December 2000* The Centre for Tomorrow's Company, UK, 1998.

¹⁰ See *The Non-Reporters Report* SustainAbility and UNEP, September 1998.

¹¹ John Elkington, *Cannibals with Forks: the triple bottom line of 21st century business* Capstone, 1997, p85.

Engaging
StakeholdersEdward
GoodellSocial
Venture
Network

Stakeholder approaches to social reporting

What's still missing?

Business managers need more examples of how coupling high quality social information with a framework for continuous improvement can improve business decisions and positively affect a company's social and financial performance.

Edward Goodell

Project Director, Social Venture Network, USA

Most fully fledged social reports address the interests of many of their key stakeholders simultaneously. On the other hand, some approaches focus on just one stakeholder.

In the following section, we look at five core stakeholder groups – employees, communities, suppliers, clients/customers and investors – drawing out why social reporting is important for that group, the indicators which are most commonly reported against and the ways in which the information is reported.

Each section also includes a 'spotlight' on the activities of a company in active dialogue with that stakeholder group.

Employees



Engaging
Stakeholders

Franz
Netta

Bertelsmann

Why?

Time and again, organisations putting together social reports stress that the real value to their company had been in the process of auditing, rather than in the existence of the final product, or audit report. Ethical auditing, explains Sheena Carmichael of the UK consultancy **Ethos**, “is crucially about the values of a company and how they are implemented first internally, then externally. Change always comes from within — get things right internally,” she argues, “then these basic values will expand outwardly to the relationship between the company and its stakeholders.”¹² In other words, the most crucial stakeholders of all in the SEAAR process are employees.

What?

It is no surprise that most companies producing full-blooded social reports talk in some detail about employees. Typically, areas covered include gender and ethnic ratios, pay rates, benefits, holidays, training and qualitative comments about various aspects of job satisfaction.

How?

Social reports like **The Body Shop's** 1997 *Values Report* and the **Co-operative Bank's** 1997 *Partnership Report* include detailed qualitative and quantitative sections on employment issues, in which employees' views are highlighted. By contrast, Italy's **UNIPOL Assicurazioni's** 1995 *Rapporto Sociale* is more objective in tone, concentrating on quantitative employment data.

Investors in People (IIP)

‘Getting things right internally’ may not necessarily mean developing a report for public consumption. In the UK, the prestigious **IIP** standard requires companies to develop rolling staff training programmes and demonstrate to assessors how they relate to business strategy. The report is not published publicly, but the **IIP** award is usually enough to convince most people that this is a company which takes its staff and their potential at work seriously.

Sozialbericht and *Sozialbilanz*

Like the *Bilan Social* (see ‘spotlight’ below), the German *Sozialbericht* grew out of labour concerns stemming from strike action in the 1960s and 1970s.

Despite its declining popularity, some companies are still committed to *Sozialbericht*, and some of the documents make impressive reading. **ABB Switzerland** and the communications giant **Bertelsmann** (see Sound Bite) produce comprehensive reports, while **Saarbergwerke**, the mining company, publishes a *Sozialbilanz* — which includes a financial analysis of funds spent on employees, society and the environment and national, state and local governments (i.e. taxes and other contributions).

Are these reports credible? The answer is yes — each carries a wealth of factual and qualitative data and, although not verified, includes a statement from either a trade union member or an elected employee representative.

Spotlight on Renault, France

In common with all French companies with over 300 employees, Renault is required by law to produce an annual *Bilan Social*, an employee report which includes information under a variety of category headings, including:

- Gender/age
- Levels of remuneration
- Hygiene and security
- Hours of work
- Noise and night work
- Staff development and training
- Indications of internal social climate
- Initiatives such as employer subsidies to staff facilities.

The resulting quantitative and financial report is factual and detailed, and is used internally to benchmark progress over time. Prepared for employees, shareholders and government inspectors (who check the data), the *Bilan Social* is not intended for the general public, although some companies like Renault will make them available on request.

Will you continue to report, even though the majority of German companies do not?

Sure we will. As a media company, we feel we have specific responsibilities internally and externally — and we also believe that our partnership concept is the core reason for our success. Reporting is part of the necessary self-regulating system.

Dr Franz Netta

Vice-President, Human Resources, Bertelsmann, Germany

¹² John Elkington and Helen Stibbard, *Socially Challenged in Tomorrow Magazine*, March-April 1997



Engaging Stakeholders Stephen Viederman Jessie Smith Noyes Foundation

What's going on in this area?

Industry in general can be said to be making a 'controlled' effort towards greater transparency — but the perception may be greater than the reality, and this is a concern for many grass roots organisations. Is there ever a question put as to what the community wants to know? How do you integrate their opinions? Are they consulted — and part of the design process?

Stephen Viederman

President, Jessie Smith Noyes Foundation, USA



Engaging Stakeholders David Logan Corporate Citizenship Company

Are companies converging in terms of what they report?

The age of reports full of pretty pictures of children holding bunnies is over. What we are seeing now is a much more systematic analysis of corporate community involvement. This approach is being driven by a better understanding of both the needs of stakeholders and the needs of the company to better articulate what they are doing, how they are doing it and why they are doing it. Standards are emerging, but that should not mean an end to experimentation.

David Logan

Director, Corporate Citizenship Company,, UK

Communities

Why?

For many years, corporate community involvement (CCI) was regarded as essentially a charitable activity, operating in the margins of mainstream business life. Perhaps it is worth pointing out, however, that the CCI concept is predominantly Anglo-Saxon. On the European continent, where the state is more active than in the UK or the USA, many companies emphasise that their most important role in social cohesion is as the providers of employment. And in smaller countries, like Denmark, companies are often viewed as an integral part of society, rather than as separate entities.

Increasingly, however, leading companies are recognising that it is smart to track, measure, benchmark and report on their community activities — for some, or all, of the following reasons:

- 1 Companies need to know how much they are spending, what they are spending it on, and with what results.
- 2 A 1997 MORI survey in the UK revealed that 81% of people feel that knowing about a company's activities in society and the community is important when judging that company.¹³
- 3 Tracking and reporting on community projects gives the recipients of funding a chance to give feedback, and to suggest ways to improve on projects in the future.

What?

There are still many companies that talk warmly but vaguely about community activities in their PR literature, but some business leaders are helping to set new standards for quantitative and qualitative measurement and reporting. In the UK, for example, the members of the **London Benchmarking Group** have devised an increasingly accepted framework for classifying CCI activities. The aim is to help companies account for the inputs they make to society — over and above cash donations.

How?

There are many approaches to reporting on CCI. Most companies still choose their own path, but increasingly we are seeing the emergence of recognised — if still embryonic — frameworks for the gathering and disclosure of information.

So which reporting models make the link to 'mainstream' business activities? One model is proposed by the **European Foundation for Quality Management (EFQM)**. Their 'model for business excellence' places the 'Impact on Society' category in the context of Leadership, People Management, Policy and Strategy, Resources, Processes, Customer Satisfaction, People Satisfaction and Business Results. **British Telecommunications (BT)** has used this approach with great success, and **Business in the Community's Principles of Corporate Community Investment** are closely aligned to the EFQM model.

And which types of CCI reporting aid comparison between companies? The main answer here is the **London Benchmarking Group**, a group of 18 companies, which has developed a model to classify the value and leverage of corporate contributions to the community, permitting comparisons between companies.

Spotlight on Tata Iron and Steel, India

Tata Iron and Steel, one of India's leading companies, is known throughout the country for its visionary social welfare programme, spanning almost 100 years. The company has a long commitment to social auditing and reporting. In 1979, the then chairman invited an audit committee to report on "whether, and the extent to which the company has fulfilled the objectives . . . regarding the social and moral responsibilities to consumers, employees, shareholders society and the local community."¹⁴ A second and more detailed audit was commissioned in 1990. The audit committee made an assessment of the company's Community Development Schemes and of the work done by the Tata Steel Rural Development Society and the Tata Relief Centre. Contributions to schools, hospitals and sports activities were also discussed.

¹³ MORI annual Corporate Social Responsibility study, 1997

¹⁴ S. R. Subbaraman, *6th Environment Foundation Consultation on Corporate Social and Ethical Accounting, Auditing and Reporting: Summary of Proceedings*, April 1997.

Suppliers



Engaging
Stakeholders

Eileen
Kaufman

CEPAA

Why?

Supply chains are increasingly in the spotlight. Consumer concerns, fuelled by media stories about poor labour standards associated with well known brands like **Nike** and **Reebok**, are forcing companies to look again at their supplier relationships. Traditionally, global outsourcing has enabled companies to order products from overseas manufacturers without ownership of – or involvement in – the running of these factories. And the trend is becoming even more prevalent as many large companies are centralised and downsized, so that managers often simply don't know what subcontractors are doing.

Business has responded to consumer concerns with codes of conduct, but it has been hard to tell to what extent these written commitments are backed up by action. Simultaneously, the NGO community has been working in partnership with industry to develop initiatives such as the **Clean Clothes Campaign** in Europe and the **Apparel Industry Partnership** in the United States. In the UK, the government backed **Ethical Trading Initiative (ETI)** is a coalition of NGOs, companies and trades unions which aims to develop a shared approach and a set of tools to improve the working lives of people worldwide.

Meanwhile in the United States, the **Council on Economic Priorities Accreditation Agency (CEPAA)** has worked with an international group of business, NGOs and other professional certification organisations to produce a standard, SA 8000, which can be audited (see column on far right).

What?

While companies with mainly Northern suppliers may address in their codes of conduct such issues as the number of products bought locally, the length of supplier relationships and payment on time, those with Southern suppliers usually face additional concerns such as freedom of association, child labour and working hours. These have been highlighted in agreements such as the **UN Declaration of Human Rights** and the **Convention on the Rights of the Child**.

How?

Finding the best way to communicate about decent labour conditions is proving tricky. The American **Apparel Industry Partnership** plans to allow companies which adhere to its code and undergo external verification to sew a 'No Sweat' label onto their clothes. On the other hand, SA 8000 is systems-based and site-specific standard, and companies may not communicate their certification on individual products. Certified factories will be posted on the internet. Meanwhile, at the **ETI** the jury is still out in terms of the best way forward on communication. But Raj Thamotheram, **ETI's** manager, expects that companies will report to the **ETI** on their progress on policy, process and corrective action. How much of this reporting will be available to the public is still up for discussion.

Spotlight on Traidcraft, UK

Traidcraft plc was the first business in the UK to develop voluntary social accounts and to publish independently audited social reports. It was set up in the UK in 1979 with the aim of paying fair prices to producers in the South, and to give them access to affluent consumers in the North.

Traidcraft works with its suppliers to develop performance indicators and targets to which all parties can work. All stakeholders agree that the most important ethical aim is to pay a fair price for the products. But the excellent 1997 Social Accounts provide much richer information, including Traidcraft's progress on:

- 1 Increasing the percentage of 'Third World-sourced' products.
- 2 Providing financial advances to suppliers.
- 3 Developing long term business relationships with suppliers.

What's more, suppliers are encouraged to voice their opinions through questionnaires and general comments, also published in the accounts.

What is SA 8000?

Launched by CEPAA in 1997, SA 8000 is a third party social accountability code which can be applied internationally across all sectors to evaluate whether companies are complying with basic standards of labour and human rights practices. Any organisation can be accredited to perform certification to SA 8000.

Who is taking up SA 8000?

Avon plans to have all 20 factories which it owns certified to SA 8000, having already certified its factory in New York State. Toys'R'Us has a roll-out plan to establish how close its suppliers are to SA 8000. Otto Versand is also on board, and there is a backlog of interest from a range of factories in China.

Which stakeholders are consulted in the auditing process?

Auditors consult trade unions, workers and local NGOs. Groups living near to a factory will have the right to appeal an SA 8000 award if they disagree.

Eileen Kaufman

Executive Director, Council on Economic Priorities Accreditation Agency, USA



Engaging Stakeholders Paul Pellizzari EthicScan

Do you see much progress?

Both consumers and companies are much more sophisticated now. They are thinking longer term as new tools, new ideas and new vocabulary circulate. Also, consumers are more literate about corporate social responsibility. They know they have to look at a whole picture of a the company's performance, rather than just focusing on one issue such as child labour or dolphin-free tuna.

Paul Pellizzari

Senior Research Associate,
EthicScan, Canada

Clients/Customers

Why?

Waves of 'green consumers', 'ethical consumers' and even 'vigilante consumers' have demonstrated that it is no longer enough for high profile companies to claim that they are environmentally, socially and ethically aware — they may be called upon to prove it.

But like all forms of reporting, information needs usually operate in two directions. Not only do customers want information about companies and their products, but increasingly businesses are also seeing the benefit of exploring customer perceptions so that they can build long term relationships based on trust and shared values.

Not-for-profit organisations, like the UK's **Black Country Housing Association**, often place a strong emphasis on relationships with their clients. Alison Pilling, social auditor with **NEF**, explains: "Housing associations have always focused primarily on their clients because they have a mission to provide quality housing and service to their tenants."

What?

Since the US **Council on Economic Priorities'** pioneering work on disclosing company information in the early 1970s, others have joined the fray, including **EthicScan** in Canada and **Ethical Consumer** in the UK. **EthicScan's** recent book *Shopping with a Conscience* takes 114 major Canadian corporations and gives information on a range of issues from gender and family issues to sourcing and trading practices.

The kinds of information gained in the SEAR process by companies about their customers and their views depend very much on the type of organisation involved. A bank like the **Sbn** bank in Denmark asks customers to evaluate the organisation on issues ranging from the speed and friendliness of the service to whether or not the bank expresses its opinion on important local and societal matters.

In Italy, meanwhile, the **Consumer Co-operative** sees its social balance as an important communication instrument which informs members, consumers and other stakeholders about the extent to which the organisation is performing against its mission. The **Co-op** also uses its report to encourage stakeholders to participate in its social and environmental initiatives.

How?

Organisations, among them **EthicScan**, which disclose information about companies' practices, typically use a rigorous and lengthy research process to gather their data. The information collected is normally sent to the company in question, to give them a chance to verify, add information or query findings.

Companies seeking information about their customers' views use a variety of methods to collect this qualitative and quantitative data, including roundtables, focus groups, questionnaires and telephone interviews.

Spotlight on The Body Shop, UK

Until 1992, The Body Shop conducted almost no market research to explore customer opinions on the company, its stores or its products. But customer research for the 1995 and 1997 Values Reports offered the company a welcome opportunity to fully integrate values-based questions about how customers consider it performs against its mission statement with business-focused questions about the quality of products.

Maria Silanpää, team leader of the company's ethical audit group, highlights three benefits of this integrated approach to customer research:

- 1 It enhances credibility and buy-in to the social audit process from key internal decision makers.
- 2 It transmits integrated values/business agenda deep inside the business.
- 3 It also takes this agenda to customers, demonstrating that The Body Shop is serious about both the quality of its products as well as its message.

Investors

Why?

Investors count. They wield huge potential influence over the fortunes of publicly quoted companies. Unfortunately, many pursue short-term profits at the expense of sustainability. As Dee Hock, **Visa** founder and president put it: "Institutions that operate so as to capitalise all gain in the interests of a few, while socialising all loss to the detriment of many, are ethically, socially and operationally unsound. Yet that is precisely what far too many corporations demand and far too many societies tolerate. It must change."¹⁵

There are two main reasons to report social information to current or potential investors. First, growing numbers of investors want to 'win without sin'. They require information about a company's social, ethical and environmental performance. Second, once they have bought shares, such investors are increasingly interested in receiving more information about its activities than is available in the annual report.

What?

Supply is responding to demand. Funds which set specific social, ethical or environmental criteria for investment are growing rapidly, both in number and value. According to the **US Social Investment Forum**, more than \$1 trillion are held in socially and environmentally responsible portfolios under professional management in the USA. Although growing fast in Europe, the figure under ethical management is substantially less here.

The **Domini Social Equity Fund (DSEF)** was the first socially responsible index fund in the USA. The **DSEF** practices positive discrimination, investing in companies demonstrating corporate citizenship, gender and ethnic diversity, good employee relations, a respect for the environment, an equitable approach to suppliers in less developed countries, and safe and useful products.

While such funds aim to address the information needs of potential investors, more must be done to fill the information gap for company boards, individual shareholders and financial markets.

The **UK Centre for Tomorrow's Company** argues that current annual reports are backward-looking and fail to fulfil their full potential. The Centre suggests the core annual report should cover the following:

- 1 what the company is for (purpose).
- 2 what the company stands for (values).
- 3 where success comes from (success model).
- 4 comparison with past performance and with forecast.
- 5 comparison with other companies, where relevant.
- 6 how indicators used are verified.¹⁶

How?

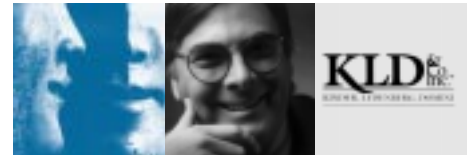
Companies can report their social policies, targets and performance to investors in many ways. They can be proactive, using press releases, annual reports, quarterly reports, or briefings. Or they can respond to external pressures, including shareholder resolutions. The key thing, however, is to avoid unpleasant surprises. Explain risks as they evolve. Explain, too, how programmes and expenditures will convert into longer term shareholder value.

Spotlight on VanCity, Canada

Vancouver City Savings & Credit Union, known locally as VanCity, is Canada's largest credit union. It has over C\$4 billion in assets and nearly 240,000 members or customers. Competing with banks, it provides a complete range of financial products and services.

VanCity has been working to improve the depth and credibility of its non-financial reporting since 1992. In October 1998 it published its first stand-alone, externally verified social report, relating to the year 1997.

Taking a stakeholder approach, the report charts VanCity's progress against its policies and principles, highlights key indicators for each stakeholder group and outlines its future commitments. Wherever possible, the report also benchmarks VanCity's activities against those of other Canadian credit unions and banks.



Engaging Stakeholders

Peter Kinder

Kinder, Lydenberg, Domini & Co

So what is socially responsible investing?

At its heart are four basic questions:

- 1 What kinds of companies do we wish to support?
- 2 What kinds of corporate culture do we wish to encourage?
- 3 What kind of economy do we wish to build?
- 4 What kinds of communities do we wish to shape via the economy?

Peter Kinder

President, Kinder, Lydenberg, Domini & Co, USA



Engaging Stakeholders

Mark Goyder

Centre for Tomorrow's Company

Are investors taking a greater interest in social reporting?

There is a small elite group of investors who already understand the links between social reporting and risk. In the future many more will understand the links with opportunity. Most investors will tell you they are looking for quality leadership — a leader who has active dialogue with all stakeholders, and is therefore more aware of opportunities and risks. What they are talking about is very much in line with the inclusive approach to business.

Mark Goyder

Director, Centre for Tomorrow's Company, UK.

¹⁵ Personal communication to Stephen Viederman, President, Jessie Smith Noyes Foundation, January 13 1998.

¹⁶ *Sooner, Sharper, Simpler— A lean vision of an inclusive Annual Report*, The Centre for Tomorrow's Company, 1998.

The future agenda



“SAB’s formal commercial equity programme is placing an ever-increasing proportion of company business with organisations of all sizes, owned and controlled by people from historically disadvantaged backgrounds, thus generating real empowerment through wealth creation.”

South African Breweries
Corporate Citizenship Review, 1998 p24

We are at a watershed in business accountability and governance. It will require huge investments of time and energy in culture change – related to corporate cultures, economic cultures and political cultures. There is also growing recognition that culture counts – and that business and political leaders can influence how cultures evolve, positioning their companies or countries for sustained competitive advantage.¹⁷

It is in this context – and spurred by growing interest in human, institutional, intellectual and social forms of capital – that the SEAAR agenda will evolve in the early years of the 21st century. This emerging agenda for business will require six minimum actions by firms, companies and corporations.

1 Build the business case

If you are determined to address the social bottom line, hopefully as part of an integrated approach to the triple bottom line, you will need to build a strong business case.

Think early on about institutional barriers, cost and budgets. Pioneering SEAAR companies report costs ranging from C\$100,000 (**VanCity**) through US\$750,000 (**The Body Shop**)¹⁸ per cycle. In the case of companies the size of **BP** or **Shell**, however, the costs can be significantly greater when international verification processes are taken into account.

In preparing the business case, avoid the social accounting jargon. Talk in terms of management tools, and link your thinking to your existing management systems.

Action Points

Take it step by step. Think about integrating your social reporting efforts with familiar management tools such as the **European Foundation for Quality Management (EFQM)** Business Excellence model (eg **BT**, UK) or the **Balanced Scorecard** (eg **Origin**, The Netherlands). **SA 8000**, too, is built on a quality management platform.

2 Spotlight financial risks and opportunities

In preparing your business case, include the financial risks linked to key aspects of your organisation’s actual or perceived performance against the social bottom line. Among the risks which may surface are: alienated stakeholders; a damaged reputation; an impaired or lost licence to operate; and disillusioned financial analysts and shareholders.

At the same time, ponder potential business opportunities in this area. These might include: better employee morale; greater community tolerance for any occasional mistakes; more loyal customers; and new contracts and business relationships.

Leading business groups like **The Prince of Wales Business Leaders Forum** are beginning to call on their members and other companies to simultaneously consider both shareholder value added (SVA) and societal value added.¹⁹ They dub the combination of the two SVA².

Action Points

Think corporate strategy and competitive advantage. Work out how to link sound performance against emerging stakeholder expectations with improved shareholder value.

3 Understand the changing role of governments

There are some world regions where government is weak or virtually non-existent. The SEAAR approach will be almost impossible in such places. But even in South Africa, where the government is struggling, we see some very interesting company reports, including the *Corporate Citizenship Review* by **South African Breweries**. Business, in short, is having to fill something of an accountability vacuum.

¹⁷ Rob Goffee and Gareth Jones
The Character of a Corporation
Harper Collins Business, 1998.

¹⁸ Kim Davenport, Conference paper for
Standards for the New Millennium,
Vancouver, October 1998.

¹⁹ Jane Nelson, *Building Competitiveness
and Communities: How world class
companies are creating shareholder value
and societal value*, Prince of Wales
Business Leaders Forum, World Bank and
United Nations Development Programme,
1998.

Even where there are strong governments, their role is changing. Many business organisations and corporations are still lobbying for de-regulation. One unintended effect of this will be that more responsibilities and burdens will tend to cascade towards business. And this trend, in turn, will drive the business community to consider lobbying for re-regulation and new forms of international governance.

Action Points

Get ahead of the curve. Join and participate in organisations lobbying for constructive changes in governance systems. When planning stakeholder processes, include appropriate representatives of local and national government — and of international government organisations.

4 Focus on benchmarkability — and benchmark

The SEAAR agenda may be evolving rapidly, but some early pioneers are not impressed by what they see. “Too much of what is emerging is very poor,” comments Professor Rob Gray of **CSEAR**. “One problem is an over-reliance on stakeholder consultation. If this takes the form of genuinely open dialogue, through which stakeholders receive accountability and control, then that is very useful. But when it’s a case of a company *managing* its stakeholders, then that has nothing to do with accountability.”

Recognise this scepticism and ensure your reporting and stakeholder dialogue processes genuinely enable the outside world to measure and influence your performance against the social bottom line.

Action Points

Ensure that the indicators and metrics in your social reporting are appropriate and benchmarkable. And consider including benchmark survey information.

5 Don't fall into the local/global divide

Globalisation will continue, despite current difficulties in countries like Indonesia, Malaysia, Thailand and Russia. But there will be political environments in which social reporting may not work.

For example, in countries: where there are gross abuses of human rights or civil insecurity (eg Myanmar, Rwanda, Sri Lanka); where there is endemic corruption (eg Nigeria, Russia); or where transparency is seen as a negative virtue (eg Japan).²⁰

Recognise the differences between emerging global standards and local values and expectations. There is a chasm here into which a number of companies — among them **Shell**, **Nike** and **Monsanto** — have already fallen.

As Ann Leikersfeldt, Director of Compensation and Labour Relations at **Novo Nordisk**, points out, there are “huge difficulties facing companies who want global operating standards, but for whom local social indicators are very important. For example, human rights concerns are very different in South Africa, China and Denmark.”

Action Points

Develop and communicate the basic principles which guide your actions globally. Understand and address the gaps between global and local standards and expectations, but go for the highest common denominator.

6 Ensure that you are coherent

The 1990s have seen a series of companies trip over one or more bottom lines. As recession bites and competition intensifies, expect growing pressure to downgrade the importance of social and environmental priorities. But these same trends will also intensify social pressures on capitalism in general and on exposed corporations in particular.

New sectors are coming under pressure, among them gambling. The Australian industry is under fire. And the UK the lottery company **Camelot** will spend £250,000 on a social audit to restore its reputation before bidding for a new licence.²¹

Pioneering companies continue to push the envelope. **Shell's** Social Accountability Team is developing a series of annual reports beyond its pathfinding 1998 *Profits & Principles* report. And **Novo Nordisk** is working on a bio-ethics review, with a *Values in Action* report due in 2000. But a key challenge will be to integrate financial, social, ethical and environmental accounting, auditing and reporting.

One suggested approach can be found in *Prototype plc*, produced by **The Centre for Tomorrow's Company**. **SustainAbility** will also focus on this area in two ongoing programmes: the 1999 *Benchmark Survey* for **UNEP**, which will evaluate how far companies have moved towards triple bottom line reporting; and *Project Trimaran*, also developed in partnership with **UNEP**, which aims to observe company boards as they trade off triple bottom line priorities in ‘real time’.

Action Points

Don't leave the social bottom line to the public affairs department or unit. Think integration. Ensure that all the necessary departments and units are involved at an early stage. Involve the board early on, and keep key directors and financial institutions briefed.

²⁰ We are grateful to Simon Zadek of the New Economics Foundation for this insight.

²¹ *The Guardian*, 22 September 1998.

Appendix 1

Approaches to social reporting

Adapted from Claudia Gonella, Alison Pilling and Simon Zadek with Virginia Terry, *Making Values Count: Contemporary Experience in Social and Ethical Accounting, Auditing and Reporting*, 1998.

Approach	Practising organisations	Description	
Capital Valuation	Skandia Sweden	Regularly disclosed process to understand, measure, report upon and manage various forms of capital. This could include intellectual, human, social, environmental, organisational, structural and financial capital.	
Corporate Community Involvement Reporting	Diageo (ex-Grand Metropolitan) UK British Petroleum (BP) UK British Telecommunications (BT) UK	Description, illustration and measurement of community involvement policies and activities through occasional reports. This approach may also include benchmarking against other companies.	
Ethical Accounting	Scandinavian Public Sector Sbn Bank Denmark	Regularly disclosed process which is aimed at designing future actions and is based upon shared values which stakeholders develop through ongoing public dialogue.	
Ethical Auditing	The Body Shop International UK	Regular, externally verified process to understand, measure, report on and improve an organisation's social, environmental and animal testing performance through stakeholder dialogue.	The resulting report has three separate reports: social (see 'social auditing'), environmental and animal testing.
Silent Accounting	All companies in the UK producing annual accounts	Collating/reporting of mandatory company information on: charitable donations; employment data; pension fund adequacy; employee consultation; employee share ownership	schemes; employment of disabled; contingent liabilities/provisions for health and safety or environmental remediation.
Social Auditing	VanCity Credit Union Canada Black Country Housing Assoc. UK Novo Nordisk (available in 2000) Denmark	Regular, externally verified process to understand, measure, report on and improve upon an organisation's social performance through stakeholder dialogue.	
Social Balance	All French companies with over 300 employees Co-op Italia Italy Saarbergwerke Germany	A regular reconstruction and aggregation of financial data across stakeholder groups which specifies financial costs associated with 'social activities'	

Appendix 2

Companies involved in social reporting

ABB Switzerland Switzerland T +41 (0)56 205 11 11 F +41 (0)56 205 71 71 www.abb.ch	Happy Computers UK T +44 (0)171 278 5596 F +44 (0)171 837 5456 www.happy.co.uk	Rio Tinto UK T +44 (0)171 930 2399 F +44 (0)171 930 3249 www.riotinto.com	Tata Iron and Steel India T +91 (0)657 426 992
Avon USA T +1 (0)212 282 5000 www.avon.com	IKEA Sweden T +46 (0)476 81000 F +46 (0)476 82130 www.ikea.com	Saarbergwerke Germany T +49 (0)681 405 00 F +49 (0)681 405 1052 www.saartech.de	The Body Shop International UK T +44 (0)1903 731500 F +44 (0)1903 726250 www.think-act-change.com
Ben and Jerry's USA T +1 (0)802 651 9600 F +1 (0)802 651 9643 www.benjerry.com	Kinder, Lydenberg, Domini and Co (KLD) USA T +1 (0)617 426 5270 F +1 (0)617 426 5299 www.kld.com	Sbn Bank Denmark T +45 (0)96 34 40 00 F +45 (0)96 34 45 73 www.sparnord.dk	The Co-operative Bank UK T +44 (0)161 832 3456 F +44 (0)161 829 4455 www.co-operativebank.co.uk
Bertelsmann Germany T +49 (0)5241 802 368 F +49 (0)5241 806 613 www.bertelsmann.de	Levi Strauss USA T +1 (0)415 544 6000 F +1 (0)415 544 6823 www.levi.com	Shared Earth UK T +44 (0)1904 632 896 F +44 (0)1904 654 161 www.sharedearth.co.uk	Toys 'R' Us USA T +1 (0)973 252 1488 F +1 (0)973 252 3091 www.toysrus.com
British Petroleum (BP) UK T +44 (0)171 496 4000 F +44 (0)171 496 4630 www.bp.com	Monsanto UK T +1 (0)314 694 1000 www.monsanto.com	Shell International UK T +44 (0)171 934 1234 F +44 (0)171 934 8060 www.shell.com	UNIPOL Italy T +39 (0)51 6097 111 F +39 (0)51 6437 600
British Telecom (BT) UK T +44 (0)171 356 5000 F +44 (0)171 356 5520 www.bt.com	Novo Nordisk Denmark T +45 (0)4444 8888 F +45 (0)4449 0555 www.novo.dk	Skandia Sweden T +46 (0)8 788 10 00 F +46 (0)8 788 33 00 www.skandia.se	United Utilities UK T +44 (0)1925 285000 F +44 (0)1925 285100 www.unitedutilities.com
Co-op Italia Italy T +39 (0)51 59 6111 F +39 (0)51 59 6512	Origin Netherlands T +31 (0)30 2911 911 F +31 (0)30 2949 010 www.origin-it.com	South African Breweries South Africa T +27 (0)11 407 1700 T +27 (0)11 339 1830 www.sab.co.za	VanCity Credit Union Canada T +1 (0)604 877 7000 F +1 (0)604 871 5406 www.vancity.com
Diageo UK T +44 (0)171 518 5200 F +44 (0)171 927 4600 www.diageo.com	Renault France T +33 (0)1 41 04 50 50 www.renault.com	Storebrand Norway T +47 (0)22 31 5050 F +47 (0)22 31 5300 www.storebrand.no	

Appendix 3

Organisations with an interest in SEAAR

SustainAbility
49–53 Kensington High Street
London W8 5ED
T +44 171 937 9996
F +44 171 937 7447
www.sustainability.co.uk

United Nations Environment Programme (UNEP) Industry and Environment
39–43 Quai André Citroën
75739 Paris Cedex 15
T +33 1 4437 1450
F +33 1 4437 1474
www.unepie.org

Arthur D Little
Belgium
T +44 (0)1223 392 090
F +44 (0)1223 423 373
www.camcon.co.uk

Copenhagen Business School
Denmark
T +45 (0)38 15 36 30
F +45 (0)38 15 36 35
www.cbs.dk

EthicScan Canada
Canada
T +1 (0)416 783 6776
F +1 (0)416 783 7386
www.ethicscan.on.ca

Jessie Smith Noyes Foundation
USA
+1 (0) 212 684 6577
+1 (0) 212 689 6549
www.noyes.org

Association of Chartered Certified Accountants (ACCA)
UK
T +44 (0)171 242 6855
F +44 (0)171 831 8054
www.acca.org.uk

Corporate Citizenship Company
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T +44 (0)171 945 6130
F +44 (0)171 945 6138
www.corporate-citizenship.co.uk

European Business Network for Social Cohesion (EBNSC)
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F +32 (0)2 511 05 32
www.ebnsc.org

KPMG
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+44 (0)171 311 3311
www.kpmg.com

Business for Social Responsibility (BSR)
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T +1 (0)415 537 0888
F +1 (0)415 537 0889
www.bsr.org

Corporate Citizenship Unit
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T +44 (0)1203 524 158
F +44 (0)1203 524 393
www.wbs.warwick.ac.uk

European Foundation for Quality Management (EFQM)
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T +32 (0)2 775 3511
F +32 (0)2 779 1237
www.efqm.org

London Benchmarking Group (c/o Corporate Citizenship Co)
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T +44 (0)171 945 6130
F +44 (0)171 945 6138
www.corporate-citizenship.co.uk

Business in the Community (BiC)
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T +44 (0)171 224 1600
F +44 (0)171 486 1700
www.bitc.org.uk

Council on Economic Priorities (CEP)
USA
T +1 (0)212 420 1133
F +1 (0)212 420 8988
www.2.realaudio.com/cep/home

Institute for Social and Ethical Accountability (ISEA)
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T +44 (0)171 407 7370
F +44 (0)171 407 7388
www.accountability.org.uk

New Economics Foundation (NEF)
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T +44 (0)171 407 7447
F +44 (0)171 407 6473
www.neweconomics.org

CSEAR
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T +44 (0)1382 344 789
F +44 (0)1382 224 419
www.dundee.ac.uk
/accountancy/csear

Council on Economic Priorities Accreditation Agency (CEPAA)
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T +1 (0)212 358 7697
F +1 (0)212 358 7723
www.cepaa.org

Interfaith Center on Corporate Responsibility
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T +1 (0)212 870 2294
F +1 (0)212 870 2023
E info@iccr.org

Pensions Investment Research Consultants Ltd (PIRC)
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F +44 (0)171 251 3811
www.pirc.co.uk

Centre for Tomorrow's Company
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T +44 (0)171 930 5150
F +44 (0)171 930 5155
www.tomorrowcompany.com

Domini Social Equity Fund (DSEF)
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T +1 (0)800 582 6757
F +1 (0)212 352 9222
www.domini.com

International Chamber of Commerce (ICC)
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T +33 (0)1 49 53 28 28
F +33 (0)1 49 53 29 42
www.iccwbo.org

PriceWaterhouseCoopers
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T +44 (0)171 939 3000
F +44 (0)171 403 5265
www.pwcglobal.com

Coalition for Environmentally Responsible Economies (CERES)
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T +1 (0)617 247 0700
F +1 (0)617 267 5400
www.ceres.org

Ethical Consumer
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T +44 (0)161 226 2929
F +44 (0)161 226 6277

International Labour Organization (ILO)
Switzerland
T +41 (0)22 799 61 11
F +41 (0)22 798 86 85
www.ilo.org

Prince of Wales Business Leaders Forum (PWBLF)
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T +44 (0)171 467 3600
F +44 (0)171 467 3610
www.oneworld.org/pwblf

Consumers International
UK
T +44 (0)171 226 6663
F +44 (0)171 354 0607
www.consumersinternational.org

Ethical Trading Initiative (ETI)
UK
T +44 (0)171 831 8677
F +44 (0)171 242 6440
www.ethicaltrade.org

Investor Responsibility Research Center (IIRC)
USA
T +1 (0)202 833 0700
F +1 (0)202 833 3555
www.iirc.org

Social Audit
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T +44 (0)171 586 7771
F +44 (0)171 586 7771

Appendix 4

Companies sponsoring Engaging Stakeholders

Social Venture Network (SVN) USA T +1 (0)415 561 6555 F +1 (0)415 561 6435 www.svn.org	Anglian Water UK T +44 (0)1223 547 559 F +44 (0)1223 372 166 www.anglianwater.co.uk <i>Ken Smith</i>	Danish Steel Works Denmark T +45 (0)4777 0333 F +45 (0)4772 4666 www.dansteel.dk <i>Jan Laurberg List</i>	Norsk Hydro Norway T +47 (0)22 43 2100 F +47 (0)22 43 3160 www.hydro.com <i>Ray Pallen / Kjell Øren</i>
Social Venture Network Europe (SVN Europe) UK T +44 (0)171 242 4990 F +44 (0)171 242 5010 www.svneurope.com	ASG Sweden T +46 (0)8 402 5800 F +46 (0)8 402 5860 www.asgab.com <i>Magnus Swahn</i>	DSM The Netherlands T +31 (0)45 578 7149 F +31 (0)45 578 7112 www.dsm.nl <i>Henk Slegers</i>	Novartis Switzerland T +41 (0)61 697 5344 F +41 (0)61 697 5277 www.novartis.com <i>Martin Tanner</i>
Stakeholder Alliance USA T +1 (0)202 797 0606 F +1 (0)202 265 6245 www.essential.org/capp/sa.html	Astra Sweden T +46 (0)8 553 260 00 F +46 (0)8 553 288 26 www.astra.com <i>Lars-Göran Bergquist</i>	Eastern Group UK T+44 (0)1473 553021 F+44 (0)1473 554509 www.eastern.co.uk <i>Steve Hyde</i>	Novo Nordisk Denmark T +45 (0)4442 2554 F +45 (0)4444 4039 www.novo.dk <i>Lise Kingo</i>
The Conference Board USA T +1 (0)212 759 0900 F +1 (0)212 980 7014 www.conference-board.org	BAA UK T +44 (0)1293 504854 F +44 (0)1293 504863 www.baa.co.uk <i>Kathryn Barker</i>	General Motors USA T +1 (0)313 556 2195 F +1 (0)313 974 6819 www.gm.com <i>Erin Kreis</i>	Rhône-Poulenc France T +33 (0)1 4768 1128 F +33 (0)1 4768 2915 www.rp.rpna.com <i>Jacques Salamitou</i>
Traidcraft UK T +44 (0)191 491 0591 F +44 (0)191 482 2690 www.globalnet.co.uk /traidcraft	Bayer Germany T +49 (0)214 306 6111 F +49 (0)214 306 1078 www.bayer.com <i>Dr Hanno Henkel</i>	Imperial Chemical Industries (ICI) UK T +44 (0)171 834 4444 F +44 (0)171 798 5879 www.ici.com <i>Dr Richard Robson</i>	Rohm and Haas USA / UK T +44 (0)181 774 5415 F +44 (0)181 774 5418 www.rohmhaas.com <i>Mark Long</i>
United Kingdom Social Investment Forum (UKSIF) UK T +44 (0)171 377 5907 F +44 (0)171 377 5720 www.arq.co.uk/ethicalbusiness/uksif	Bristol-Myers Squibb USA T+1 (0)315 432 2731 F+1 (0)315 432 4761 www.bms.com <i>George Nagle</i>	Intel Corporation USA www.intel.com T +1 (0)800 316 5542 F +1 (0)602 554 3556 <i>Dave Stangis</i>	Royal Dutch / Shell Group The Netherlands / UK T +31 (0)70 377 1534 F +31 (0)70 377 3797 www.shell.com <i>Michael Brandt</i>
World Business Council for Sustainable Development Switzerland T +41 (0)22 839 31 00 F +41 (0)22 839 31 31 www.wbcd.ch	British Petroleum (BP) UK T +44 (0)171 496 4041 F +44 (0)171 496 4379 www.bp.com <i>Colin Gomm</i>	Kooperativa Förbundet Sweden T +46 (0)8 743 1000 F +46 (0)8 743 1513 www.kf.se <i>Ethel Forsberg</i>	Saga Petroleum Norway T +47 (0)51 57 4000 F +47 (0)51 57 0261 www.saga.no <i>Per Muren</i>
World Resource Institute (WRI) USA T +1 (0)202 638 6300 F +1 (0)202 638 0036 www.wri.org	Broken Hill Proprietary (BHP) Australia T +61 (0)3 9609 2839 F +61 (0)3 9609 3367 www.bhp.com.au <i>Jane Cutler</i>	Neste Group Finland T +358 (0)204 504 516 F +358 (0)204 504 781 www.neste.com <i>Pekka Tuovinen</i>	Statoil Norway T +47 (0)51 99 00 00 F +47 (0)51 99 00 50 www.statoil.com <i>Paul Chaffey</i>

Engaging Stakeholders publications

To order *Engaging Stakeholders* publications, please contact:
SustainAbility
 49–53 Kensington High Street
 London W8 5ED
 T +44 (0)171 937 9996
 F +44 (0)171 937 7447
 www.sustainability.co.uk



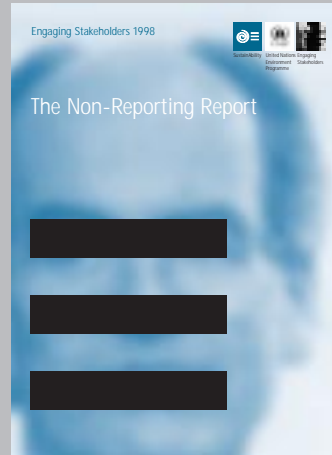
SustainAbility/UNEP
Engaging Stakeholders
The 1997 Benchmark Survey
 1997

Analyses 100 Corporate Environmental Reports (CERs) from 16 different sectors and 18 countries. The survey identifies areas of strength and weakness in company environmental reporting and highlights examples of best practice.



SustainAbility/UNEP
Engaging Stakeholders
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. The report discusses the board-level implications of stakeholder engagement and accountability.



SustainAbility/UNEP
Engaging Stakeholders
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, suggests ways forward.



SustainAbility/UNEP
Engaging Stakeholders
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?



Anglian Water



ASG



Astra



BAA



Bayer



Bristol-Myers Squibb



British Petroleum



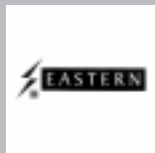
Broken Hill Proprietary



Danish Steel Works



DSM



Eastern Group



General Motors



Imperial Chemical Industries



Intel Corporation



Kooperativa Förbundet



Neste Group



Norsk Hydro



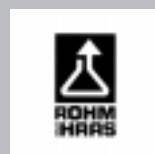
Novartis



Novo Nordisk



Rhône-Poulenc



Rohm and Haas



Royal Dutch / Shell Group



Saga Petroleum



Statoil