

# Keep the Balance Steady

Survey on the quality of sustainability reports 2007



# Table of contents

<b>1</b>	<b>Foreword</b>	<b>1</b>
<b>2</b>	<b>Summary</b>	<b>1</b>
<b>3</b>	<b>Introduction</b>	<b>5</b>
3.1	General	5
3.2	Reporting standards	5
3.3	Quality	6
3.4	Vision held by Ernst & Young	7
<b>4</b>	<b>Stakeholder management</b>	<b>8</b>
4.1	Stakeholder identification	8
4.2	Stakeholder dialogue	9
4.3	Social issues	9
4.4	Stakeholder criticisms	10
4.5	Follow-up to criticisms	10
4.6	Conclusion on stakeholder management	11
<b>5</b>	<b>Balance</b>	<b>11</b>
5.1	Relevant topics	12
5.2	Positive versus negative disclosures	12
5.3	News facts	13
5.4	Disclosures on carbon emissions	13
5.5	Conclusion on balance in reports	14
<b>6</b>	<b>Comparability</b>	<b>15</b>
6.1	Comparability over time	15
6.1.1	Vision, targets and KPIs	15
6.1.2	Developments in comparative figures	16
6.2	Comparability with other organisations	17
6.2.1	Benchmark results	17
6.2.2	Guidelines for sustainability reports	17
6.3	Reporting principles	18
6.4	Conclusion on comparability of reports	18
<b>7</b>	<b>Readability</b>	<b>19</b>
7.1	Structure	19
7.2	Added value and structure of diagrams	19
7.3	Size of the reports	20
7.4	Conclusion on readability of reports	21

<b>8</b>	<b>Reliability</b>	<b>22</b>
8.1	Use of XBRL.	22
8.2	Report verification	22
8.3	Level of assurance	22
8.4	Conclusion on reliability of reports	23
<b>9</b>	<b>Disclosure on management approach</b>	<b>24</b>
9.1	Governance structure	24
9.2	Planning & control cycle	25
9.3	Person bearing ultimate responsibility for sustainability and executive compensation	25
9.4	Conclusion on management approach	26
<b>10</b>	<b>Country comparison</b>	<b>27</b>
<b>11</b>	<b>Appendices</b>	<b>29</b>
11.1	List of selected organisations	29
11.2	Acronyms	30
11.3	Ernst & Young Climate Change and Sustainability Services	31
<b>12</b>	<b>Authors</b>	<b>32</b>

## 1 Foreword

It has become increasingly important for organisations to legitimise their position in society in these times of financial crisis. Corporate social responsibility (CSR) or sustainability continues to be a highly relevant topic. Unfortunately, it is also being suggested at present that undertaking sustainable operations during an economic decline is too costly an exercise. But investments in sustainability can result in cost cuts as well. For instance: money spent on energy-saving solutions lowers utility bills and fair working conditions help to reduce absenteeism rates. These examples of making allowance for the wishes of stakeholders show that cost savings can be achieved through sustainability initiatives.

Contrary to public belief, stakeholder value does not come at the expense of shareholder value, but rather contributes to shareholder value, particularly when the added value is viewed over a longer period of time. The current credit crunch has demonstrated that there are enormous risks attached to short-term thinking combined with a focus on shareholder value alone.

A sustainability report gives an understanding of how sustainability has been anchored in an organisation. Quality is a key word in sustainability reporting. In 2007 we conducted a survey of the quality of the sustainability reports of a number of Dutch organisations<sup>1</sup>. This quality survey of sustainability reports 2006 showed that many organisations were still looking for the right tone, the exact parameters and the appropriate quality information.

This year's survey again reviews the quality of the sustainability reports. We did, however, broaden the scope of our survey to an European level; we selected 100 sustainability reports 2007 from the *Financial Times* top 500 ranking of European companies.

Now that our survey covers Europe we are also in a position to identify differences between European countries.

## 2 Summary

Our survey focuses on the quality of sustainability reports. We assessed the quality of the reports based on six aspects, i.e. stakeholder management, balance, comparability, readability, reliability and disclosure on management approach. The group of surveyed organisations was selected from the *Financial Times* top 500 ranking of European companies.

### **Quantity matters**

This year's survey confirmed the trends seen in previous surveys. Whether prompted by strategic or ethical reasons, the fact remains that organisations have made sustainability one of their spearheads. Of the top 152 companies listed in the *Financial Times* top 500, 100 published a separate sustainability report in which they elaborate extensively on several aspects of sustainability.

---

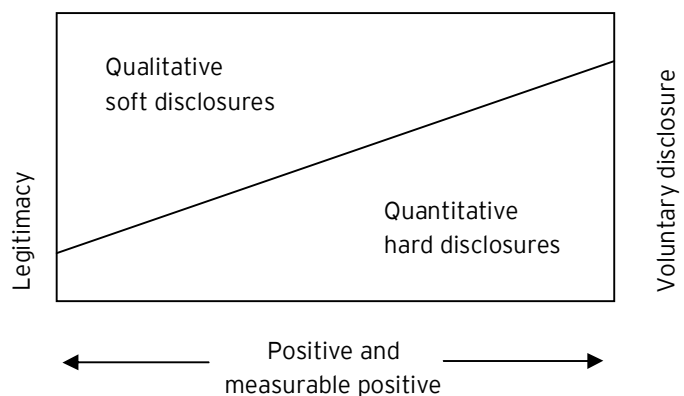
<sup>1</sup> Dutch title: *De Balans Opgemaakt - Kwaliteitsvergelijking maatschappelijke jaarverslagen 2006* - Ernst & Young.

Some of the 52 remaining organisations have incorporated their sustainability report into their regular annual report, which also includes the financial statements. These reports were considered to be outside the scope of our quality survey.

Sustainability reports no longer focus on environmental issues alone - as was the case a few years ago. We found that 85% of organisations used their sustainability reports to define clear targets for people, planet and profit. A range of socially relevant topics are addressed also; these include corporate governance, discrimination, safety and security, paper usage and carbon footprint, with the last topic enjoying increasing attention. Climate change comes up for discussion in some form or other in 92% of surveyed reports.

The survey also shows that a large number of reports (44%) have 75 pages or more. In their ambition to gain legitimacy, a substantial number of organisations devote much of their sustainability report to a qualitative explanation of their sustainability performance (soft disclosures). Where the performance is measurable in concrete, positive and quantifiable terms, information is given in tangible parameters. This is in accordance with the principles of the voluntary disclosure theory.

Figure 1: relationship between qualitative and quantitative disclosures



The figure above is a schematic representation of the relationship between the measurability and the positive content of disclosures and how this is presented in sustainability reports.

### **Focus**

It can be concluded from the previous section that too much emphasis is still being placed on completeness in sustainability reports in the sense of including all topics, without any focus. We believe that this comes at the expense of quality. There is a lack of focus on all six surveyed aspects.

As far as stakeholder management is concerned, the sustainability reports do not explicitly indicate what approach they have chosen and who exactly are considered the organisation's stakeholders. The reports imply that organisations consider everyone a stakeholder, which is simply impossible from a practical perspective. Every organisation is forced to make choices between different - and often conflicting - interests.

The sustainability reports are not well-balanced. They tend to contain a plethora of positive messages whilst the true dilemmas facing the organisation are often left undescribed.

The readability of the reports is reasonable to good, although some of them are rather fragmented.

The core message of how sustainability is embedded in the organisation is difficult to extrapolate in a number of instances. Organisations are aware of the importance and scope of sustainability, but prove to struggle with truly owning it. More focus on the relevance of the different sustainability topics to the organisation could contribute to improving this situation.

There has been increasing attention for disclosure on management approach recently. This is attributable, in part, to the fact that the GRI focuses more on this aspect through research and publications. A number of steps have yet to be taken in this regard, particularly when it comes to insight into the corporate governance structure for sustainability.

The criteria of comparability, readability and reliability are developing in the right direction, but these areas are open to improvement also. More regard should be had for the consistency of targets and comparative figures over time, and uniformity in the wording of assurance reports should improve the reliability of reports.

For key results and recommendations for each quality criterion, please consult Table 1 below.

Quality criteria	Conclusion: balance or no balance	Recommendations
<p><b>Stakeholder management</b> To what extent is the sustainability report a report <i>for</i> or <i>by</i> stakeholders?</p>	<p>The scales tip towards a report <i>for</i> stakeholders.</p> <ul style="list-style-type: none"> <li>• 70% of reports present an overview of stakeholders who are relevant to the business. It is less clear how the stakeholders have been selected.</li> <li>• 53% of reports do not indicate how stakeholder criticisms were addressed.</li> </ul>	<ul style="list-style-type: none"> <li>• Description of approach to stakeholder management and how it has been rolled out in the management system.</li> <li>• Inclusion of stakeholder criticisms in the sustainability report to make it more of a report <i>by</i> stakeholders.</li> </ul>
<p><b>Balance</b> To what extent are positive and negative aspects of the sustainability performance highlighted in the report?</p>	<p>The scales tip towards highlighting positive sustainability performance.</p> <ul style="list-style-type: none"> <li>• 76% of reports contain predominantly positive disclosures or include hardly any negative disclosures.</li> <li>• 43% of reports address all relevant social issues that resulted in media attention for the organisation.</li> <li>• 58% of reports contain extensive disclosures on carbon (CO<sub>2</sub>) emissions or describe the carbon footprint.</li> </ul>	<ul style="list-style-type: none"> <li>• Clarity about delineating the organisation's social responsibility.</li> <li>• Definition of relevant negative aspects; accountability on relevant social dilemmas.</li> <li>• Description of carbon footprint in the sustainability report.</li> </ul>

Quality criteria	Conclusion: balance or no balance	Recommendations
<p><b>Comparability</b> To what extent have trends been reflected sufficiently and consistently, and does the report not merely represent the absolute figures?</p>	<p>The scales tip towards absolute figures.</p> <ul style="list-style-type: none"> <li>In 67% of reports targets and KPIs are comparable and consistent with prior years.</li> <li>56% of reports refer to general benchmarks, although there are virtually no references to sector-specific benchmarks.</li> </ul>	<ul style="list-style-type: none"> <li>Consistency in targets and comparative figures over time.</li> <li>Inclusion of sector-specific benchmark results.</li> <li>Use of sector-specific guidelines.</li> </ul>
<p><b>Readability</b> To what extent has the report been structured and are diagrams understandable?</p>	<p>The scales are reasonably to well balanced; the report is readable to the average stakeholder.</p> <ul style="list-style-type: none"> <li>89% of reports are well (56%) to reasonably (33%) structured.</li> <li>In 94% of reports the explanation of the tables is sufficient to good.</li> <li>44% of reports contain more than 75 pages.</li> </ul>	<ul style="list-style-type: none"> <li>More focus on the core message (how is sustainability embedded in the organisation?).</li> <li>More focus on uniformity and explanations of definitions and measuring methods.</li> </ul>
<p><b>Reliability</b> To what extent are stakeholders given insight into the reliability of the data contained in the report?</p>	<p>The scales tip towards inadequate disclosure.</p> <ul style="list-style-type: none"> <li>One organisation reports on the use of XBRL.</li> <li>69% of reports include an assurance report; of these, 11% provide reasonable assurance.</li> <li>About half the assurance reports do not explicitly use the term 'reasonable' or 'limited' assurance.</li> </ul>	<ul style="list-style-type: none"> <li>Use of XBRL.</li> <li>Verification of the sustainability report (preference for reasonable assurance, at least over the KPIs).</li> <li>More uniformity in designating levels of assurance.</li> </ul>
<p><b>Disclosure on management approach</b> To what extent is information provided on how sustainability has been embedded in the organisational structure?</p>	<p>The scales tip towards inadequate disclosure.</p> <ul style="list-style-type: none"> <li>30% of reports provide detailed disclosures on the governance structure for sustainability; 53% of reports provide detailed (22%) or outline (31%) disclosures on the planning &amp; control cycle.</li> <li>72% of reports mention who is responsible for sustainability in the organisation. This is an executive director in 31% of cases.</li> </ul>	<ul style="list-style-type: none"> <li>Explicit focus on the governance structure and the planning &amp; control cycle.</li> <li>Assignment of responsibility for sustainability to the organisation's top management echelons.</li> </ul>

Table 1 Conclusions

## 3 Introduction

### 3.1 General

Organisations are increasingly publishing annual sustainability reports, for instance with a view to meeting their stakeholders' expectations. Ernst & Young are being asked more and more by clients to help them address a range of sustainability issues, including expressing an opinion on the quality of the sustainability report.

Our experience with these types of advisory engagements is that organisations are usually rather thorough in their reporting already, but that the quality of the disclosures needs improvement. The criteria for sustainability reports are still in the process of being defined. Progressive insight, developments in society and changing attitudes towards relevance and transparency are some of the reasons.

In our survey we used the following phrase as our starting point:

***'Establish the quality level of sustainability reports in Europe and use the results [of the survey] to offer input for improving that quality.'***

In conducting our survey of the quality of sustainability reports, we focused on the following six aspects: the extent to which stakeholder management has been rolled out, the balance between positive and negative aspects, readability, comparability and reliability of the reports, and the corporate governance structure as regards sustainability. The results of the survey and our conclusions will be set out in six separate sections below.

For our survey, we made a selection from the sustainability reports of the *Financial Times* top 500 ranking of European companies as at 31 March 2008. For each of the organisations mentioned in this ranking, we reviewed, starting from number 1, whether the organisation had posted a separate sustainability report on their corporate website until we had collected 100 reports. The 100 reports thus collected were used for the survey. We consulted 152 corporate websites to arrive at a selection of 100 reports. This means that, of this group of organisations (top 152), 66% post a sustainability report on their website. The other 52 organisations have included information on sustainability issues in their regular annual report or have refrained from making any disclosures on sustainability.

### 3.2 Reporting standards

The European Commission indicated as early as in 2003, in its Directive for the modernisation and updating of accounting rules, that in order to present a true and fair view of their performance, organisations should not be allowed to limit themselves to presenting financial indicators, but that information on non-financial indicators should be disclosed as well. Since reporting year 2005, where relevant, organisations are also required to report on environmental and human resource issues.

The Explanatory Memorandum to this Directive also recognises the importance of separate sustainability disclosures. This Directive is effective for all EU Member States. Countries such as Austria, France, Italy, United Kingdom and the Netherlands also have additional national standards. In some countries like Denmark and France, there was already before the Modernisation Directive some form of legislation on transparency in this area.

The Global Reporting Initiative originated in 1997 has since developed into the yardstick for sustainability reporting. The GRI Guidelines were developed by a group of stakeholders and auditors. The reporting framework of GRI 3 answers two questions: "What should be disclosed in the report?" and "What form should the disclosures take?" The first question involves content and boundary setting; the second focuses on the quality of the sustainability report. Our survey shows that 81% of reviewed organisations use GRI 3.

### **3.3 Quality**

Quality of information is determined most of all by relevance and reliability. Information is useful if it is relevant to the opinion-forming and decision-making needs of the users of the sustainability report. In order to be able to provide relevant information, an organisation must have an understanding of the information needs of the users of the sustainability report.

Information needs to be reliable because it forms the basis on which users build their decisions; alternatively, unreliable information leads to incorrect decision-making or opinion-forming.

What is more, information needs to be understandable and comparable. Where sustainability is concerned, it is important that developments can be traced over time.

Sustainability is often considered to be based on accountability and being sensitive to the needs and expectations of stakeholders. The dialogue with the stakeholders plays an important role in this regard.

### 3.4 Vision held by Ernst & Young

Irrespective of the reporting standards used by organisations, Ernst & Young believe that, in strategy definition and reporting, focus can be placed on three aspects.

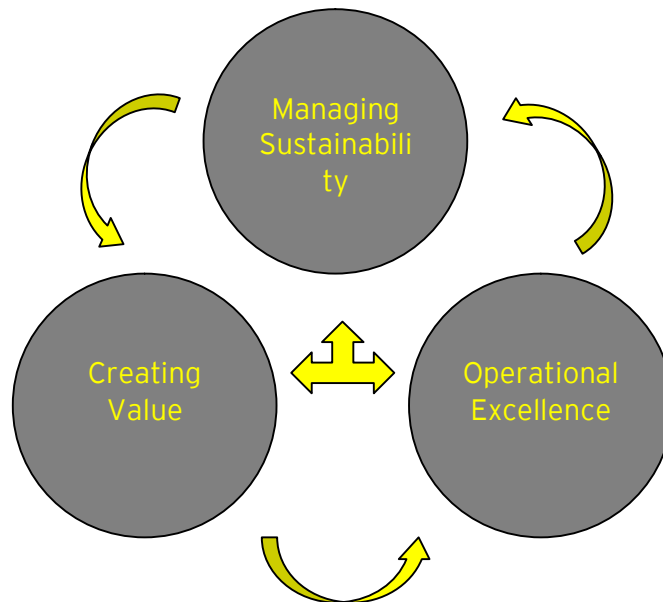


Figure 2: Three aspects of sustainability reporting

- 1 Managing Sustainability = The way in which an organisation has embedded sustainability in their overall business strategy. This includes the governance structure for sustainability, the planning & control cycle, the use of a code of ethics and whistle-blowing procedures, and an internal appraisal system.
- 2 Creating Value = The way in which an organisation contributes to sustainability using its products and/or services. Examples include products with lower energy usage or better emissions quality, products whose lifespan has been extended or products where explicit attention has been paid to recycling options.
- 3 Operational Excellence = The way in which an organisation contributes to sustainability by streamlining its own internal and external processes. This is reflected in the KPIs for energy usage, health and safety, emissions and waste, and staff base within the organisation.

Previous research has shown that many organisations tend to emphasise KPIs in the area of operational excellence most. At Ernst & Young, we believe that disclosures on how sustainability is managed in the organisation and how value is created is at least deserving a prominent place in the sustainability report. In our opinion, this information demonstrates what is truly important: has the organisation succeeded in implementing sustainability in the core of its business processes?

This survey focuses on the quality of the disclosures. In doing so, it places the governance structure of the reporting organisations centre-stage, highlighting stakeholder management, report verification, and duties, responsibilities and powers in the organisation, and the planning & control cycle. In other words: transparency of managing sustainability is an important pillar supporting our survey.

## 4 Stakeholder management

The concepts of sustainability and stakeholder management are inextricably linked. Sustainability is often considered to be based on accountability and being sensitive to the needs and expectations of stakeholders. That is why an elaboration on the elements of stakeholder management tends to be seen as an important aspect of a sustainability report. These elements are:

- The criteria used to identify the stakeholders;
- The way in which the organisation entered into a dialogue with the stakeholders;
- The results of the stakeholder dialogue; and
- The actions undertaken to meet the expectations of the different stakeholders.

This section shows whether and how these aspects were addressed in the surveyed sustainability reports.

### 4.1 Stakeholder identification

The first phase of stakeholder management is identifying the stakeholders. An organisation determines first of all who their stakeholders are, and which of them will and will not be involved in the business operations. Since differences in stakeholder approach can lead to differences in selection, the organisation needs to disclose which approach it has chosen.

Our survey shows that there are major differences in the extent to which organisations address stakeholder identification in their reports. Of the surveyed reports, 27% do not explicitly discuss stakeholder identification (see Table 2), with 3% not mentioning stakeholder identification at all. The other 70 reports do go into stakeholder identification to a greater or lesser extent. In 32 reports, the selected approach is underpinned by a definition of stakeholder management or by listing the selection criteria used.

#### Does the report explicitly address stakeholder identification?

	Number
a) definition, details (and classification) of relevant stakeholder groups	32
b) definition of relevant stakeholder groups	38
c) no explicit reference to stakeholder identification, but a hyperlink to the relevant information	0
d) no explicit reference to stakeholder identification; stakeholders are mentioned throughout the report	27
e) other	3
<b>Total</b>	<b>100</b>

Table 2 Stakeholder identification

## 4.2 Stakeholder dialogue

There are several ways in which to approach the dialogue with stakeholders, including performing surveys or interviews, or caucusing with focus groups or public forums.

Our survey shows that a sustainability report does not always answer the question of how an organisation has entered into a dialogue with their stakeholders (Table 3). Stakeholder dialogue is not mentioned whatsoever in eight reports. Stakeholder dialogue is addressed in a general sense in 45 reports. Communications between the organisation and its stakeholders are broken down by stakeholder group in 47 reports. Reports included in this category contain, for instance, a table listing the form and frequency of the dialogue with each stakeholder group. Concrete examples of stakeholder dialogue have been highlighted as well.

### What does the report say about the stakeholder dialogue?

	Number
a) stakeholder dialogue is broken down by stakeholder group	47
b) stakeholder dialogue is addressed in a general sense	45
b) stakeholder dialogue is not addressed	8
<b>Total</b>	<b>100</b>

Table 3 Stakeholder dialogue

## 4.3 Social issues

Organisations are faced with social issues such as noise pollution, working conditions and child labour, and environmental and ethical questions. These topics can be linked up to the stakeholder groups to whom these issues are relevant.

Discussion of these social issues in the sustainability report is one of the ways in which the stakeholder dialogue can be given practical application.

Our survey shows that a vast majority of the reports (88%) address social issues (Table 4). These topics are discussed for each relevant stakeholder group in 28 reports.

### How are social issues addressed?

	Number
a) broken down by stakeholder group	28
b) defined in a general sense in a separate section or throughout the report	60
c) social issues are not addressed	12
<b>Total</b>	<b>100</b>

Table 4 Social issues

#### 4.4 Stakeholder criticisms

Stakeholder management is a cyclical process. Input from stakeholders is used for the continuous improvement of sustainability policies. The inclusion of stakeholder criticisms in the sustainability report demonstrates an organisation's commitment to openness and transparency.

Our survey shows that organisations have different ways of approaching stakeholder criticisms (Table 5). Four organisations have included an in-depth discussion of stakeholder criticisms in their reports. They published a clear table listing the comments they received over the past reporting period, disclosing in the process how they dealt with specific criticisms.

##### Are stakeholder criticisms mentioned in the sustainability report?

	Number
a) yes, they are discussed extensively	4
b) yes, they are discussed in a general sense	32
c) the information provision differs by stakeholder group	11
d) no, stakeholder criticisms are not mentioned	52
e) no, the report states that there were no stakeholder criticisms	1
<b>Total</b>	<b>100</b>

Table 5 Stakeholder criticisms

#### 4.5 Follow-up to criticisms

Organisations cannot always meet every need and expectation of their stakeholders. These interests often turn out to be conflicting. What we can expect from organisations, however, is that they seriously consider the input of their stakeholders and that they disclose in their sustainability report what they have done with this input.

In our survey we reviewed whether organisations discuss in their report actions taken following stakeholder criticisms. Table 6 shows that the transparency about actions taken following stakeholder criticisms is in need of improvement.

##### Does the sustainability report discuss whether actions have been taken following stakeholder criticisms?

	Number
a) yes, this is discussed extensively (concrete actions are mentioned)	20
b) yes, this is discussed briefly	25
c) no, the report does not mention how criticisms were followed up	54
d) no, the report states that there were no criticisms	1
<b>Total</b>	<b>100</b>

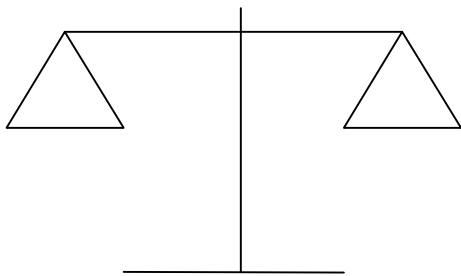
Table 6 Actions following stakeholder criticisms

#### 4.6 Conclusion on stakeholder management

Based on the results of the survey it can be concluded that 70% of surveyed sustainability reports contain disclosures on the stakeholders who are relevant to the organisation. It is less clear, however, how the stakeholders mentioned in the reports have been selected. Was their selection based mainly on economic criteria (the instrumental approach) or were specific groups selected with a certain ethical duty in mind (the normative approach)? This creates the impression that, although the organisations in question attach value to stakeholder management, the scope of the social responsibility that an organisation has taken on or wants to take on does not become clear from the report because the approach underlying stakeholder identification has been left insufficiently disclosed in many cases.

Our survey shows that organisations indicate, in most reports, that stakeholder dialogue is an important pillar of their sustainability policy, although it is often not clear how this has actually been integrated into the management system. Stakeholder criticisms and particularly actions undertaken following such criticisms are disclosed to a limited extent only.

The sustainability report can be used as an interactive tool, meaning that - if more specific stakeholder input is included - the report can develop into a report *by* stakeholders rather than being a report *for* stakeholders. By publishing a report *by* stakeholders, an organisation can demonstrate that the stakeholder dialogue - from strategy to disclosure - is fully integrated into the management system.

<p>To what extent is the sustainability report a report <i>for</i> or <i>by</i> stakeholders? The scales tip towards a report <i>for</i> stakeholders. This can be balanced out by disclosing stakeholder approach and feedback.</p>	
--	--

## 5 Balance

Balance in the sustainability report is thought to refer to the disclosure of negative aspects of the business as well as positive aspects. These would involve social issues that an organisation had to grapple with or their failure to achieve targets. Publishing a balanced report can lead to more confidence among stakeholders. It allows them to form a well-considered opinion about the sustainability performance of an organisation. In our survey we reviewed whether negative issues and news facts that earned an organisation media attention were mentioned in the reports.

## 5.1 Relevant topics

Topics that are addressed in the sustainability report and the level of detail to which they are disclosed may vary for each type of organisation. Our survey includes a range of organisations. We reviewed all surveyed reports for which topics were discussed. What follows is the top 5 of key topics:

- 1 Climate change
- 2 Employee health and safety (including several sub-themes such as HIV/AIDS, human rights/child labour and security)
- 3 Clients (client reputation, including topics such as fraud, corruption, arms industry and suchlike)
- 4 Supply chain (environment, human rights and child labour)
- 5 Ethics and compliance (whistle-blowing)

Nearly all organisations address the issue of climate change. Less focus is being placed on ethics and compliance. The extent of disclosures on the other three topics is more or less the same, with focus on clients being concentrated in the financial sector in particular.

## 5.2 Positive versus negative disclosures

Transparency is an important factor in achieving continuous improvements in sustainability policy. This means that organisations should regard sustainability reporting not only as an instrument to toot their own horn, but also as a tool for documenting which improvements can be made.

Our survey shows that 24% of reports offer a balanced picture of an organisation's business operations and sustainable performance. Positive disclosures are dominant in 38% of reports, however, mentioning only a limited number of negative aspects. The remaining reports (38%) hardly disclose any negative aspects, if any.

### Does the report provide a transparent picture of sustainability in operations?

	Number
a) the report provides a balanced picture; positive and negative aspects are balanced out	24
b) positive disclosures are dominant; some negative aspects are mentioned	38
c) hardly any disclosures on negative aspects, if any	38
<b>Total</b>	<b>100</b>

Table 7 Transparency of sustainability reporting

We would note that, in reviewing these results, the value (positive or negative) that is attributable to information may vary by stakeholder and that obviously the disclosures will not always be balanced out by definition.

### 5.3 News facts

A media check can be performed to find out whether an organisation has published a balanced report. The analysis (Table 8) shows that 43 of the 100 surveyed annual reports mention all important identified news facts that surfaced in the year in question. Disclosures are limited in nine reports. In 48 reports, organisations do not address relevant news facts at all, whilst 37 of them did make the media with social issues, such as the impact of mergers & acquisitions, investments in ethically dubious sectors and (overly) high management bonuses. We ultimately did not identify any relevant news facts for 11 organisations.

Are negative aspects that earned the organisation media attention addressed in the report?

	Number
a) key issues are addressed in the report	43
b) a number of key issues are not addressed in the report	9
c) hardly any issues are addressed in the report	37
d) no issues are identified	11
<b>Total</b>	<b>100</b>

Table 8 News facts

### 5.4 Disclosures on carbon emissions

Climate change has increasingly become the centre of attention over the past few years. The film 'An Inconvenient Truth' by Al Gore was one of the key factors in fuelling this attention. It has caused organisations to develop a range of tools for reporting on greenhouse gas emissions and the reduction of their emissions.

There are several greenhouse gases, each with their own impact on climate change. The related disclosures are normally expressed in carbon equivalents, meaning that volumes per greenhouse gas are represented in tons of carbon dioxides (CO<sub>2</sub>).

Of all surveyed annual reports, 34% limited themselves to disclosing general information, such as tables listing the organisation's carbon impact (Table 9). 58% of reports provide extensive information about the carbon impact of the organisation. Organisations not only publish tables listing emissions, but also display a clear vision and offer an understanding of their carbon footprint. Ideally this is translated into measurable targets. Our survey shows, however, that a significant number of organisations have not yet reached this stage. Although we obviously looked at different types of organisations (production and service industries), carbon impact is found to be relevant to all types of organisations.

Each organisation - however modest it may be - has a carbon footprint. Sustainability demands that organisations should have a vision in this regard.

#### What is the extent of the carbon disclosures?

	Number
a) the report contains extensive/detailed carbon disclosures	58
a) the report contains general/outline carbon disclosures	34
c) the report contains no carbon disclosures	8
<b>Total</b>	<b>100</b>

Table 9 Carbon disclosures

### 5.5 Conclusion on balance in reports

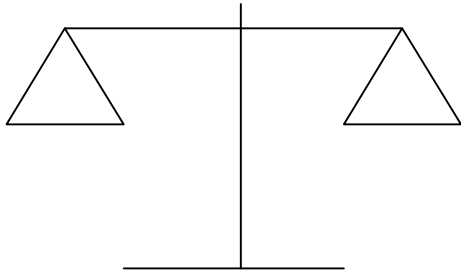
Our survey shows that organisations do not always use their sustainability reports to address important news facts relating to their business. The sustainability report does not address such news facts or covers them only marginally in more than half of the situations where organisations received media attention. This does not warrant the general conclusion, however, that organisations consistently ignore important news facts in their reports. Different stakeholders may well attribute differing degrees of relevance to news facts. And in some situations the management of an organisation may find news facts to be of minor importance, so that they are not disclosed.

Our survey only involved sustainability reports that were not integrated into the regular annual reports of organisations. This leaves open the option that an organisation has disclosed relevant news facts in their regular annual report or posted them on their corporate website. In addition, there may be situations where - due to the nature of the news fact - it would not be wise for strategic reasons to disclose specific news facts.

Our survey also demonstrates that disclosures tend to be positive, which may result in a glossy PR report. In order to be able to conclude whether this is effectively the case, we need to understand how positive and negative disclosures are weighed. It cannot just be assumed that positive and negative disclosures should be balanced out in absolute terms.

It is however important that in order to provide a balanced view of performance, companies relate their performance to their strategic policy in the area of sustainability and provide an insight into the improvements that still can be made.

A remarkable survey result is that many organisations (more than half) leave ample room for discussing climate change.

<p>To what extent are positive and negative aspects of the sustainability performance highlighted? The scales tip towards positive disclosure. This could be balanced out by including more disclosure on news facts, dilemmas and negative performance and improvements that need to be made.</p>	
--	--

## 6 Comparability

In our survey we reviewed two main aspects where the comparability of the sustainability reports was concerned. First and foremost, we assessed the comparability of the performance of the organisation itself over the course of time. Is a stakeholder in a position to form an objective opinion on developments in the organisation's sustainability performance? Secondly, we assessed whether an organisation's sustainability performance could be compared with that of other organisations. This is the case if an organisation indicates that it is included in several benchmarks. Comparability is even better when organisations rely on generally accepted guidelines in drafting their sustainability report. The Global Reporting Initiative (GRI G3) is an example of one such generally accepted guideline in sustainability reporting. Finally, it is important that organisations disclose in their sustainability report which reporting principles they have used.

### 6.1 Comparability over time

#### 6.1.1 Vision, targets and KPIs

An organisation's sustainability report should at least contain a clear definition, vision and strategy relating to sustainability; this is necessary to be able to analyse whether the organisation has achieved its targets over time and has made progress in its sustainability efforts. Table 10 shows that 85% of organisations have outlined this clearly in their sustainability report.

Does the report contain a clear description of the organisation's definition, vision and strategy relating to sustainability?

	Number
a) yes	85
b) no	15
<b>Total</b>	<b>100</b>

Table 10 Sustainability definition, vision and strategy

For the sake of transparency, concrete objectives need to be formulated that are then translated into measurable key performance indicators (KPIs). This would seem a more challenging exercise for sustainability than for the more traditional types of reporting, such as financial reporting. How, for instance, can an organisation measure its progress in relation to health and safety? There tend to be no consistent definitions in this respect. That is why it is important that an organisation should indicate clearly in its report what the scores (numbers and ratios) of the KPIs are based on.

The analysis (Table 11) shows that 88% of surveyed organisations have translated their sustainability targets into measurable KPIs that can be compared over time. This group does display significant differences, however, where the consistency and number of formulated KPIs are concerned.

#### Have the framework and the internal targets for sustainability been defined clearly?

	Number
a) yes	88
b) no	12
<b>Total</b>	<b>100</b>

Table 11 Internal targets

Our survey did not address the number of relevant and measurable targets reported by each organisation.

#### 6.1.2 Developments in comparative figures

It is important that the information that is contained in sustainability reports can be assessed over a longer period. That is why many reports contain multi-year reviews. Prior-year information may have to be adjusted in later years. If so, the report needs to disclose why a restatement of the figures and ratios was necessary. Shifts can be warranted by changing definitions or improved measuring or calculation methods. This disclosure can, for instance, be included in a footnote to the information in question. Our survey demonstrates that, in their sustainability reports, organisations show a reasonable level of attention for developments in performance indicators over time (Table 12). This comparison over time is impossible in only 17 cases.

#### Are sustainability performance and targets comparable with prior years?

	Number
a) yes, developments in performance indicators are supported in words and diagrams	67
a) yes, developments in performance indicators are supported in words only	16
b) no, developments in performance indicators cannot be compared	17
<b>Total</b>	<b>100</b>

Table 12 Comparability over time

## 6.2 Comparability with other organisations

### 6.2.1 Benchmark results

There are several benchmarks that indicate how organisations perform in the area of sustainability and how they report on their sustainability efforts. The best-known examples are the Dow Jones Sustainability Index and the FTSE4GOOD Index. In addition, national sustainability benchmarks are being performed nationally in each country.

Our survey shows that 56% of reports do and 44% of reports do not refer to relevant benchmark results (Table 13).

#### Are benchmark results included in the sustainability report?

	Number
a) yes	56
b) no	44
<b>Total</b>	<b>100</b>

Table 13 Benchmark results

In addition to references to the relevant benchmarks, organisations can also include results of sector-specific benchmark reviews. These benchmarks are mostly performed by sector associations or regulators. Our survey shows, however, that a limited number of organisations include the results of sector-specific benchmarks.

### 6.2.2 Guidelines for sustainability reports

Organisations can choose from a range of guidelines for implementing their sustainability policy and reporting on sustainability. When they apply reporting guidelines such as GRI, this increases comparability, thereby enhancing the quality of the report. GRI has developed sector-specific guidelines for a range of sectors that supplement the general GRI guidelines.

Of all surveyed reports, 89% were prepared using guidelines (Table 14). The guidelines that are used most are GRI G3 (81% of reports), which were supplemented by sector-specific guidelines in 21% of reports.

#### What guidelines were used in preparing the sustainability report?

	Number
a) GRI 3, including sector-specific guidelines	21
b) the general GRI guidelines only	60
c) other guidelines	8
d) no guidelines	11
<b>Total</b>	<b>100</b>

Table 14 Guidelines used

### 6.3 Reporting principles

Reporting principles allow the readers of a sustainability report to gain an understanding of the scope of the report (which divisions are/are not included in the report), the topics addressed in the report and their relevance. In addition, the report discloses how data were collected and discusses any inherent limitations.

Our survey shows that, in 55 reports, the reporting principles are addressed in a separate section. They are not discussed separately in 45 reports. In most of these cases, information about measuring and registration methods *is* included in the discussion of relevant themes (by section or by topic).

Are the reporting principles discussed in a separate section?

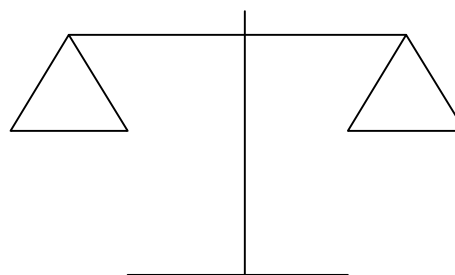
	Number
a) yes	55
b) no	45
<b>Total</b>	<b>100</b>

Table 15 Reporting principles

### 6.4 Conclusion on comparability of reports

Our survey shows that the comparability of reports receives a reasonable degree of attention. Although there are differences in scope and consistency, organisations provide insight into their vision, targets and KPIs. Attention is given also to developments in results over time (comparative figures) and reference is made to benchmarks, with differences in the depth of analyses being identifiable here as well. Guidelines are used in a great many reports; the GRI guidelines seem to be most prevalent. Finally, the reporting principles are addressed in a separate section in little over half of all surveyed reports.

To what extent have trends in the report been reflected sufficiently and consistently, and does the report not merely represent the absolute figures? The scales seem to balance here, with a number of reports lagging behind where benchmark analyses and the qualitative assessment of trends are concerned.



## 7 Readability

Readability is a key quality criterion for a sustainability report. It is imperative that a report should not contain any superfluous information and that it should be well-structured. In addition, it should be clear what the tables and diagrams are about. The average stakeholder should be able to read the report without going through too much trouble and be able to distil the information that is relevant to it.

### 7.1 Structure

First of all, we assessed the structure of the reports (Table 16). Of the surveyed reports, 56 proved to be well-structured. The core message can be extrapolated directly from the report and the report is set out under logical headings. The report contains a clear table of contents, its chapter headings are based on distinctive social issues, such as People, Planet and Profit, and the report has a GRI Index.

The structure of 33 reports is reasonable. Although they are set out logically, the core message cannot be directly extrapolated. They are too fragmented, with performance indicators and examples of social activities being isolated in the report. A number of reports are poorly structured due to a total lack of coherence.

#### Is the report well-structured?

	Number
a) well-structured	56
b) reasonably structured	33
c) poorly structured	11
<b>Total</b>	<b>100</b>

Table 16 Structure of report

### 7.2 Added value and structure of diagrams

Another aspect that matters to the readability of the report is the question of whether the figures and diagrams have added value. Do they illustrate the organisation's social activities as they are described in the report? In 76% of cases, the figures and diagrams can be linked to the organisation's social performance as it is described in the report (Table 17). In the other reports (24%), the figures and diagrams have little or no added value.

In addition, we reviewed whether or not the tables and diagrams were logical (Table 18) by assessing the quality of the related explanations. The explanation of tables and diagrams proved to be sufficient in 94% of reports in a sense that it is clear what they are about. We would add, however, that further analysis has shown that organisations still pay little attention to consistency and explanations of the definitions and measuring methods used.

Some organisations do not indicate explicitly whether the figures they use are based on calculations, measurements or (partial) estimates.

#### Do the figures and diagrams offer added value?

	Number
a) yes	76
b) occasionally	21
c) no	3
<b>Total</b>	<b>100</b>

Table 17 Added value of figures and diagrams

#### Is it clear what the tables and diagrams are about/are they properly explained?

	Number
a) explanation is included in the table itself	58
b) explanation is included in the text	36
c) there is little to no explanation	6
<b>Total</b>	<b>100</b>

Table 18 Clarity of tables/diagrams

### 7.3 Size of the reports

It is important to delineate in advance the boundaries of accountability in the sustainability report. The scope of the report, the number of relevant topics that are addressed and the level of detail of information are determining factors in the readability of the report and ultimately in whether the envisaged transparency is achieved.

Over the past few years, organisations have increasingly started to use their corporate website to disclose information relating to their social performance. In doing so, it is important to strike the right balance between the hardcopy report and the electronic version: what is relevant and what is a detail? Some organisations opt to disclose most information in the sustainability report itself.

Our survey shows that 29 of the 100 surveyed reports contain more than 100 pages, with one report even counting as many as 267 pages. The survey also demonstrated that four organisations only published a report on their corporate website (Table 19, column 'other').

One of the surveyed organisations used 345 web pages to describe its sustainability efforts.

#### How many pages does the sustainability report have?

	Number of pages					
	1-25	25-50	50-75	75-100	> 100	Other
Number of reports	2	26	28	11	29	4

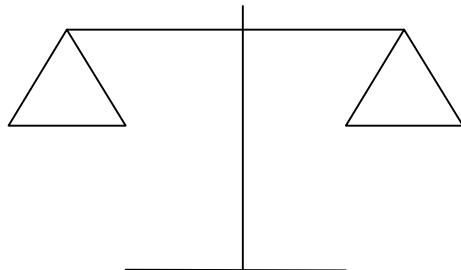
Table 19 Number of pages

There is no concrete standard for the number of pages of a sustainability report. An organisation is free to choose the level of detail of reporting. It is advisable, however, to keep attentions firmly focused, in the actual sustainability report, on truly relevant topics and to use the website for providing further breakdowns or more detailed information for specific groups of stakeholders. This is also important to remember for the future when organisations will increasingly start to use their website as an alternative to publishing a hardcopy sustainability report.

#### 7.4 Conclusion on readability of reports

Organisations can generally be awarded a reasonable to good score when it comes to the readability of their sustainability reports. This conclusion is based mainly on the outcome that 89% of reports are reasonably to well-structured. One point that is open to improvement is the fact that, in many reports, disclosures highlight mainly performance indicators and related examples. The core message then tends to be fragmented, difficult to extrapolate from the text and explained only in summary form. The core message provides information about how sustainability has been anchored in the organisation, which makes it perhaps the most important message. For more details we refer to Section 9.

A second reason for this conclusion is the fact that, in 94% of reports, tables and diagrams are explained sufficiently, in a sense that it is clear what they are about. In some cases, more attention needs to be paid to consistency and explanations of definitions and measuring methods.

<p>To what extent has the report been structured and are diagrams logical? The level of readability of the report is reasonable to good; there is sufficient balance. Readability can be improved yet by focusing more on the core message and topics, and including explanations of definitions and measuring methods used.</p>	
--	--

## 8 Reliability

The data processes and systems used in compiling an annual report need to be tested in order to be able to determine the reliability of a sustainability report. Most stakeholders have no understanding of these processes and systems. In order to guarantee the reliability of the sustainability report, organisations can have their report verified by an external expert. In this section, we will discuss a number of - reliability-related - aspects of an annual report.

### 8.1 Use of XBRL

Organisations increasingly use eXtensive Business Reporting Language (XBRL) in their financial reporting process. XBRL is an electronic 'language' based on the XML standard with which data can be prepared, filtered and exchanged between systems. This reduces the risk of (manual) errors, thereby increasing the reliability of the data. GRI has now defined a taxonomy based on XBRL for the indicators it has developed.

In our survey we found that one organisation mentions in their report that they made use of XBRL.

### 8.2 Report verification

Expert groups or persons applying professional assurance standards are responsible for verifying the sustainability report or providing external assurance. In many instances, audit firms are asked to provide an independent conclusion on the disclosures contained in the sustainability report. Of the surveyed sustainability reports, 69% have been verified (Table 20).

Has external assurance been provided on the report?

	Number
a) yes	69
b) no	31
<b>Total</b>	<b>100</b>

Table 20 Verification

### 8.3 Level of assurance

If organisations consider having their report verified they can opt to commission an assurance engagement that leads to an assurance conclusion providing limited assurance (review engagement) or in an assurance conclusion providing reasonable assurance (audit engagement) or a combination of the two. A review engagement tests whether the information provided is plausible, whereas an audit focuses on the accuracy and adequacy of the information.

Looking at the level of assurance, we can conclude that 69% of the reports we surveyed were accompanied by an assurance report. Eleven reports come with an assurance conclusion providing reasonable assurance and 27 with an conclusion providing limited assurance. A small number of reports include an assurance conclusion providing reasonable assurance for part of the report and offer limited assurance for the other part (hybrid conclusion). In addition, 31 reports (Category C) contain an assurance conclusion using specific terminology, including a moderate level of assurance, no level of assurance or more organisation-specific terms).

#### What level of assurance is provided?

	Number
a) reasonable assurance	11
b) limited assurance	27
c) other	31
d) not applicable	31
<b>Total</b>	<b>100</b>

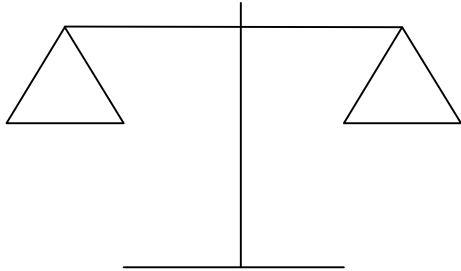
Table 21 Level of assurance

What needs to be considered in assessing an assurance report are the procedures performed by the verifying agent. These procedures must be described in the assurance report. The scope of these procedures cannot always be extrapolated from the assurance report. This might lead to differences in the scope of verification procedures despite the fact that the assurance conclusions culminate in similar outcomes.

#### 8.4 Conclusion on reliability of reports

One organisation indicated in their sustainability report that they had used XBRL. Many reports do include a section on the scope and reporting principles in which organisations explain what systems were used, but it is difficult for readers to determine how reliable these data systems effectively are. An assurance conclusion adds value for the purposes of reliability. These are differences in how organisations give this practical application. Only a limited number of reports have been audited while providing reasonable assurance. One-third of the reports has not been verified and more than half of the reports offer limited assurance or do not qualify the level of assurance. Organisations make these choices for different reasons, such as: the (limited) quality of management systems, cost considerations or the idea that management otherwise guarantees the reliability of the report. In addition, auditors prove to offer a variety of assurance engagements and the related assurance conclusions/reports.

There are major differences in the scope of the procedures performed whilst in some instances - seemingly - the same conclusions are drawn.

<p>To what extent do stakeholders have an understanding of the reliability of the data contained in the report? The scales tip towards inadequate disclosure. Use of XBRL and verification of the sustainability report can balance the scales.</p>	
---	--

## 9 Disclosure on management approach

We explained in Section 0 that an organisation needs to embed sustainability in order to achieve a truly sustainable performance. The level to which sustainability has been embedded in the organisation is reflected, for instance, in how stakeholder management has been rolled out (Section 4) and in the attention that is being paid to the sustainability report (Sections 5 through 8).

In this final section we will address a number of aspects that relate concretely to how sustainability has been entrenched in the organisational structure itself: the governance structure, the planning & control cycle and the person bearing ultimate responsibility for sustainability in the organisation.

### 9.1 Governance structure

Disclosures on the governance structure of sustainability should address how the duties, responsibilities and powers relating to sustainability aspects have been assigned in the organisation. This might involve persons, positions and ranks, commissions and departments. It provides an understanding of how sustainability has been anchored in the organisation.

Our survey shows that 68 of the reviewed reports contain disclosures on the governance structure (Table 23). In 38 of these, disclosures are limited. 32 of the 100 surveyed reports do not include any disclosures on the governance structure.

**Does the report contain disclosures on the governance structure of sustainability?**

	Number
a) yes, the report contains detailed disclosures on duties, responsibilities and powers	30
b) the disclosures on duties, responsibilities and powers are limited	38
c) no, the report contains (virtually) no disclosures on duties, responsibilities and powers	32
<b>Total</b>	<b>100</b>

Table 22 Governance structure

## 9.2 Planning & control cycle

The integration of sustainability in the organisation is more or less complete if an adequate planning & control cycle effectively provides monitoring and guidance. The structure of the report is a determining factor in how the related information is disclosed in the sustainability report. If a report is built around themes, disclosures on the planning & control cycle - if they are provided - are likely to be concentrated in a separate section of the report. If the report focuses on several group divisions or business units, disclosures on the planning & control cycle will tend to be more spread throughout the report.

Our survey shows that 53 of the reviewed reports contain disclosures on the planning & control cycle, with a specific tendency towards spreading throughout the report (Table 24). 47 reports contain (virtually) no disclosures on the planning & control cycle.

**Does the report contain disclosures on the plan-do-check-act cycle in relation to sustainability?**

	Number
a) these disclosures are contained in a separate section (chapter/paragraph) of the report	16
b) these disclosures are contained in outline in a separate section and the details are set out in specific sections of the report	6
c) these disclosures are almost exclusively spread throughout the report	31
d) (virtually) no disclosures are contained in the report	47
<b>Total</b>	<b>100</b>

Table 23 Planning & control cycle

## 9.3 Person bearing ultimate responsibility for sustainability and executive compensation

The level to which sustainability has been embedded in the organisation is contingent on the commitment displayed by management. By indicating in the report who bears ultimate responsibility for the sustainability policy and by linking up the sustainability performance to executive compensation, an organisation shows that sustainability takes centre-stage in their day-to-day operations. This demonstrates that management definitely seek to achieve their sustainability targets.

Our survey shows that 46% of reports indicate that sustainability is an area of responsibility for an executive director (Table 25); 28% of reports do not contain any disclosures in this regard and 7% of reports contain disclosures on the link between executive compensation and the organisation's sustainability performance (Table 26).

**Does the report indicate who bears ultimate responsibility for sustainability?**

	Number
a) yes, an executive director is responsible for sustainability	31
b) yes, someone other than an executive director is responsible for sustainability	41
c) no, the report does not contain any disclosures in this regard	28
<b>Total</b>	<b>100</b>

Table 24 Person bearing ultimate responsibility for sustainability

**Does the report indicate whether executive compensation has been linked to (achievement of) sustainability targets?**

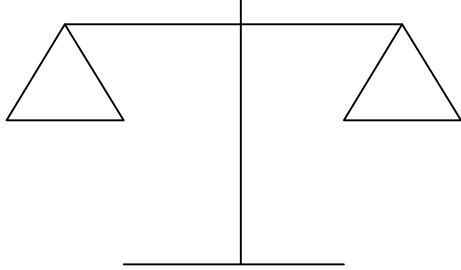
	Number
a) yes, these disclosures are contained in the report itself	6
b) the report indicates where these disclosures can be found	1
c) no, the report does not contain any disclosures in this regard	93
<b>Total</b>	<b>100</b>

Table 25 Link between executive compensation and targets

#### 9.4 Conclusion on management approach

Our survey shows that attention for a clear description of the governance structure and the related planning & control cycle for sustainability is still limited. Given the variety of topics and limitations inherent in the measurability of a number of performance indicators, this is extremely relevant information, however.

More than two-thirds of reports mention who bears ultimate responsibility for sustainability. Disclosures on the relationship between the organisation's sustainability performance and executive compensation are only provided sporadically.

<p>To what extent is information provided on how sustainability has been entrenched in the organisational structure?</p> <p>The scales tip towards inadequate disclosure. Explicit attention for the governance structure and the planning &amp; control cycle gives more body to the disclosures that are being presented.</p>	
---	--

## 10 Country comparison

A large number of organisations explicitly opt for GRI as a guideline for preparing their sustainability reports (Table 14). This choice can contribute significantly to the comparability of reports. In addition, local factors may play a role. Some countries may have rules and regulations in the field of reporting in general that might impact the contents of sustainability reports; alternatively, there may be government agencies or sector organisations that exercise guidance by performing benchmark surveys<sup>2</sup>.

The surveyed organisations were located in the following countries:

Country	Number	Country	Number
Belgium	4	Norway	1
Denmark	1	Portugal	1
Finland	1	Russia	3
France	18	Spain	9
Germany	14	Sweden	3
Ireland	1	Switzerland	6
Italy	6	United Kingdom	24
Netherlands	8		

Table 26 Countries

As shown in the list of countries above, most of the surveyed reports were published by organisations located in Western Europe; this was attributable to the selection method used (largest European enterprises). We believe that this explains the strong focus on stakeholder management and the application of the GRI guidelines.

<sup>2</sup> In the Netherlands, the Dutch Ministry of Economic Affairs performs an annual transparency benchmark in which large enterprises are ranked using sustainability and transparency criteria.

In relative terms, France and Russia are home to most organisations that do not publish a (separate) sustainability report. We would qualify this by noting that the size criterion was used in the selection of organisations, which may have coloured the outcome. Beside that, in France companies can choose for integrated reporting, based on regulations since 2002.

When we look at the five countries where the largest surveyed organisations are located (i.e. France, Germany, Spain, the United Kingdom and the Netherlands), the following conclusion can be drawn with regard to the stakeholder dialogue. Organisations located in Spain and France score the highest where the discussion of stakeholder identification in their report is concerned; these organisations also indicate how they entered into a dialogue with each group of stakeholders. Dutch organisations give general information about their stakeholder dialogue. Organisations located in Germany, Spain and the Netherlands give some examples in their reports of how they deal with stakeholder criticisms and do not extensively address numbers for each stakeholder group, for instance. Organisations located in the United Kingdom score well on this point, as they do on disclosing actions taken following criticisms expressed by stakeholders.

The question of whether the sustainability report contains disclosures on who bears ultimate responsibility for sustainability can be answered in the affirmative in 72% of reports originating from the top 5 countries. When we look at who is in charge of sustainability, most organisations report that someone other than an executive director is responsible. Organisations located in the Netherlands and Spain form an exception to this rule. The sustainability reports of organisations in this country show that sustainability is an area of responsibility for an executive director in 63% and 56% of cases respectively.

Sustainability reports also tend to address an organisation's vision of sustainability. The vast majority of organisations located in the top 5 countries clearly described their vision in the report. All organisations located in the Netherlands who were selected have described their vision in the sustainability report.

As indicated in Section 6.2.1 "Benchmark results", the majority of reports contain benchmark results. Four of the five countries mentioned show an equal score. Organisations located in France break this trend because they fail to include benchmark results in their sustainability report more often than not.

All Dutch organisations that we selected outline their reporting principles in a separate section of their sustainability report. Contrary to this, organisations from Germany do not usually describe their reporting principles separately.

Within the selection of the five countries that are home to the largest enterprises, 70% of reports contain an assurance conclusion/report. There are some differences between these countries, however: the sustainability reports of the selected Spanish-based organisations all come with an assurance conclusion/report, but the selected German sustainability reports are more likely not to include an assurance report/conclusion than to include one.

## 11 Appendices

### 11.1 *List of selected organisations*

Organisations publishing a sustainability report	Organisations publishing a sustainability report
1 Gazprom	26 ING
2 Royal Dutch Shell	27 BBVA
3 HSBC	28 Anglo American
4 BP	29 Iberdrola
5 TOTAL	30 BC Group
6 Vodafone Group	31 British American Tobacco
7 EDF	32 Deutsche Telecom
8 Telefónica	33 Xstrata
9 Eni	34 RWE
10 BancoSantander	35 Royal Bank of Scotland
11 E.On	36 Enel
12 Nokia	37 Bhp Billiton
13 ArceloMittal	38 Generali Group
14 GlaxoSmithKline	39 ABB
15 Sanofi-aventis	40 Bayer
16 Unilever	41 Deutsche Bank
17 Siemens	42 Gaz de France
18 StatoilHydro	43 Credit Suisse
19 BNP Paribas	44 Barclays
20 Intesa SanPaolo	45 Tesco
21 UniCredito Italiano	46 Société Générale
22 Allianz	47 Fortis
23 France Telecom	48 Carrefour
24 Daimler	49 Inbev
25 Suez	50 MMC Norilsk Nickel

Organisations publishing a sustainability report	Organisations publishing a sustainability report
51 Crédit Agricole	76 Lafarge
52 Diageo	77 Petróleos Cepsa
53 Standard Chartered	78 Syngenta
54 KBC	79 Iberdrola renovables
55 Danone	80 Richemont
56 Vivendi	81 Fiat
57 H&M	82 Heineken
58 Repsol	83 Gas Natural
59 HBOS	84 Holcim
60 Philips	85 Reed Elsevier
61 Deutsche Post	86 Metro
62 BMW	87 Danske Bank
63 BAE System	88 Scottish and Southern Energy
64 Dexia	89 Novolipetsk Steel
65 BT Group	90 Aegon
66 SABMiller	91 Cadbury Schweppes
67 Veolia Environment	92 Akzo Nobel
68 Swiss Re	93 Linde
69 Aviva	94 Energias de Portugal
70 Volvo	95 Banco Popular Español
71 Schneider Electric	96 Centrica
72 Ericsson	97 HeidelbergCement
73 KPN	98 Beiersdorf
74 Imperial Tobacco Group	99 Unibail-Rodamco
75 Saint Gobain	100 CRH

## 11.2 Acronyms

CO <sub>2</sub>	Carbon dioxide	Jl	Joint Implementation
CDM	Clean Development Mechanism	KPI	Key Performance Indicator
CSR	Corporate Social Responsibility	REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
EU ETS	EU Emissions Trading Scheme	XBRL	eXtensive Business Reporting Language
GRI	Global Reporting Initiative		

### **11.3 Ernst & Young Climate Change and Sustainability Services**

Ernst & Young boast a broad group of specialists in climate change and sustainability who are strongly united, both nationally and internationally, in our Climate Change and Sustainability Services Group. This group helps clients work through a range of challenges and issues relating to sustainability. The group of specialists is so large that it can trace the footprint of internationally operating organisations, allowing us to offer expert advice wherever in the world they need us.

#### **Sustainability solutions**

At Ernst & Young, we provide the following sustainability services:

- Offering support in defining a sustainability strategy, developing a policy and formulating performance indicators based on stakeholder, fit/gap, and risk assessments.
- Offering support in embedding the sustainability strategy in the organisation's structure, culture, processes and systems.
- Providing insight into sustainability performance through audits and offering support in reporting on, or verifying, the sustainability report.
- Performing strategic reviews and helping to draft plans to increase sustainability efforts.
- Validating sustainable processes/products.
- Offering advice and support in implementing and maintaining REACH records and reporting.

#### **Climate change solutions**

We offer the following climate change services:

- Establishing carbon footprints, offering support in strategy and policy definition relating to emissions trading, projects in the areas of EU ETS, CDM and JI, and other voluntary emission-reducing projects.
- Setting up greenhouse gas monitoring and reporting systems, and creating awareness through training.
- Offering support in measuring, reporting on, and monitoring emission rights.
- Performing strategic reviews and helping to draft plans to increase climate change efforts.

#### **Why Ernst & Young**

- International firm drawing on a global network of experts.
- Multidisciplinary teams with specialists in sustainability issues, greenhouse gases, tax, accounting and trading.
- Broad and leading experience in sustainability issues since 1992.
- Centrally coordinated CSR Knowledge Centre.
- Member of a large number of reputable organisations such as the Global Reporting Initiative and Global Compact.
- Involved in formulating GRI guidelines.
- Member of the Sustainability Experts Advisory Panel of the International Federation of Accountants (IFAC).
- Member of the FEE (Federation of European Accountants).
- Member of the Council of AccountAbility.
- Member of the IETA (International Emissions Trading Association).

**More information**

Would you like to know more about our services?

Please contact:

Ernst & Young Advisory, Climate Change and Sustainability Services

Dick de Waard

Telephone: +31 (0) 10 406 88 88

E-mail: [dick.de.waard@nl.ey.com](mailto:dick.de.waard@nl.ey.com)

Ernst & Young CSR Knowledge Center

Nancy Kamp-Roelands

Telephone: +31 (0) 10 406 88 88

E-mail: [nancy.kamp@nl.ey.com](mailto:nancy.kamp@nl.ey.com)

Website: [www.ey.nl](http://www.ey.nl)

**12 Authors**

Dick de Waard

Ernst & Young Climate Change and Sustainability Services Partner

Nancy Kamp- Roelands

Director of CSR Knowledge Centre Ernst & Young

Other contributors to the survey:

Charlotte Beuving

Tom Emmelkamp

Hendrik Heuker

Meine Jongedijk

Rolf Karst

Robert van Nimwegen

Joke Rigter

Annemieke van Soelen

Elodie Timmermans

Marjolein van Wetten

Brenda van der Wijk