

Accounting for Good: the Global Stakeholder Report 2005

The Second World-wide Survey on Stakeholder Attitudes to CSR Reporting

Accounting for Good: the Global Stakeholder Report 2005

The Second World-wide Survey on Stakeholder Attitudes to CSR Reporting



CONTENTS

Executive Summary – Ten Key-Findings	06
A. Results	
Agreeing to Disagree	08
The European Connection	10
Just PR?	16
Culture Clash	19
Truth in Numbers	21
Top-ten Reporters	24
B. Recommendations	
Five do's and five don'ts	26
External commentaries	27
Reviews written by Jens Clausen (Borderstep, Hannover) and Thomas Loew (Institute 4 Sustainability, Berlin), David Bickerton (BP, London), Simon McRae (Friends of the Earth UK, London), Mark Makepeace (FTSE Group, London), Teresa Fogelberg (Global Reporting Initiative, Amsterdam), Uwe Bergmann (Henkel, Düsseldorf), Sebastian Beloe (SustainAbility, London), Renate Pretscher (Verbund, Vienna).	
C. Appendices	
I. Methodology	44
II. Participants	46
III. Detailed results	48
IV. Questionnaire	64
V. Recent bibliography	74
An afterword about this survey	76
Imprint	79



EXECUTIVE SUMMARY – TEN KEY FINDINGS

EXECUTIVE SUMMARY – TEN KEY FINDINGS

MISSING THE POINT

There are many misunderstandings about Corporate Social Responsibility. One is to confuse it with philanthropic corporate giving. Whereas increasing numbers of companies actively engage with CSR and publish reports about it, those concentrating on philanthropic issues are clearly missing the point. This thematic element of reports comes 27th in a range of 30 issues that stakeholders find important.

UNVALUED VALUES

CSR reports are mainly aimed at shareholders and investors. But the financial community doesn't consider them useful. The majority of stakeholders, including companies who publish a CSR report, believe that shareholders and investors are an important target group of "non-financial" reports. This is in line with one of the main focuses of the emerging CSR strategy of the European Commission. However, investors are the group least favourable to CSR reports, and most companies admit that they are not addressing the business case for CSR in their reports.

LIBERATED REPORTERS

The number of stakeholders demanding mandatory reporting is decreasing. Although there is still a small majority for mandatory reporting on CSR in either an annual report or in a stand-alone CSR report, the numbers compared to the 2003 survey have decreased considerably. Yet, when asked for consequences of mandatory reporting, stakeholders see more advantages than disadvantages. Again, this has been an important issue in the CSR debate on the European Union level.

PR, NO PR

CSR is not meant as public relations, but reports on it are. Only ten percent of company representatives think their CSR approach is PR-driven. By contrast, 30 percent want to create business value to shareholders through CSR and 28 percent claim "engagement and accountability". However, securing or enhancing reputation is the prime motivator in reporting.

UNVERIFIED FACTS

Credibility in CSR reporting is achieved through verification by an external accountant, through honesty with regard to imperfections and by following the GRI Guidelines. An “official” verification statement is increasingly seen as a proof of credibility (60 percent in 2005, 48 percent in 2003). But the majority of reports has no (or no meaningful) statement, and are also weak on other credibility factors. But it would be unfair to deduce from this that all unverified reports are inevitably untrustworthy.

CULTURE CLASH

There are strong differences in motivation between the English-speaking world and Continental Europe. Companies in English-speaking countries are clearly more strongly influenced by the business case and by securing a social “licence to operate” than their continental counterparts, who are rather influenced by the wish “to be better than competitors”. The competitive argument doesn’t count for so much in English-speaking countries.

INFORMATION OVERKILL

Companies and professional stakeholders have increasingly less time and/or no interest in CSR research. There has been a great increase in CSR surveys and research publications of all kinds all over the globe in the past few years – so much so that many working professionally in this field are getting tired of reading studies or participating in surveys.

COMPETITIVE EDGE

CSR reporting is moving away from the dirty and dangerous. There is more industry competition in CSR reporting than two years ago. Other industry sectors apart from oil/gas and chemical/healthcare are catching up, such as automotive, retail and tourism. The advantage: “Responsibility” is no longer the sole domain of environmentally “problematic” sectors.

PRINT RENAISSANCE

The good old print report returns – electronic innovations are less in demand. Stakeholders increasingly prefer a fixed reporting format. Compared to 2003, demand for a printed report or its pdf as an internet download increases while the demand for more innovative electronic formats falls.

SATISFYING PROGRESS:

There is a slight increase in the overall satisfaction of readers with CSR reports. Compared to 2003 survey findings, readers on the whole are more satisfied with the quality of CSR reporting. All three content dimensions (economic, environmental, social) have been rated better, with the social dimension still leaving most to be desired.



RESULTS AGREEING TO DISAGREE

A. RESULTS

AGREEING TO DISAGREE

Are we talking about the same thing when we discuss Corporate (Social) Responsibility? There is reason for doubt. In the current debate on CSR in Europe, many companies are giving considerable space to the voluntary (financial) contribution that business is making to meet social needs, for instance in education, cultural life, local communities. A recent study on CSR in Germany by the opinion research institute Forsa claims that 10.3 billion euros are spent annually on such activities, echoed similarly by another new survey by the Bertelsmann Foundation. The studies intend to face increasing criticism of “corporate irresponsibility” in the context of globalisation by stating that companies are in fact very responsible.

The participants in this Pleon survey are the major opinion-leading stakeholders of the companies: employees, consultants, academics, NGOs, the financial community, etc. They say: We don't care about this kind of CSR. They rated “Corporate Citizenship” (defined here as corporate giving, community involvement, sponsoring) 27th out of 30 issues they find “very important”.



¹ „Corporate Social Responsibility“ in Deutschland, ed. by Forsa Gesellschaft für Sozialforschung und statistische Analysen, Berlin, June 2005.

² Die gesellschaftliche Verantwortung von Unternehmen, ed. by Bertelsmann Foundation, Gütersloh, August 2005.

1

CSR ISSUES IN REPORTS – WHAT STAKEHOLDERS WANT TO SEE

Selection: "very important", data in percent

human rights	61,4
energy-/eco-efficiency	61,0
health and safety	60,4
climate protection	59,4
environmental management of the production process	58,8
environmental policy	58,8
corporate governance	56,8
standards in developing countries	56,6
environmental management system	53,9
avoiding soil and water contamination	53,9
bribery and corruption	52,7
supply chain standards for social issues	51,1
environmentally sensitive design	50,7
waste treatment /recycling	49,5
equal opportunities	49,1
social policy statements or guidelines	48,9
business case for CSR	48,5
education and training	48,3
risk management	46,9
consumer protection	46,1
sources of energy used	43,2
freedom of association	40,0
use of natural resources by suppliers	39,6
research and development	38,2
macroeconomic aspects of business activity	35,2
quality management	34,7
corporate citizenship	34,5
basic business / financial information	33,5
demonstration of value added chains	33,3
investments / shareholdings	26,3

n = 495



RESULTS THE EUROPEAN CONNECTION

Notwithstanding the undoubted social benefits of corporate spending companies can't use it to fend off public criticism, nor does it make good business sense for investors and shareholders (as will be seen below). In the eyes of key stakeholders, social responsibility is principally a question of the way business is being conducted – voluntary spending is clearly subordinate.

Other major disagreements exist about the role of the financial services industry in CSR. Is it necessary to develop a business case for CSR? Does it have to be communicated to analysts and shareholders? Investors seem to agree, companies far less so (see next section "The European Connection").

If CSR is not relevant for business, is it just public relations? Many critics from non-governmental organisations seem to think so. Companies strongly disagree, but don't form a homogenous group in a regional comparison (see section "Just PR?").

THE EUROPEAN CONNECTION

Corporate Social Responsibility is high up on the priority list of the European Commission. At this stage (September 2005) the final word on the European CSR strategy has not yet been spoken. The process began in 2000, leading to a Green Paper in the summer of 2001 and an official "Communication" in the following year. Since then, a longer multi-stakeholder dialogue has taken place which had not reached a united vote on many issues when the dialogue process concluded in 2004. A second Communication had first been announced for October 2004 and was postponed to December 2004, then to March 2005, then April 2005, then vaguely for some time in 2005. Obviously this is a difficult process still.

Two elements of the European Union debate have been under consideration in this survey. One is the role of CSR reporting, and the other that of the financial sector. The reporting agenda has long been dominated by a disagreement over the voluntary or mandatory approach. In 2002, the European Parliament recommended mandatory reporting – a real bogeyman for business. Currently, the Commission is preparing a comparative online database of CSR reports which would also list the non-reporters – as a deterrent. This conflict has not yet been resolved.

The financial services providers' role in promoting CSR by encouraging Socially Responsible Investments (SRI) is another key element. This has been picked out as the central theme of the United Kingdom's official CSR conference, organised for December 2005 as a highlight of the UK's European Council Presidency.

Mandatory reporting: Opponents on the rise

There are fewer supporters of the idea of mandatory CSR reporting in Europe than two years ago. The question, whether stakeholders deemed mandatory reporting "sensible" met with considerably fewer supporters and more objectors. The latter rose from 17.8 percent in 2003 to 25.3 percent in 2005. The most favoured option "Yes, for all companies over a certain size" achieved 29.1 percent, compared to 38.4 percent in 2003. Still – all in all there is a majority for mandatory reporting.

Interestingly, the stakeholder group most in favour of the mandatory approach is the financial services sector, while company employees are the strongest opponents (see Appendix III for details). But what would happen if CSR reporting became mandatory – would there rather be positive or negative side-effects? The positive effects of mandatory reporting were greatly favoured. By contrast, stakeholders don't agree with an often-heard argument by companies that reporting would lose its creativity and energy if it became a legal obligation.





RESULTS THE EUROPEAN CONNECTION

2

CSR REPORTING BE MANDATORY?

Data in percent

Yes, for all companies over a certain size.	29,1
Yes, for all companies.	24,8
Yes, for all publicly listed companies.	12,7
Yes, for all multinational companies.	3,2
Yes, for all companies in a specified certain business sector.	2,6
No.	25,3
Not specified.	2,2

n = 495

3

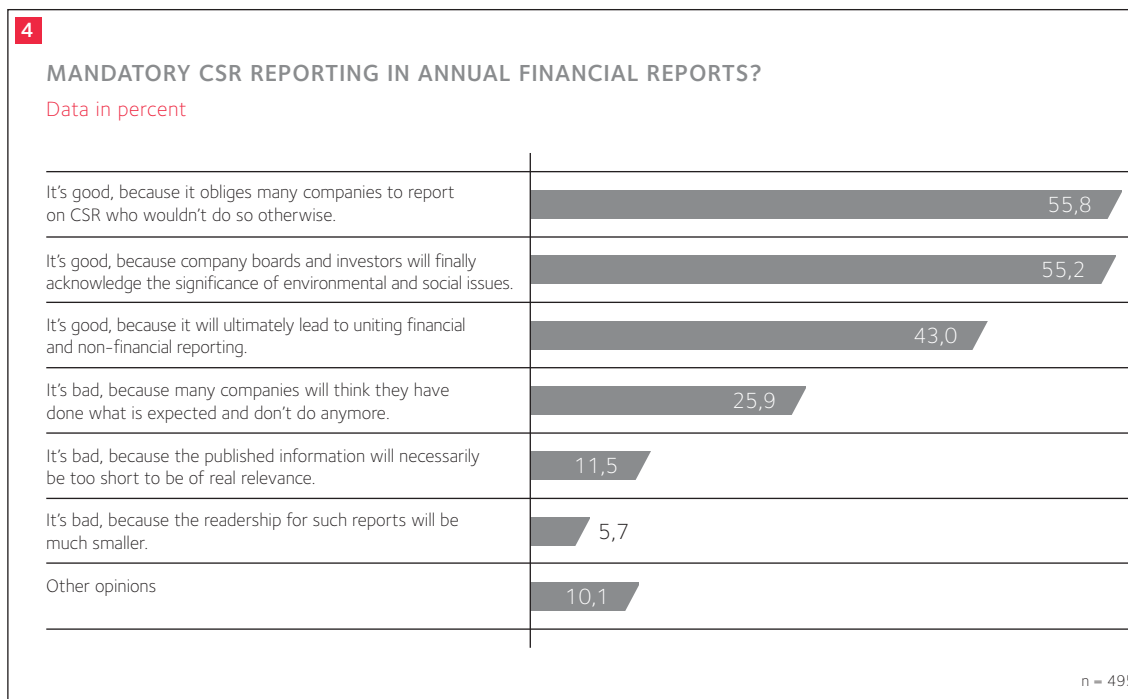
LIKELY CONSEQUENCES OF MANDATORY CSR REPORTING

Data in percent

More companies will report on CSR, which is ultimately of a wide social benefit.	35,4
CSR will be acknowledged as an important issue by a larger public.	34,3
CSR reporting will lose much of its energy and creativity.	14,5
Companies will comply, but will no longer develop problem solving on their own.	13,5

n = 495

In a similar question the survey examined what the likely consequences would be of an obligation to report on environmental and social impacts in an annual (financial) report. The reason for this question was a 2005 European Union Directive which is currently being implemented in national law and similar requirements on a national level like the revised Operating and Financial Reviews (OFR) in the United Kingdom. Again the positive arguments were much stronger among respondents of this survey.





RESULTS THE EUROPEAN CONNECTION

Financial services industry bored by CSR?

The majority of stakeholders, including companies who publish a CSR report, believe that shareholders and investors are an important target group of “non-financial” reports. Financial analysts and investors are the group who most clearly say that CSR reports are “very useful” in their work. By contrast, however, they are also the group with the highest number of people who can see “no” professional use in reports.

5

PROFESSIONAL USEFULNESS OF CSR REPORTS FOR CERTAIN STAKEHOLDERS

“Has the information contained in these CSR reports been useful to you in your professional work?”

Data in percent

	Employees	Academics	NGOs	Financial community
Yes, very often.	37.8	41.8	30.4	66.7
Yes, occasionally.	55.9	41.8	52.2	18.5
No.	3.6	7.3	8.7	11.1

n = 136/66/61/31

Indeed, the financial community differs a lot from other groups. For them the most important function of a CSR report is that it “should be a useful source of information for investors / shareholders” – a view totally opposite to that of employees (these are the report writers!) and others. It highlights the misunderstandings between the companies publishing CSR reports and this crucial group of stakeholders:

6

IMPORTANCE OF REVEALING USEFUL INFORMATION TO INVESTORS

“A CSR report should be a useful source of information for investors / shareholders”

Data in percent

	Employees	Academics	NGOs	Financial community
Very important	44.1	37.9	55.7	74.2
Fairly important	42.6	40.9	29.5	22.6

n = 136/66/61/31

This result shows a fundamental difference in the conception and reception of CSR reports. Whereas the financial community is obviously interested in information that they can use for stock exchange ratings and recommendations for investors, the employees in the companies that are being analysed quite obviously don't regard this as a priority. Undoubtedly, such mindsets are not suited to communicating the business case for CSR. It appears that the financial community would be well prepared to value CSR as an important economic factor if the companies weren't so reluctant about it. Reputation and brand image are undoubtedly business-relevant factors ("intangibles") that are, however, sometimes difficult to pin down in financial figures. But even without a financial statement a business-relevant explanation could in most cases be given, and it may be this that the financial community is looking for in CSR reports and that makes them unsatisfied with reports if they don't find it.

Further results show that the financial community is the strongest advocator of the Global Reporting Initiative's reporting guidelines and of formal external verification of reports – both elements that make performance analysis easier (see Appendix III for details).



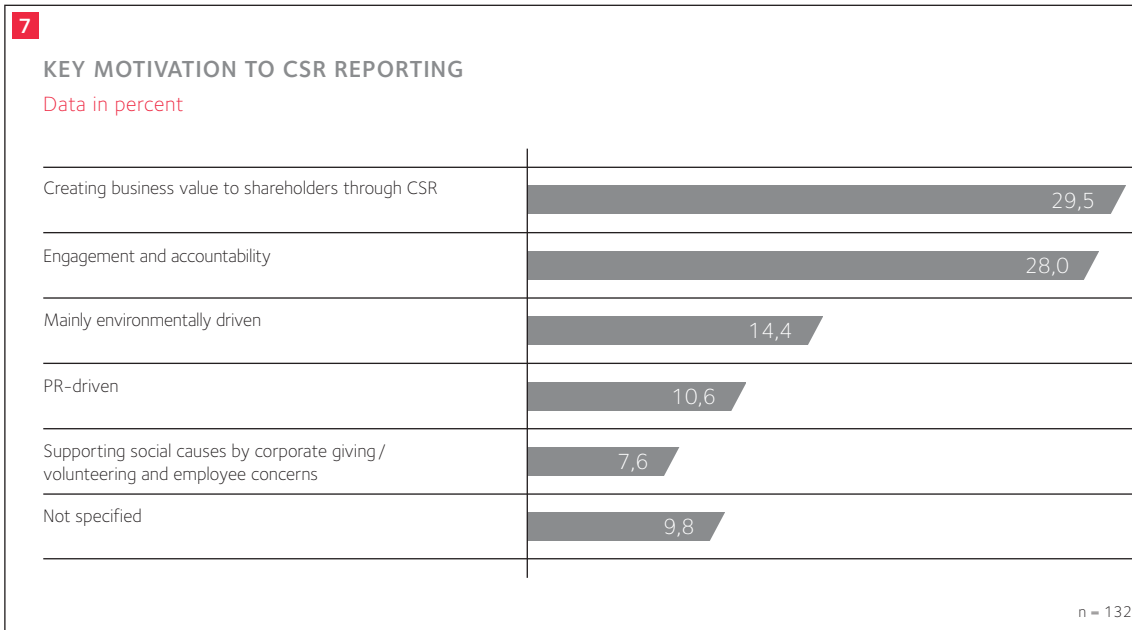
RESULTS JUST PR?

JUST PR?

The more critical members of the public (in particular some media and NGOs) often allege a public relations approach to CSR reporting. In essence this means that companies are not taking social responsibility serious but are simply engaged in polishing their public image. Obviously, there are fundamental differences about what a company is expected to do – does responsibility extend beyond the boundaries of business activity? Is there a role of business in “healing the world’s wounds”? Is the major failure the capitalist system as such?

We asked company employees about their own motivation. They have two roles – they are an important internal target group of a report, but they are also (at least in this survey) the ones who write and publish a report, and for this purpose read the reports of competitors for benchmarking. In our group of 495 participants, 132 were employees.





Given the anonymous format, company representatives here could give their honest view on whether they think their company takes CSR seriously as a commitment or whether it is primarily driven by public relations considerations. From their own point of view, most are convinced that their purpose is to “create business value to shareholders through CSR”. “Engagement and accountability” is another driving force. A primarily PR driven approach is noticed by a clear minority of just over ten percent. A corporate giving approach to CSR (see section “Agreeing to Disagree”) is seen by no more than 7.6 percent of respondents.

It appears from this result that some 80 percent of the companies surveyed take CSR very seriously and would therefore not deserve wholesale public criticism of their activities. Yet, when asked for their motivation to pursue CSR and reporting on it, a convincing majority says their “prime motivation” is to secure or enhance good reputation. This is, of course, no contradiction, as real engagement will even be a better measure to enhance reputation than superficial “public relations”. The problem here is the equation of corporate communications with a view of public relations as green- (or white-) washing activities.

RESULTS CULTURE CLASH

PR is PR is ... no PR

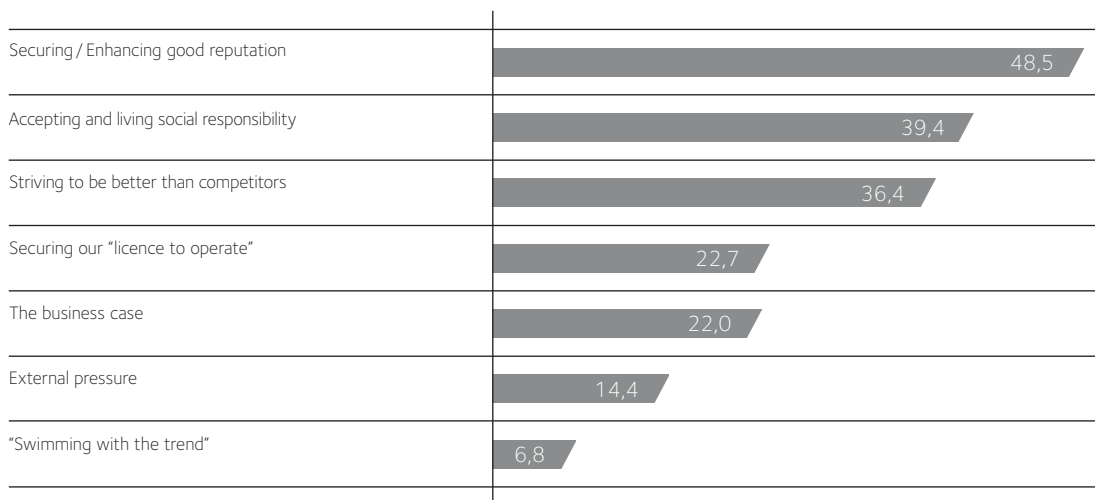
A CSR report is undoubtedly an instrument of corporate communications. In most cases it is the corporate communications department that is responsible for the internal organisation and the publishing of a CSR report. One could even claim that this is a condition which ensures that a CSR report is compatible with other instruments conveying corporate messages such as an annual report, a website, and marketing activities. Condemning the responsibility of the “public relations” department reflects a view of corporate communications that is very much a matter of the past for many forward-looking companies (and consultancies, for that matter).

Thus, we find the strange fact that a CSR report is and is not public relations. The issues dealt with in such a report reflect real engagement (i.e. in most cases), but the resulting documentation in a reporting format undoubtedly aims at enhancing and securing good reputation among stakeholders. There are, however, noticeable differences across geographical regions (see next section “Culture Clash”).

8

CSR APPROACH OF COMPANIES

Data in percent



n = 132

Finally, if CSR was mere PR, companies wouldn't need to take the trouble and publish a detailed performance report. There are many other instruments of corporate communications by which other key stakeholders could be reached who don't form a group of experts, such as consumers. The general consumer would never be reached with a CSR report. Marketing, advertising and communications on selected single issues of CSR relevance would be much more effective and less laborious.

CULTURE CLASH

There are a number of interesting differences between stakeholders across the regions covered by this survey. As the largest number of participants came from Western English-speaking countries and Continental European countries there is a focus here on these two groups. The United Kingdom has been included in the group of English-speaking countries together with the United States, Canada, Australia and New Zealand, and not in the group of other European countries because the responses of UK participants showed a greater similarity with the United States and Commonwealth countries than with non-English-speaking European countries. The Continental European group comprised 221 respondents, the anglophone group had 150.





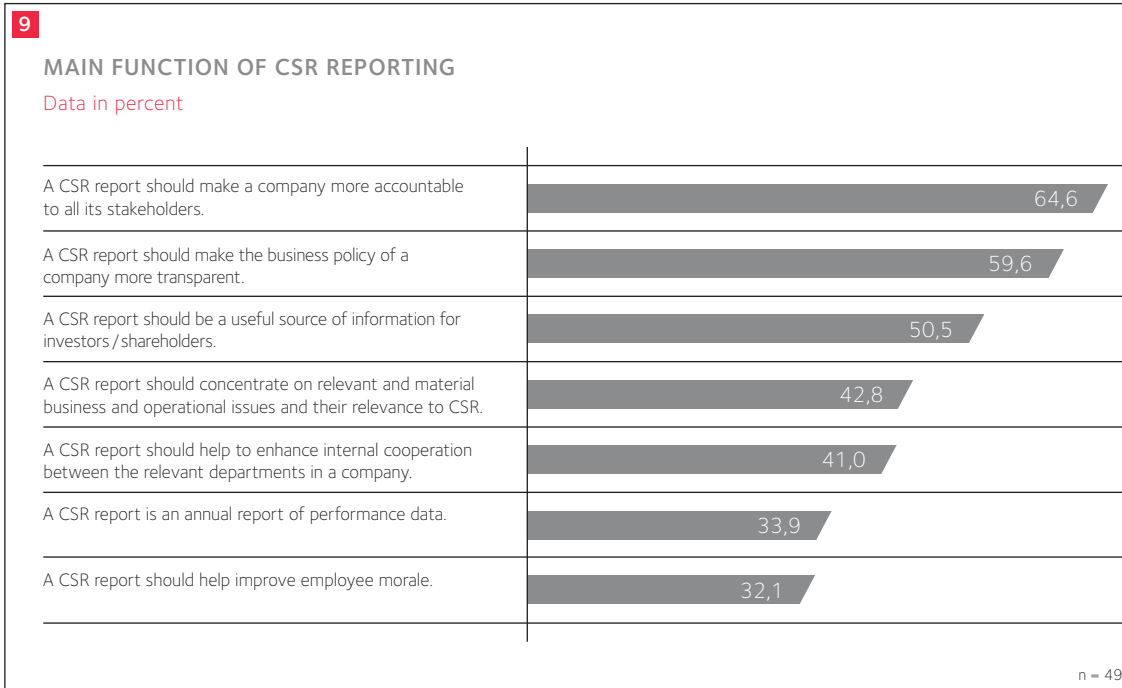
RESULTS TRUTH IN NUMBERS

- **Requesting / receiving reports:** Stakeholders in English-speaking countries tend to be more active in requesting reports (66 percent) than in Continental Europe (47.5 percent). The number of Continental European respondents saying they received reports unsolicited is almost three times higher (30.3 Percent) than in English-speaking countries (11.3 percent).
- **General satisfaction:** With the exception of economic issues, stakeholders in English-speaking countries tend to be more satisfied with general dimensions of CSR reporting (environmental, social, economic).
- **Acceptance of the GRI:** Satisfaction with the reporting guidelines of the Global Reporting Initiative (GRI) is significantly higher among English-speaking stakeholders than among Continental Europeans. For example, the positive view that the GRI Guidelines offer a “flexible framework” and that organisations can choose their appropriate indicators to report on is supported by 63.3 percent of anglophone respondents and by 48.9 percent of Continental Europeans. The positive sides of standardisation are seen by 78 percent of English-speaking participants and by 62.9 percent of Continental Europeans.
- **Verification / assurance:** English-speaking respondents prefer professional verification statements in reports to a much greater degree than Continental Europeans (71.3 to 52.9 percent).
- **Writing style:** Asked for the writing style as a key formal element of a report, English-speaking respondents greatly favour a “popular, accessible style” to a “business-like formal style” (43.3 to 17.3 percent). There is almost exactly the opposite picture among Continental Europeans (19.9 to 41.6 percent).
- **Print vs. online:** Continental Europeans prefer a printed report to an internet report (62.4 to 29.4 percent), whereas English-speaking stakeholders rather use the internet version (51.3 percent internet to 36 percent print).
- **Different motivation among companies:** Companies in English-speaking countries are clearly more strongly influenced by the business case and by securing a social “licence to operate” than their Continental counterparts, who are more influenced by competition. More than 40 percent of respondents from English-speaking countries chose both the “business case” and the “licence to operate” as key motivators. In Continental companies this compares to 10.6 and 16.7 percent. In comparison, Continental European companies are mainly driven by the wish “to be better than competitors” (48.5 percent) which is far less important to English-speaking companies (26.5 percent).



TRUTH IN NUMBERS

Despite being a “report”, a CSR report is not mainly made to relate corporate performance in a defined time period. The main function of a CSR report is to demonstrate accountability and transparency.



To whom are companies accountable? Many companies would say “to my shareholders” – and they are right! Shareholders and investors are seen by a comfortable majority of respondents to be the main audience of a CSR report, with employees coming second and consumers or clients third.



RESULTS TRUTH IN NUMBERS

10

MAIN AUDIENCES OF CSR REPORTING

Data in percent

shareholders / investors	67,3
employees	51,7
consumers / clients	42,8
the media	35,4
NGOs	29,5
neighbours / regional community	21,6
politicians / regulatory authorities	14,9
business associations and networks	7,5
suppliers	5,3
academia	3,8
other	4,2

n = 495

Verification increasingly important

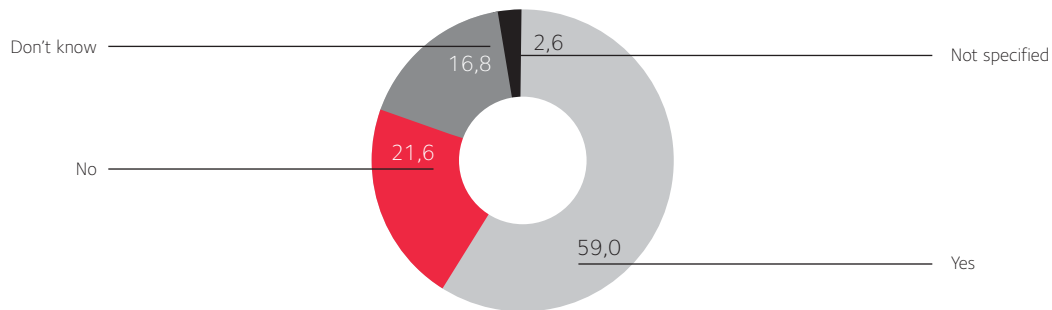
Contrary to financial reporting, an “official” verification statement (e.g. by a professional accountant) in “non-financial” reporting is still a hot issue, much dependent on the credibility of the assurers. There is now a clear majority of international stakeholders who want CSR reports to be “verified by a professional assurance or verification body”.

Formal verification has also gained first place among the factors contributing to credibility. Possibly, the general crisis of the verification industry in the wake of the Enron / Arthur Anderson scandal has been largely overcome. On a more philosophical note, the result may show that in our current climate of social and economic insecurity and change, the request for verified information generally increases.

11

FORMAL EXTERNAL VERIFICATION?

Data in percent

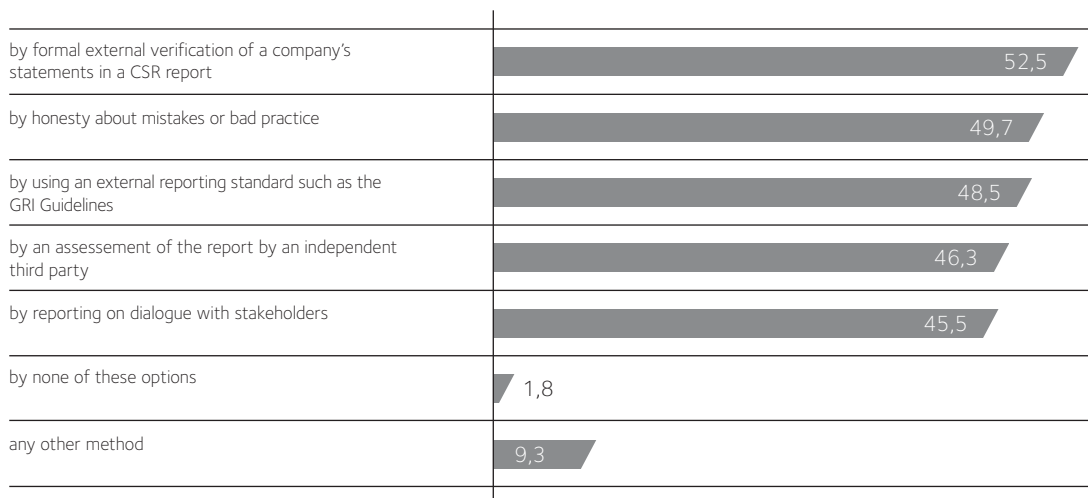


n = 495

12

FACTORS ENHANCING CREDIBILITY IN CSR REPORTING

Data in percent



n = 495



RESULTS TOP-TEN REPORTERS

TOP-TEN REPORTERS

The top CSR reporters are Shell, BP and Novo Nordisk. Stakeholders chose these names freely, without being given a predefined choice. However, in this 2005 survey, the spectrum of companies that was named was considerably greater than two years ago. Many more companies from all parts of the world were named as good reporters.

13

TOP TEN CSR REPORTERS ACCORDING TO STAKEHOLDER OPINION

"Please give examples of companies that are good in CSR reporting."

(ranked according to the number of namings by respondents)

Rank 2005	Rank 2003	Company
1	1	Shell
2	3	BP
3	2	Novo Nordisk
4	7	Henkel
5	4	Co-operative Bank
6	5	BASF
7	14	Suncor
8	6	British Telecom
8	8	Volkswagen
10	–	GAP
10	20	Westpac Bank

There is a similar picture when looking at industry sectors. Although a small number of sectors tend to be better reporters on CSR than others, this general picture has been considerably blurred within the past two years. In 2003, stakeholders unhesitatingly voted for the chemicals and healthcare industries (45.1 percent) as well as the oil and gas sector (38.6 percent). Although they are still leading, those two sectors lost their outstanding position, which is only partially explained by the relative rise of other industry sectors such as

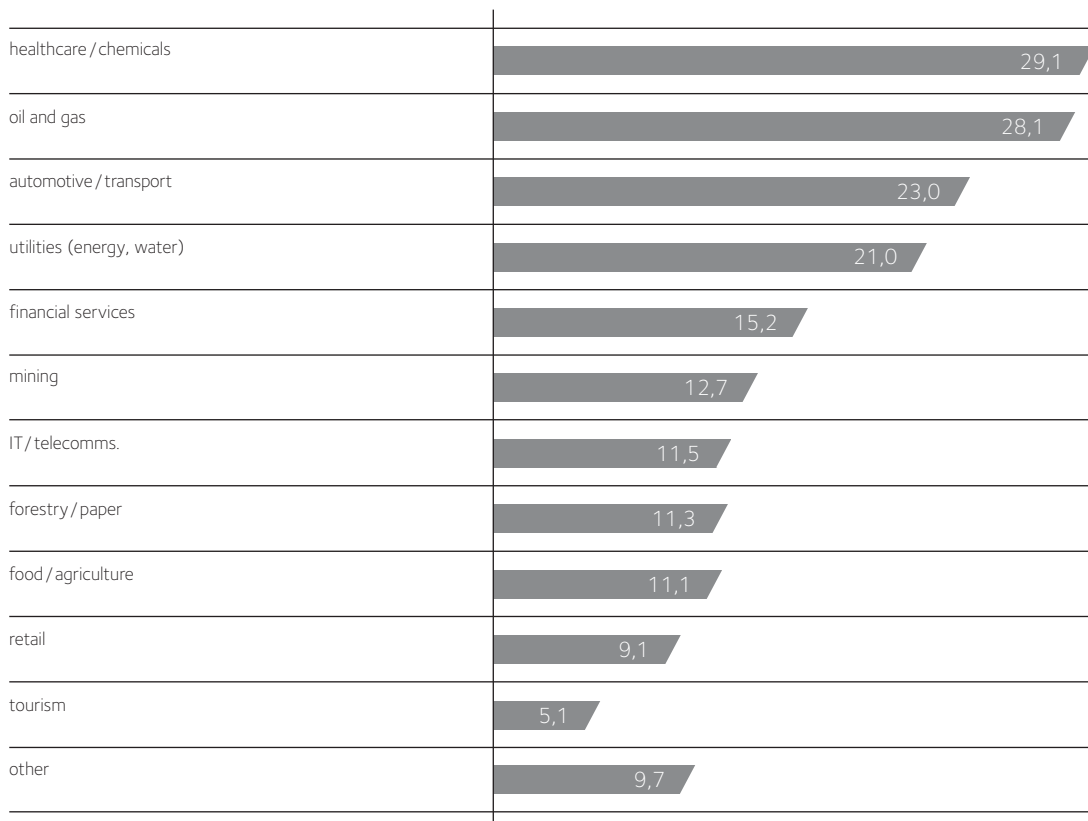
retail and tourism. The energy and water (utility) sector lost their third place (2003) to the automotive and transport industry, both sectors being strongly environmentally relevant, but possibly it has been the limited progress of the energy sector in addressing climate change that caused this.



14

INDUSTRY SECTORS THAT ARE GOOD IN CSR REPORTING

Data in percent



n = 495



RECOMMENDATIONS

B. RECOMMENDATIONS

FIVE DO'S AND FIVE DON'T'S

Intending to reconsider your CSR engagement or to improve your CSR report? Here's some free advice. For the details contact Pleon.

1. **Do listen** to the demands of opinion-leading, potentially critical stakeholders. If good reputation is one of your aims you can't pursue a completely different CSR agenda to theirs.
2. **Do follow** the guidelines of the Global Reporting Initiative (GRI). They are your greatest warranty for writing a relevant and widely respected report.
3. **Do design** your report in a way that your key messages can be conveyed in half an hour's reading time.
4. **Do explain** the business case for your CSR approach. You have economic reasons, it does make business sense. Tell your stakeholders.
5. **Do focus** (more) on the social and economic aspects of CSR. They are of increasing concern to stakeholders.

1. **Don't attempt** to write a CSR report with the intention of meeting the demands from all your important stakeholders and from your major regional markets. Stakeholder expectations are too different.
2. **Don't concentrate** on your goods deeds but on your responsible deals. Your main audience wants to know how you make your business sustainable.
3. **Don't try** to reach private consumers with your CSR report. They will neither read nor value it. To reach consumers use different communication tools.
4. **Don't think** your company is so individual that it doesn't fit a standardised format. Every standard makes sense. There is always room for creativity.
5. **Don't forget** to market your report once it's completed. Never expect public demand without your offer.

EXTERNAL COMMENTARIES

In August 2005, Pleon asked a number of individuals and organisations for commentaries on selected results of the Global Stakeholder Report. The purpose was to have a number of experts reflect on the research findings, thereby broadening the perspective of this report and challenging our findings. Some of the respondents had previously been participants in the survey, others not. Our experts received five theses that were deduced from the survey and were given questions they could use as a guideline for their comment if they wanted.

We would like to express our thanks to the following persons for their contributions to this report. The five theses are listed below, followed by the commentaries.

- David Bickerton, BP (London)
- Simon McRae, Friends of the Earth UK (London)
- Mark Makepeace, FTSE Group (London)
- Teresa Fogelberg, Global Reporting Initiative (Amsterdam)
- Uwe Bergmann, Henkel (Düsseldorf)
- Thomas Loew, Institute 4 Sustainability (Berlin) and Jens Clausen, Borderstep Institute (Hannover)
- Sebastian Beloe, SustainAbility (London)
- Renate Pretschner, Verbund (Vienna)

Five theses to comment on

1. CSR reports fail to address one of their main stakeholder groups: the investors.
2. Dialogue with stakeholders is an appropriate way to increase transparency in CSR reporting. But in order to achieve this, the critical arguments must find their way into the reports.
3. Credibility in CSR reporting is achieved through verification by an external accountant, by honesty with regard to imperfections and by following the GRI guidelines.
4. The management of human rights is the most important issue for multinational companies to report on. But more than half of the readers of CSR reports are unsatisfied with reporting on social issues.
5. Companies in English-speaking countries are clearly stronger influenced by the business case and by securing a social "licence to operate" than their Continental counterparts, who are more influenced by competition.



RECOMMENDATIONS



“External assurance is a key component in providing credibility”

DR. DAVID BICKERTON

Head of External Communications, BP plc. (London)

BP’s research suggests that investors are becoming increasingly engaged with sustainability reports but want to see clearer linkages between the business strategy and sustainability issues. I believe many companies have struggled to make this linkage in the past.

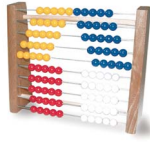
It is important that sustainability reports are balanced and reflect both achievements and failures. As part of our reporting process we welcome feedback on our reporting (both positive and negative). We also try and reflect our various dialogue processes and, where applicable, do publish comments by stakeholders on the web. The key challenge we face here is to be truly representative in publishing these comments. For a global company engaged in many high profile projects, there are many contrasting views from different audiences.

We believe that external assurance is a key component in providing credibility to our reporting. The process of data verification and narrative challenge that we get from Ernst & Young is important in ensuring that our reporting is both accurate and balanced.

The development of the next generation of GRI guidelines in 2006 should also help provide a clearer global framework for companies to report against and means for audiences to compare approaches and performance across companies and sectors.

As for the contents of reports, social issues are becoming more important. However, the development of generally agreed social indicators is less developed than environmental measures. The emergence of the GRI indicators and development of sector specific sustainability reporting guidelines will speed the development of these indicators.

I am surprised by the finding that Continental European companies should be more influenced by competition than by the business case for sustainability. In my experience a number of Continental European companies are among the leaders in this field and I believe their motivations are the same as Anglo-Saxon companies in the need to endure for the longer-term.



RECOMMENDATIONS



“CSR reports are not just for shareholders”

SIMON MCRAE

Corporate and Investment Campaigner, Friends of the Earth UK (London)

In general we ignore most CSR reports as they still tend to focus on companies’ employees, their offices and philanthropic causes and not so much on the significant social and environmental impacts of the products they sell or the services they offer.

We would be more likely to give a public comment in a CSR report if the company was a leader in its sector and was genuinely willing to listen and change. Another factor would be if we were involved in a campaign against them and wanted to counter any false claims.

Generally we would be quite sceptical of any CSR report that has not been “independently verified” by stakeholders. CSR reports are not just for shareholders – they are for stakeholders including local communities and the environment. If representatives of these groups or areas of interest can’t comment on a report then what is the purpose of it? Is it just to make investors feel good about themselves? For the integrity of CSR reports you need critical commentary from stakeholders, otherwise you learn nothing and destroy trust.

However, we don’t consider accountancy firms to be reliable or independent auditors of CSR reports. Firstly, they often lack the skills and knowledge to be able to assess social and environmental impacts. Secondly, they rarely seek the view of stakeholders apart from employees and management. Thirdly, they often have a conflict of interest between their audit and consultancy work with companies they work with.

We don’t agree there has been a significant rise in the area of human rights in terms of CSR reporting. For example, areas such as child labour which involve human rights have been on the public agenda for some

time, but it is an area that has been neglected in terms of assessing companies' broader social and environmental impacts. What has changed has been the publication of the "UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights", which has moved the spotlight from countries to companies in terms of addressing human rights.

It is also not accurate to say that environmental issues have been dealt with. Yes, there is probably a lot of agreement over what are the key environmental threats – such as climate change, loss of biodiversity, toxic pollution, water scarcity – that we need to address. However, many company CSR reports still don't address the wider environmental impacts of their business. For example, oil companies often comment on the performance of their refineries and head offices, but are less likely to comment on the impacts on climate change as a result of the fossil fuels they sell or of the impact on sensitive environments from extracting oil.

If companies were focused on promoting and implementing sustainable development then potentially the market-oriented ambitions of companies to be better than competitors could be an effective driver for CSR. However this is not currently the case under company law, where the focus is on making a profit and satisfying shareholders. It would also be naïve to expect "market forces" to solve the world's social and environmental ills when the market system, which marginalises the significant environmental and social impacts of companies, is itself "part of the problem".



RECOMMENDATIONS



“Analysts need material information about a company’s business”

MARK MAKEPEACE

Chief Executive, FTSE Group (London)

The number and the quality of Corporate Responsibility (CR) reports have both greatly increased over the last few years, but we are still at the start of a long process in the development of this form of reporting. There are many reasons for the increasing focus on CR reporting and disclosure, with a wider variety of stakeholders calling for greater accountability and transparency. FTSE Group is committed to play a role in this transition. Its socially responsible investment indices, the FTSE4Good Series, has introduced tougher disclosure and reporting requirements in areas such as environmental management, human rights and supply chain labour standards, which companies need to meet to gain, or continue, inclusion. FTSE has entered into direct dialogue with over 500 companies on these issues and has helped encourage hundreds to improve their reporting or disclosure.

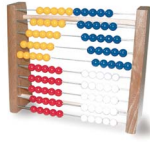
The financial community is now more aware of using extra-financial (also known as “non-financial”) data in analysis, some of which uses information from CR reports. The most important milestone was perhaps the launch of the Enhanced Analytics Initiative (EAI) at the end of 2004 by a number of large institutional investors and fund managers. The EAI is a consortium of investors committing to allocate a proportion of their broker commission spend on extra-financial analysis such as on corporate environmental and social performance and therefore encouraging sell-side analysts to do more research on these issues.

It comes as no surprise that Pleon’s survey shows that although companies see the financial community as the key audience for their CR reports, the reports are often wholly inadequate for their needs. What analysts need is information and data that is material to a company’s business and is in context of the whole group’s activities. An example of a report that would be of little use would be when a large industrial company is

reporting on the amount of paper the small head office recycles while failing to report on emissions or energy use in its factories. Consistency of data is also crucial, both year to year, and consistent with reporting frameworks within the business sector. Well-defined external verification, although costly for companies, is also important to enable analysts to have confidence in the data.

However, verification of CR reports is itself evolving and at present can often be so limited in scope that its value can be questionable. Information on systems and controls, for bribery and corruption through to environmental management, can also be key to providing analysts with confidence.

The information needs of different stakeholders vary widely which could lead to differing forms of communication to each. Certainly CR reporting to investors is still in its infancy. It took many decades for clear and consistent financial reporting frameworks to become widely accepted and used, and continues to develop now. Extra-financial reporting is only at the start of this journey.



RECOMMENDATIONS



“There is no broad gap between financial and ‘non-financial’ reporting”

TERESA FOGELBERG

Associate Director, Global Reporting Initiative (Amsterdam)

There is much confusion about what the economic aspect of sustainability actually is. Mostly it gets confused with financial aspects – but there is a big difference. To some readers of sustainability reports, financial figures are not the same as the economic aspects of sustainability. The economic aspects refer to the impact a company has on the economic circumstances of its stakeholders. So this would point to things like bribery and corruption, the demonstration of value added chains, macroeconomic aspects of business activity etc. Other hot items include taxes paid, community impacts as a result of the corporate presence, supply chain impacts, etc.

The financial aspects of sustainability include data on “the business case for CSR”, risk and quality management, research and development (with a sustainability angle). These, as well as corporate governance, investments and shareholdings are important items to be disclosed in the third generation (“G3”) of the GRI Guidelines.

Corporate Social Responsibility directly drives or limits value creation. It is an integral part of good process control, innovation, the avoidance of liability, and the enhancement of an organisation’s intangible assets. Put simply, the quality of CSR management can help investors distinguish companies that are efficient and well positioned to protect their market competitiveness and those that are headed for a bumpy ride.

Certain specific factors can help drive a company’s value. Therefore, their disclosure should be of interest to investors. These factors include a range of different competencies, actions, and liabilities. Some of the most commonly cited are environmentally driven innovation, the exposure to risks and the assessment of future competitive advantage.

Currently, many investors are not getting the disclosures they need. This is part of the reason why a number of national governments decided to mandate environmental or sustainability reporting, like France. In the United States, the U.S. Securities and Exchange Commission (SEC) guidelines also require companies to disclose known future uncertainties and trends that may materially affect financial performance in their management discussion and analysis (MD&A) of financial reports. Much sustainability information in the United States is being reported through this.

Hence, the gap between financial and so-called “non-financial” reporting is not as broad as it seems. As the business case for sustainability practices becomes increasingly clear, reporting offers real value to those whose business is to assess the current financial health of companies and anticipate future performance.

The verification of sustainability or CSR reports is at an early stage. As the GRI seeks to elevate the quality and expand the quantity of reports, it believes that verification is one element in achieving credible sustainability reports. However, in practice we find that most companies only assure bits and pieces of their reports. The next generation of the GRI guidelines – the so-called G3 – will improve the assurability of the reports. The G3 guidelines will serve as suitable criteria for assurance.



RECOMMENDATIONS



„To be credible you have to openly address challenges and problems“

UWE BERGMANN

Corporate Sustainability Management, Henkel KGaA (Düsseldorf)

To date, SRI analysts and rating institutions are the only group within the financial community really interested in a broad range of sustainability issues. Corporate governance is the “CSR issue” the majority of “conventional” analysts in our sector – the consumer goods industry – frequently request information on.

Even though SRI analysts are just a small group within the financial community, they are important stakeholders for us. But it is not possible to cover all their information needs within a sustainability report alone. Firstly, we want to reach other stakeholders with the report as well, like employees, consumers, the media, NGOs, and politicians. And secondly, in a report we can present no more than the most important aspects of an issue if the report is to remain readable. We do receive positive feedback on how we handle this from our readers, including analysts.

In order to adequately cover the information needs of our various stakeholders we complement the report with other communication tools, in particular the website which has been consistently integrated with the print report. Direct dialogue – in person, via telephone and e-mail – is equally important. This is similar in “conventional” investor relations, where the printed reports, especially the annual reports, are the basis for dialogue and specific information requests as well.

Without doubt, transparency is a prerequisite for a constructive dialogue with stakeholders – and not the other way round. We can only be credible if we do not just report on progress and performance but also openly discuss challenges and problems, and the way we deal with them.

Many of these challenges are global ones. However, priorities and perspectives differ greatly from region to region, because the people in the markets and countries where we operate don't have the same set of values, needs and expectations. This is why in our current report we have asked five external sustainability experts to describe the challenges a company like Henkel must deal with in their country. We hope that these statements help our stakeholders to evaluate the kind of progress and performance that we report on.

When considering whether a formal external verification can add value to the report one should clarify what is to be verified. Are we talking about the reliability of our data management or about the question whether we address the relevant challenges and adequately describe our performance? Companies are judged by their performance, but external expectations and sustainability priorities differ between regions, markets and particular stakeholders. Therefore, we believe a verification statement does little to help our stakeholders assess our performance.

In comparison to financial reporting, sustainability reporting is still in a very early stage of development. The international debate about minimum requirements for reporting and about guidelines certainly contributes to improvements by offering orientation and stimulation. However, this should not restrict the creative leeway of business. All too narrow guidelines and redtapism would make sustainability reporting a mere compulsory exercise for companies and stifle the further development of reporting.



RECOMMENDATIONS



“There are many ways to achieve credibility”

THOMAS LOEW / JENS CLAUSEN

Institute 4 Sustainability (Berlin) / Borderstep Institute (Hannover)

In order to provide a commentary that is detailed enough we are focusing on the results related to stakeholder dialogue and achieving credibility by external verification of a sustainability report. We are referring to new insights gained from our research project published recently as „Mehr Glaubwürdigkeit durch Testate?“ (More Credibility with Assurance Statements?; see Appendix V; ed.), which was based, inter alia, on a survey of international experts.

Our research clarifies that credibility in sustainability reporting is both advanced and impaired by various factors. The most important forces boosting credibility are

- the completeness of reporting with regard to material sustainability issues,
- openly addressing weaknesses, unsolved problems and conflicts,
- statements of third parties in a report,
- formal external verification, and
- the general public image of the company and the public assessment of its material sustainability performance.

Obviously, it is very well possible for a non-verified report to be credible since there are many factors determining credibility. It is equally possible that an externally verified report would still be regarded as less credible by its readers when other credibility factors are not seen as being in line with it, for instance in case of ongoing public criticism of certain aspects of a company's sustainability performance. Consequently, it is not wrong to

say, as stated in the report, that “credibility is achieved by an external accountant, ...” but the thesis should be reformulated as “credibility in CSR reporting can be achieved through several factors. The most relevant are ...” (see above).

Limiting credibility to a sustainability report is therefore not enough. It is crucial for a company to be credible as a whole organisation. Here, again, a number of factors have to be taken into account, such as a trustworthy sustainability report, but just as much the company’s sustainable corporate governance, external performance assessments and the openness in corporate communications and stakeholder dialogue.

For example, a well-known sports shoe brand is planning to abandon external report verifications in future sustainability reports and to focus instead on the external verification of its activities to improve working conditions and environmental management with its suppliers. This focus on performance and management is, in our opinion, a more important proof of credibility – of the company as well as the report – than a report-related verification statement. Thus, depending on the company there are different ways to improve credibility; formal external verification of a report is just one of many.



RECOMMENDATIONS



“Most reports still play a defensive role”

SEB BELOE

Director of Research and Advocacy, SustainAbility Ltd. (London)

The overriding weakness of the current format of CSR reports is that they are written to address a wide variety of audiences including the financial community, but also employees, NGOs, governments, customers and other stakeholders. More sophisticated communication strategies would allow CSR information to be more effectively communicated to relevant audiences by using a variety of different media including branding and advertising as well as other customer, supplier and employee communications. This would put the information into a context that is relevant and appropriate for different stakeholder groups.

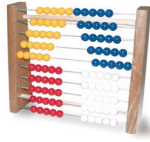
Being more transparent and accountable are clearly related concepts, and it isn't surprising that they are high up the list of key functions that a report plays. But it does also illustrate the defensive role that most reports still play. After all, reports should also be about building and reinforcing a company's identity, and about engaging stakeholders in supporting and testing the company's overall business strategy.

Assurance is not just provided by accountants. Who can enhance the credibility of a report is partially a function of the audience and partially a function of what gets assured. For many readers it is about what gets measured as much as it is about how data gets measured.

I am surprised that most respondents feel that economic issues are measured reasonably well. Financial issues of course largely are, but economic issues stretch well beyond narrow financial metrics. Also, these figures seem on the whole rather high – which is a good thing! – with more than 50 percent of respondents being satisfied with how social, environmental and economic issues are dealt with.

The difference in motivation between English-speaking and Continental European companies is an interesting result, too. This may be partially due to the role of NGOs in Anglo-Saxon countries which tend to be quite focused on business as a driver of change for social and environmental issues. This is perhaps different in Continental Europe where government is still very clearly the key audience for improving social and environmental issues.

We are only ever going to achieve sustainable development by actively engaging markets to drive improved performance in the private sector. Competition between companies is clearly a key part of this.



RECOMMENDATIONS



„Sustainability increases the value of our company“

RENATE PRETSCHER

Sustainability Manager, Verbund AG (Vienna)

In our experience investors do not judge our sustainability report negatively. On the contrary, the financial sector has given us positive feedback throughout. There was a direct feedback during the roadshows of our investor relations department, and we received a first prize at the Austrian Environmental Reporting Awards (AERA) 2002 by the Austrian Chamber of Chartered Certified Accountants. Many queries of sustainability rating agencies, working primarily for the capital markets, are answered by the report.

Furthermore we try to make important information and key performance indicators easy to find and repeat the most important messages of the annual financial report in the sustainability report.

Dialogue with critical stakeholders requires courage and a healthy measure of self-confidence from a company. To actively discuss critical issues would call for a novel approach in our corporate communications culture. We do, however, include statements by critical stakeholders in our sustainability report and are going to expand this in the future.

A verification statement by an external accountant in a sustainability report does not only enhance credibility, it is a valuable external reflection on corporate strategy issues, too. In our experience dialogue with auditors has led to quality improvements. Our sustainability reports have been verified since 2003, and our experience is positive.

As a publicly listed company we are intensely examined by chartered accountants. Additionally, more than half of our locations are certified according to environmental standards. This means they are examined every

three years by external accountants and internally as well by a structured annual in-house process. Thus, there are external checks on many data and processes. An external assessment of a sustainability report rather focuses on the choice and completeness of the issues we cover, including relevant issues brought forward by the public and our opinion about them.

The publication of environmental impacts at Verbund has a history of 15 years. During this time, we developed meaningful performance indicators and recognised the relevance or non-relevance of assertions we make. This pillar of sustainability is now almost as elaborated as the economic one. For the “social pillar” we are now also beginning to differentiate between the relevant and the less relevant – in the end there will be equally strong performance indicators in this area, too. However, we are rarely confronted with issues of human rights as we are mainly operating in Austria and neighbouring OECD countries. We welcome the inclusion of social issues in the sustainability concept, resulting in a more complete picture of business operations.

Verbund is not motivated by either competition or a “licence to operate”. Our main business is the production of electricity by environmentally friendly hydropower. Sustainability, therefore, is an integral part of our business. Requests by the financial sector motivated us to emphasise this aspect even stronger and to publish an annual sustainability report about our performance. We noticed that our endeavours do increase the value of our company.



APPENDICES

C. APPENDICES

APPENDIX I: METHODOLOGY

This survey is based on the same methodology as the Global Stakeholder Report 2003 and its predecessor, a 2002 survey in German-speaking countries. Roughly speaking, this has been the combination of an internet-based questionnaire with a direct mailing to a large number of predefined individuals and organisations.

The questionnaire contained 28 questions, the last four of which were confined to personal details. The remainder were concerned with quantitative and qualitative data as well as the stakeholders' opinions on currently debated issues such as mandatory reporting or the best way to enhance credibility in reports. Participants who ticked "employee" as their own stakeholder group were asked to answer four more questions, totalling 32 questions for employees. This special section was about motivation and attitudes of companies towards the general area of CSR and was not exclusively devoted to reporting.

The questionnaire (see Appendix 1) was divided into the sections General (questions 1 to 3), Contents/Issues (4 to 8), Accountability (9 to 13), Standardisation, Assurance and Credibility (14 to 16), Length, Style and Format (17 to 21), Benchmarks (22 to 24) and Personal Details (25 to 28). The indicators in the section on contents/issues were derived from established standards such as the Sustainability Reporting Guidelines (2002) of the Global Reporting Initiative (GRI). There were slight changes to the 2003 catalogue of criteria, deleting indicators that caused misunderstandings or were of little importance and adding indicators that appeared as important new items on the agenda since 2003.

Five languages

While the 2003 survey suffered from the limited language versions of the questionnaire (only English and German had been offered), in 2005 this has been expanded to include Spanish, French and Chinese (Mandarin) as well. The intention was to expand the number of participants from Latin America, French-speaking Africa and East Asia, particularly China, without losing the participants of the English and German survey.

In retrospect one must say that this effort has not been appreciated – there was no increase in either the total numbers or the percentage of participants from the world regions we had specifically targeted. Our interpretation of the reasons for this can be found in the afterword. Additionally, for instance, many of the Chinese addresses we had researched were blocked by their servers as “illegitimate” or with similar strange reasons given in e-mail delivery reports. Apparently, freedom of information has not come automatically with the internet in some regions.

Who was asked?

A central element of the survey was the address database. Fortunately, the majority of addresses already existed from 2003, which had since been occasionally been updated. To suit the five language versions of the questionnaire, new addresses had been researched particularly from Latin America, Africa and East Asia. Overall, it consisted of 12,186 e-mail addresses which were divided into language, as follows:

■ English:	7,350
■ German:	3,935
■ Spanish:	475
■ French:	318
■ Chinese:	108

In the case of the direct mail communication the English-language version was used for all countries that could not be addressed in their own language in the interest of efficiency, such as Scandinavian and Eastern European languages. Participants still had the choice of a different language once they accessed the online questionnaire.

The direct e-mail contained a link to the questionnaire website. The mail with the request to participate was sent on April 12th. A reminder on May 4th was sent to all but the German list in order not to overplay the percentage of German-language participants.

The address research itself was done as a thematically focused survey using a normal internet search engine. The aim was to generate e-mail addresses of individuals and organisations who would deal with corporate sustainable development and CSR aspects professionally. It included companies, associations, research organisations and academia, political institutions and NGOs, with no preference for any of these groups.



APPENDICES

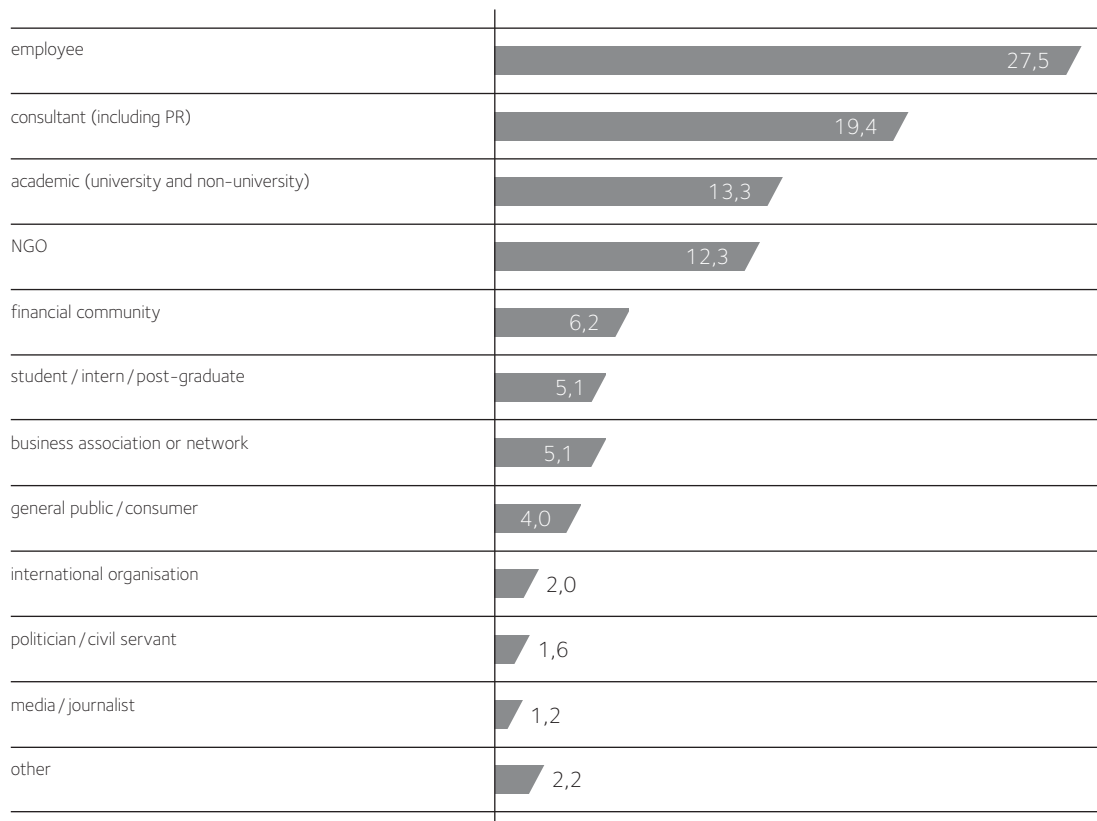
APPENDIX II: PARTICIPANTS

All 495 respondents were asked to indicate their profession (and thus their stakeholder group) by choosing one of 20 options (see the questionnaire in Appendix 1, question 27). For the purpose of analysing the results in this report some similar groups were combined. Thus, the two options “Employee of a company with ...” and “Employee of a company without a CSR report” were combined to one employee group, the several groups of NGOs were taken into one NGO group and the groups “shareholder/investor” and “financial research/rating agency” were combined into one group “financial community”.

15

STAKEHOLDER PARTICIPATION IN SURVEY

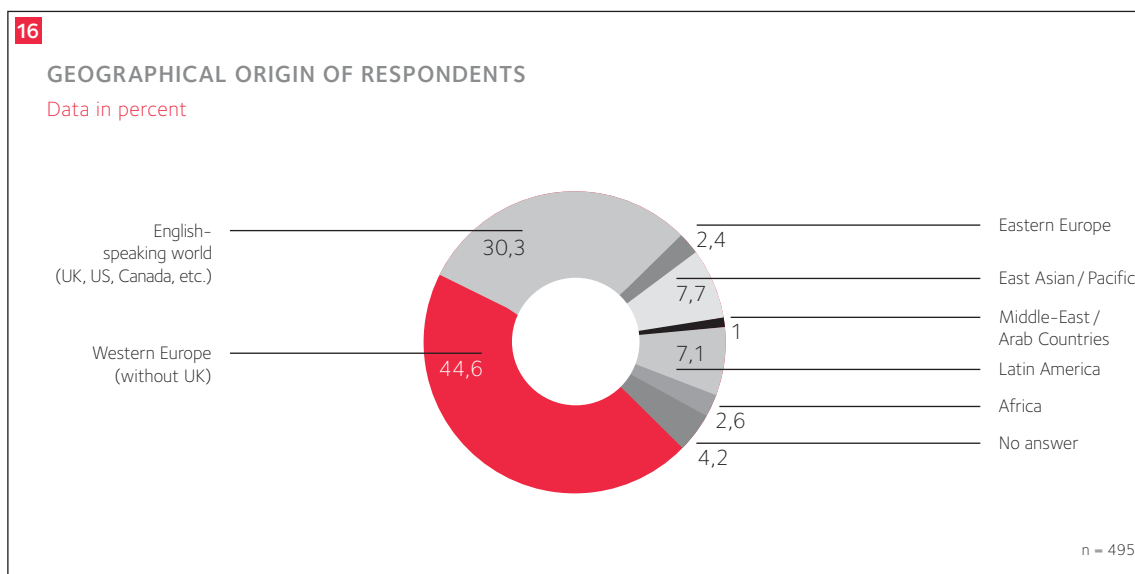
Data in percent



n = 495

The resulting stakeholder spectrum is detailed in figure 15. The five largest groups are employees (27.5 per cent), consultants (19.4 percent), academics (13.3 percent), NGOs (12.3 percent) and the financial community (6.2 percent).

Their national origin was indicated by 474 respondents. They were spread over 58 countries, albeit with a strong bias towards Western Europe and the English-speaking world. Other continents (Africa, Asia, Latin America, Near East) made up almost a quarter of participants altogether. Hence we believe that, as regards regional comparisons, this survey is particularly valuable in analysing the Continental European versus the Anglo-American view of the world. At the same time, however, it was possible to double the percentage of Latin American participants from 3.8 percent in 2003 to 7.1 percent in 2005. Question 28 asking for the nationality of stakeholders featured a “drop-down menu” with all countries listed. In order to make comparisons easier, in the following chart they have been clustered into regional groups.





APPENDICES

The clusters don't strictly adhere to geographical continents but rather aim to illustrate common cultural backgrounds. This is why the United Kingdom is not in a common cluster with other European countries but forms a group together with the USA and the Commonwealth countries Canada, Australia and New Zealand in the cluster "English-speaking world". This classification is not in all cases without problems but follows the insight that common attitudes, world views and values are recognisable and were reflected in the responses.

However, the survey data allow for any other kind of cluster or national comparison if this were to be desired. Some statistics: 53.5 percent of the respondents were male, 42.2 percent female – the remainder didn't state their gender. The main age groups were the 30 to 39 year olds (36.6 percent), followed by the 40 to 49 year olds (22 percent) and the 20 to 29 year olds (19.4 percent).

APPENDIX III: DETAILED RESULTS

III. 1. General

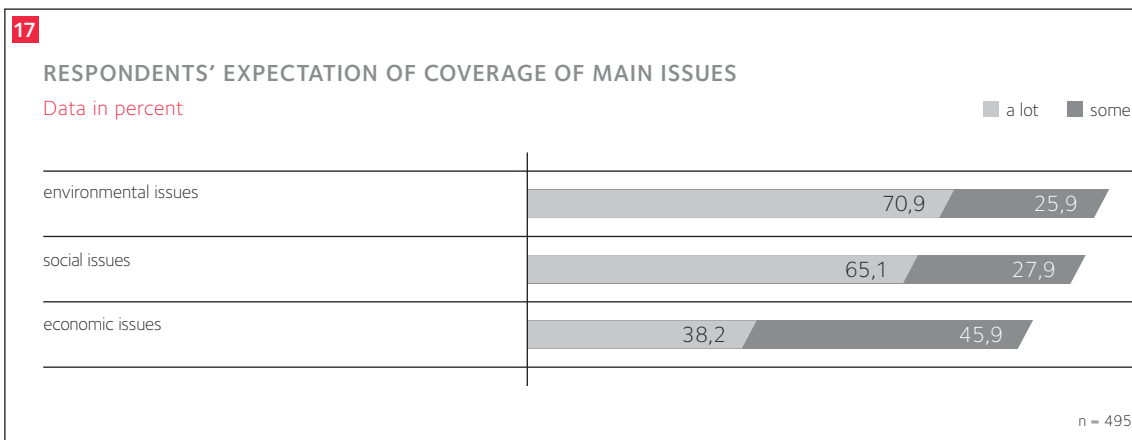
The number of people interested in CSR reports is on the rise. While the percentages of respondents who said they know CSR reports because they asked for them or received them rose from 82 percent of participants (2003) to 94 percent this rather speaks for the good selection of addresses for the survey. Half of the readers still have to ask companies for reports (slight rise from 47 to 51 percent), which can be interpreted as a sign that the number of people interested in non-financial reports is rising since one may assume that the address of somebody asking for a report is saved by a company for the next report. Companies' address management is improving as well, with the percentage of stakeholders automatically receiving a new report rising slightly from 21.2 to 24.4 percent.

It can also be reasonably claimed that the readers now know a lot more reports than in 2003. While the number of people who knew no more than five reports fell from 37 to 29.5 percent, the number of respondents who claimed to know up to fifty different reports doubled from 8 percent to 15.4 percent. Those who knew more than fifty reports increased from 8.5 percent to 12 percent.

As in 2003, stakeholders made good use, professionally, of CSR reports. Almost 43 percent said reports are "very often" useful in their work, another almost 48 percent say they are "occasionally". Only 3.2 percent of respondents said they didn't read CSR reports for professional purposes. The exact kind of professional uses had been examined in 2003 and has not been investigated again in 2005.

III. 2. Contents / Issues

Expectations of stakeholders still lie primarily in the adequate treatment of environmental topics. 70.9 percent (2003: 68.2) of stakeholders world-wide want companies to report “a lot” on environmental issues. 65.1 percent (2003: 65.3) demand “a lot” of treatment of social issues and only 38.2 percent (2003: 36.1) want a similar treatment of economic issues. This picture becomes slightly less clear-cut if one takes the “some” option into account as well, but it still remains quite clear that economic issues are only marginal to most CSR reports. Possibly stakeholders quite simply believe that the annual financial reports of the companies are the established medium for that kind of information.



A more detailed look at indicators reveals a number of interesting stakeholder priorities. In the environmental area, the three most often demanded indicators are energy- and eco-efficiency (seen by 61 percent of respondents as “very important”), climate protection (59.4 percent) and the environmental management of the production process and the more general indicator “environmental policy” (both 58.8 percent). Other environmental indicators are recognisably less important, among them the classical environmental topics such as soil and water contamination (53.5 percent) or waste treatment / recycling (49.5 percent). In comparison with the 2003 survey, the priorities are quite similar. If one takes into account that energy efficiency and climate protection are very much related (the more efficiency, the less emissions) this area remains the most urgent environmental problem that needs to be addressed by companies.



APPENDICES

18

ENVIRONMENTAL ISSUES – WHAT RESPONDENTS WANTED TO SEE

Data in percent

energy-/eco-efficiency	61,0
climate protection	59,4
environmental management of the production process	58,8
environmental policy	58,8
environmental management system	53,9
avoiding soil and water contamination	53,9
environmentally sensitive design	50,7
waste treatment / recycling	49,5
sources of energy used	43,2
use of natural resources by suppliers	39,6

n = 495

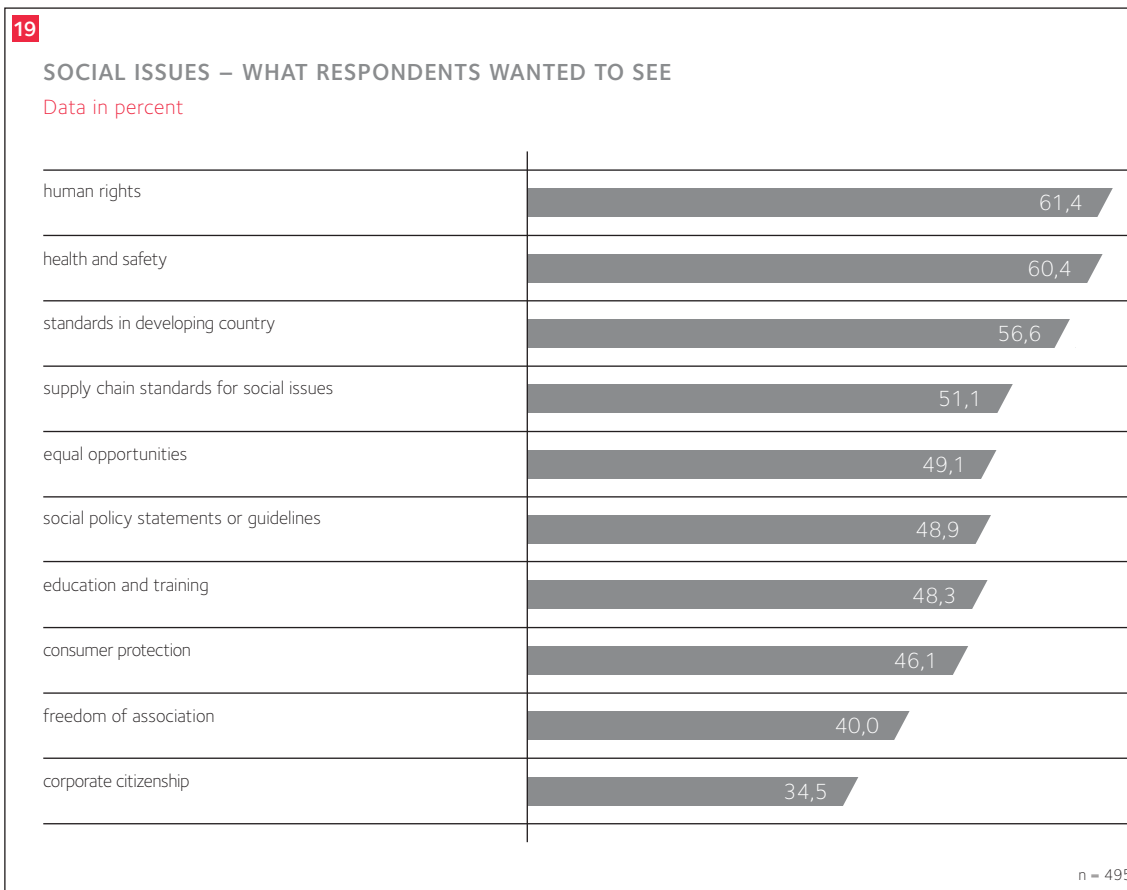
Human rights play off against Corporate Citizenship

The most important social issue in CSR reporting is how companies deal with human rights. With 61.4 per cent (2003: 62.8) of the respondents stating it to be “very important” it is at the same time the single most important issue in reporting overall – although, compared with 2003, this is now more closely followed by eco-efficiency (61 percent) and health and safety issues (60.4 percent, rise from 57.6).

Although “human rights” in itself is quite a general topic it can have many detailed implications for business: equal opportunities, sexual or religious non-discrimination or child labour, collective bargaining and supply-chain monitoring. Topics like these are also covered by standards such as OECD Guidelines for Multinational Companies, or the United Nations Global Compact. A number of companies have responded to such issues

with group-wide non-discrimination guidelines, diversity strategies and increasingly through their purchasing or sourcing practices in supply chains. Judging by this survey, they are right to meet stakeholder expectations in this way.

As in 2003, Corporate Citizenship measures (explained in the questionnaire as community involvement, corporate giving, sponsoring, etc.) fail to generate stakeholder interest. It is quite clear that “responsibility” for most stakeholders means something other than spending money on worthwhile social causes. Stakeholders obviously want companies to operate responsibly rather than spend money. This doesn’t mean that Corporate Citizenship cannot make perfect business sense and can indeed be a serious CSR issue. But companies still fail to communicate the business case for these measures.





APPENDICES

In the economic field again there are four issues that stand out in particular. Corporate governance clearly ranks highest (56.8 percent; 2003: 53.8) as, after all, there have been intense debates about it in most countries for a number of years. The other three important economic issues are bribery and corruption (52.7 percent, up from 49.0), the business case for CSR (48.5 percent, up from 48.0), and risk management (46.9 percent, down from 47.7). The clearest rise is for bribery and corruption, evidently an increasingly important issue which is reflected by a high number of court cases and media coverage all over the world.

20

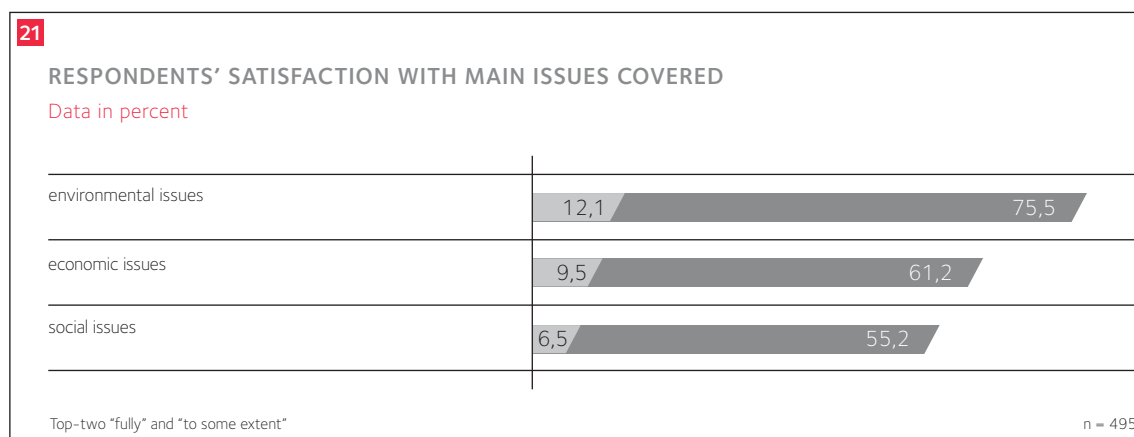
SOCIAL ISSUES – WHAT RESPONDENTS WANTED TO SEE

Data in percent

corporate governance	56,8
bribery and corruption	52,7
business case for CSR	48,5
risk management	46,9
research and development	38,2
macroeconomic aspects of business activity	35,2
quality management	34,7
basic business / financial information	33,5
demonstration of value added chains	33,3
investments / shareholdings	26,3

n = 495

Summing up, it does not really surprise anyone that the expectations of stakeholders are high in the social field – while their satisfaction is lowest. But it must in all fairness be said that the level of satisfaction with CSR reports has recognisably risen since 2003. But still, no more than 55.2 percent (2003: 48.7) see their expectations in the social field fulfilled. In contrast, three quarters of stakeholders are satisfied with the environmental information they get in reports (75.5 percent, up from 74.4).



III. 3. Accountability

As in the 2003 survey, stakeholders expressed their opinion that a CSR report is mainly made to demonstrate accountability and transparency. Asked for the function of CSR reporting out of seven given options, the majority of stakeholders voted for the statement "A CSR report should make a company more accountable to all its stakeholders" (64.6 percent; 2003: 60.2). The second most favoured option was "A CSR report should make the business policy of a company more transparent" (59.6 percent; 2003: 57.0)

Shareholders and investors are seen by a comfortable majority of respondents to be the main audience of a CSR report. 67.3 percent of respondents (2003: 67.7) voted for this group, with employees coming second with 51.7 percent (2003: 51.4) and consumers/clients third with 42.8 percent (2003: 53.6). The sharp fall in the consumers group may be due to the fact that there is a difference between the desired readership and the real one. Many stakeholders are beginning to realise that the general public doesn't read CSR reports. The pub-



APPENDICES

lic may have an interest in a responsibly acting company, but reading a report is overtaxing consumers. Other instruments of corporate communication will be necessary if the consumer is to be addressed.

Another rather strange aspect of this result is that the two main audiences are looking into the companies – they may be regarded as predominantly internal stakeholders (even an external investor can become an internal shareholder and will develop an internal perspective). Consumers, the media and NGOs come third, fourth and fifth in the sequence of importance. In short: companies must seriously ask themselves whether their reports are designed to address the concerns of investors and employees (for figures see section “Truth in Numbers” in Part A).

Smaller majority for mandatory reporting

As outlined previously there is still a small majority for mandatory reporting, although it is shrinking. A look into the various professions of stakeholders is revealing. Who exactly demands mandatory reporting, who are the strongest objectors? That the latter can be identified as company employees is not a great surprise. But it is not the NGOs who are the strongest supporters of reporting obligations but: the financial community.

22

STAKEHOLDER ATTITUDES TO MANDATORY REPORTING

“Do you think it is sensible to make CSR reporting mandatory?”

Data in percent

	Employees	Academics	NGOs	Financial community
Yes, for all companies over a certain size.	25	30.3	31.1	25.8
Yes, for all companies.	16.2	31.8	29.5	35.5
Yes, for all publicly listed companies.	10.3	15.2	8.2	22.6
No.	39.7	13.6	19.7	16.1

It is not easy to speculate about the attitudes of the financial community, as reflected in this question. One explanation could be that this stakeholder group is of the opinion that mandatory reporting provides a level playing field for any organisation doing business, without putting publicly listed companies at a disadvantage. It might also considerably enlarge their business opportunities if CSR reporting was a general obligation. Another possibility is that the particular set of shareholders, investors and rating agencies that was approached for the survey is not the conventional financial community but one adhering to the idea of Socially Responsible Investments (SRI), which may be rather idealistic. But this latter option is hardly likely, because the SRI community is as much driven by economic success as “conventional” analysts and investors – the main difference being the long-term view prevalent in SRI. For the side-effects of mandatory reporting see section “The European Connection” in Part A.

III. 4. Standardisation, assurance and credibility

The Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) are the most established and acknowledged standard in the field. Yet, a number of companies watch them with suspicion, fearing standardisation and a degree of transparency and disclosure that would inhibit their competitiveness.

In the questionnaire stakeholders were confronted with four GRI-specific issues and were asked to opt either for its positive or negative interpretation. Those four issues were (1) standardisation as such, (2) the number and complexity of indicators to report on, (3) the question of voluntary versus obligatory use of the guidelines, and (4) the strict (“in accordance”) versus a more relaxed use of the guidelines. In three out of four cases stakeholders opted for the positive interpretation – a great result for the GRI and an important encouragement.



APPENDICES

23

OPINIONS ABOUT THE GRI REPORTING GUIDELINES

Data in percent

The Guidelines are a step towards standardisation, and standardisation means more comparable reporting.	65,9
The Guidelines offer a flexible framework for reporting – organisations can choose indicators that are appropriate for their use.	57,8
The Guidelines are an excellent benchmarking tool.	48,9
The voluntary nature of the Guidelines is important to preserve.	41,8
The Guidelines should be the basis for national or international regulation for reporting.	32,3
The Guidelines are of no use to the information seeker unless all companies report at the "in accordance" level.	22,6
The Guidelines contain too many indicators that are of little or no use to most organisations.	20,2
The Guidelines are a step towards standardisation, and standardisation will result in a loss of creativity and flexibility in reporting.	12,1

n = 495

The most and the least favoured statement in this chart highlights issue 1 (see above), the opinion on standardisation. Two thirds of the respondents to this survey appreciate standardisation as a means to comparability in reporting, while a mere 12 percent believe that standardisation means a loss of creativity and flexibility. Much less clear is the attitude to the voluntary nature of the guidelines. Here, a small majority (almost 42 percent) is claiming that the use of the guidelines must remain voluntary for companies, while 32 percent consider them suitable as the basis for political regulation.

Among the four professional stakeholder groups examined in more detail, GRI's best friends are the representatives of the financial community. Their support for standardisation as a positive means for more comparability is strongest (84 percent) in relation to academics (68 percent), employees (62 percent) and NGOs (59 percent). Company employees are the strongest supporters of a voluntary approach (54 percent) while support from other groups is considerably less convincing (around 38 to 39 percent).

Verification increasingly important

There is no debating on external assurance in financial reporting – it’s even a legal requirement in most countries. In “non-financial” reporting it is a hot issue, much dependent on the credibility of the assurers. Also, the reporting issues are much more complicated than financial figures which makes detailed verification a difficult task – less so with regard to environmental performance, but the social performance and the economic (especially the macro-economic) aspects and the issue of “forward-looking statements” that abound in CSR reporting make verification a complex task.

Yet, a clear majority (59 percent) of international stakeholders want CSR reports to be “verified by a professional assurance or verification body” (the wording in the questionnaire). 21.6 percent don’t think that reports should be externally verified (see figures in section “Truth in Numbers”). Again, financial analysts and investors are most strongly in favour of verification statements. Obviously, they need reliable information for their work. The greatest sceptics are the employees (see below).

24

STAKEHOLDER PREFERENCE FOR FORMAL EXTERNAL VERIFICATION
 “Do you think that CSR reports should be verified by a professional assurance or verification body?”
 Data in percent

	Employees	Academics	NGOs	Financial community
Yes.	45.6	57.6	59.0	71.0
No.	32.4	19.7	13.1	16.1

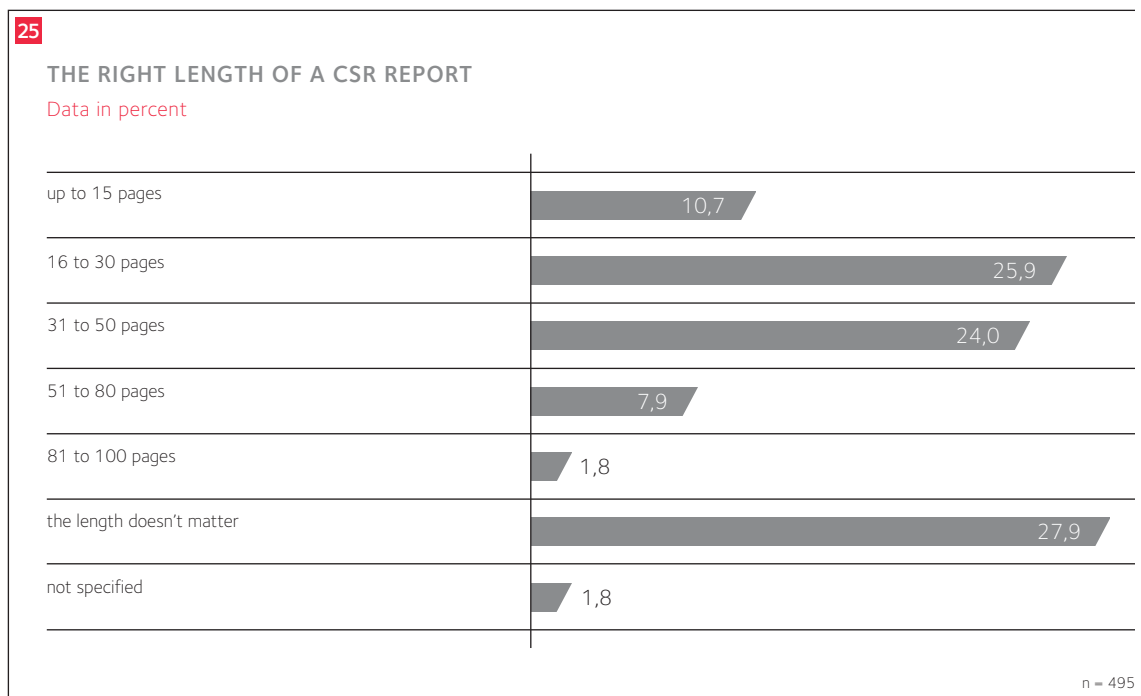
Formal verification has gained first place among the factors contributing to credibility. In 2003, the majority simply favoured following the GRI Guidelines, although there is not a sharp decline for the GRI preference (49.6 percent in 2003, 48.5 percent in 2005). But approval of formal verification rose from 48.2 percent (2003) to 52.5 percent (2005). These are not hugely different shifts in opinion but one can certainly say that the general crisis of the verification industry in the wake of the Enron / Arthur Anderson scandal has been largely overcome. On a more philosophical note, the result may show that, in our current climate of social and economic insecurity and change, the request for verified information increases.



APPENDICES

III.5. Length, style and format

When the content is right, the page length of a report does not matter so much – more than a quarter of respondents agreed with that as a proposition (27.9 percent, up from 24.3 in 2003). For the majority, however, this is not enough. More than 60 percent of stakeholders disliked reports with more than 50 pages. 25.9 percent would prefer a report between 16 and 30 pages, 24 percent asked for a length of between 31 and 50 pages. The corporate reports of 80 or more pages, more prevalent in Europe than elsewhere, certainly do not meet stakeholder interests.

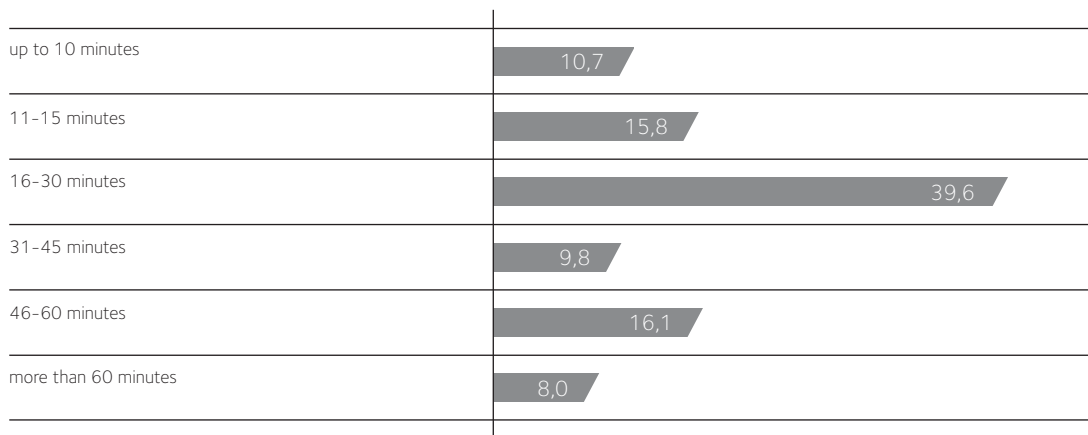


In order to reach their stakeholders with the key messages of a CSR report, companies should design them for superficial reading. Two thirds of the respondents to this survey do not spend more than 30 minutes on a report – a convincing confirmation of the 2003 result to the same question.

26

AVERAGE READING TIME

Data in percent

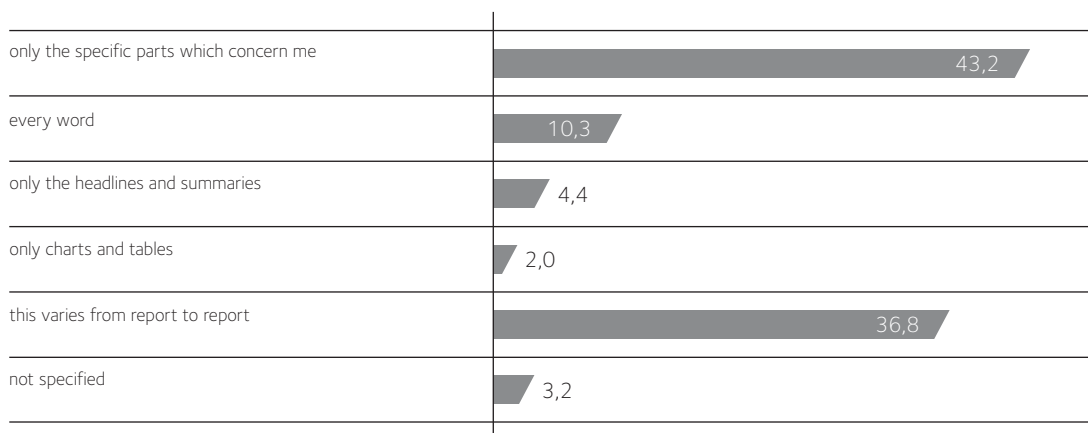


n = 449

27

INTENSITY OF READING

Data in percent



n = 495



APPENDICES

As in probably most corporate publications (or newspapers and magazines, for that matter) selected reading is the most common practice. No more than 10.3 percent of respondents read “every word”. Although one in three respondents says that their reading time varies from report to report it emerges that the majority generally reads selected parts only (43.2 percent; 2003: 39.0). Obviously these are the parts that relate to their personal interest or professional background. This has been examined in more detail in the Global Stakeholder Report 2003.

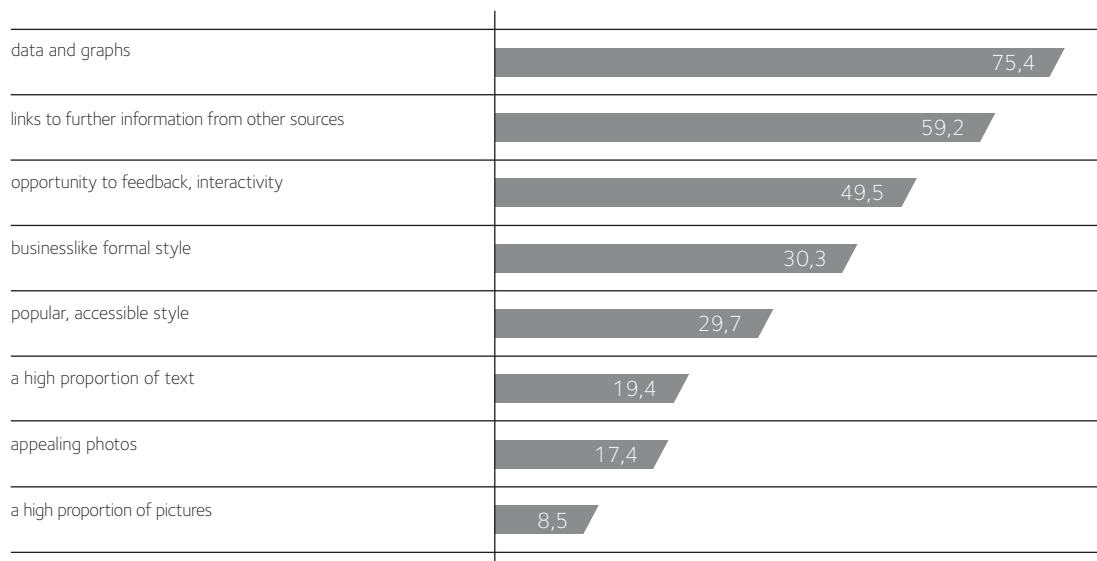
Give us data, say the stakeholders

Quite a surprise, from a formal point of view, has been the result to the question on key design elements of a successful CSR report. In 2003, almost two thirds of respondents (64.4 percent) favoured a business-like writing style over a more popular, accessible style (39 percent). Now, this difference has become considerably less important as a formal aspect (business-like style: 30.3 percent, popular style: 29.7 percent). It is no longer possible to give a clear recommendation to companies on the most suitable style of writing, apart from preferences in regional markets.

28

KEY FORMAL ASPECTS OF A SUCCESSFUL REPORT

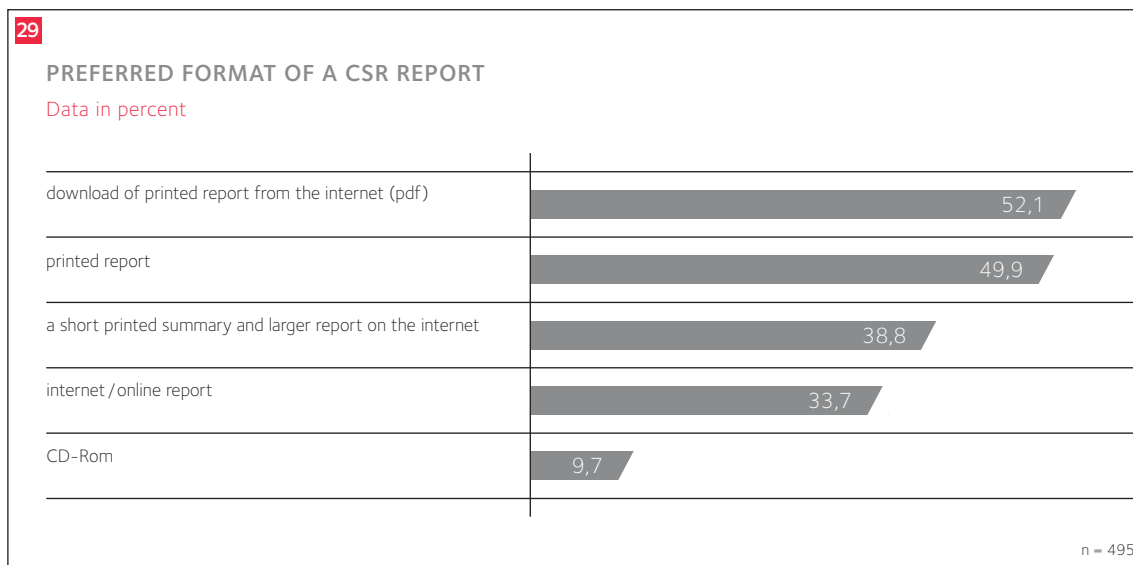
Data in percent



n = 495

Data and graphs, however, have made a considerable career step, from 34.1 percent in 2003 to 75.4 percent in 2005, making it “the” key formal element of a successful report. Confusing as this result admittedly is, it may be a sign of the generally decreasing time professional stakeholders have in assessing reports: the first thing they are looking for is progress from one report to the next which is most easy to see in data and graphs.

Formally speaking, most stakeholders prefer a printed report (49.9. percent) or its digital version in the form of a pdf download (52.1 percent). This preference is even clearer than in 2003 (print: 45.8 percent; pdf: 48.7 percent) therefore it is not exaggerated to speak of a return to classical formats. More innovative electronic formats such as an internet report in html or as a database ranks comparatively low at 33.7 percent. Possibly this is because there are not so many convincing electronic reports available, but more likely stakeholders simply want to “have something in their hands”. In addition, few companies would dispense with their printed annual (financial) report so why should they not produce one on CSR as well. In such a comparison it is even important to have a printed report, because otherwise a CSR report would easily be regarded as less valuable.





APPENDICES

III.6. Company motivation

The different kinds of approach to CSR reporting from a company perspective have been dealt with in the section “Just PR?” in Part A. This last addition is concerning the reactions that employees receive to reports from key stakeholders as a result of their engagement.

When asked for the kind of feedback companies receive for their CSR reports, the responding company employees concede that only 31.8 percent of shareholders, investors and rating agencies give them positive feedback. This is the lowest percentage in a comparison of business partners, employees/colleagues, politicians, local community, journalists, consumers, NGOs and the financial community. This latter group is also good for a high level of neutral votes (31.8 percent), no vote at all (20.5 percent) and the second highest percentage of negative feedback (2.3 percent) which is only surpassed by NGOs. Internal groups such as employees/colleagues and business partners give the most positive feedback.

30

STAKEHOLDER FEEDBACK RECEIVED ON CSR REPORTS

“In general, what is the feedback like that you receive as a reaction to communicating CSR?”

Data in percent

Feedback from	positive	neutral	negative	none	not specified
business partners	50.6	26.5	–	8.3	14.4
employees, colleagues	63.6	18.9	0.8	6.1	10.6
politicians	40.9	24.2	–	21.2	13.6
local community	40.9	23.5	–	21.2	14.4
journalists, media	38.6	32.6	1.5	13.6	13.6
consumers, clients	40.9	31.8	–	14.4	12.9
financial community	31.8	31.8	2.3	20.5	13.6
NGOs	40.2	25.8	3.8	16.7	13.6

n = 132



APPENDICES

APPENDIX IV: QUESTIONNAIRE

I. General

1. Have you ever received or asked for a copy of a CSR report?

- Yes, I asked for a copy.
- Yes, sent unsolicited.
- Yes, given to me by third parties / colleagues / friends.
- No. [respondent will be forwarded to question 4]

2. How many CSR reports have you received in all?

[open field, max. 3 digits]

3. Has the information contained in these CSR reports been useful to you in your professional work?

- Yes, very often.
- Yes, occasionally.
- No.
- No, because I read them purely for my private interest.

II. Contents / Issues

4. How much information on the following main issues would you expect to find in a CSR report?

A lot / some / a little / none at all

Social issues

Environmental issues

Economic issues

5. How important is information about the following **environmental** issues to you? [Random Route]*

very important / fairly important / fairly unimportant / not important

climate protection / greenhouse gas emissions

energy- / eco-efficiency

sources of energy used

waste treatment / recycling

* "Random Route" indicates that participants in the internet questionnaire saw the following options in a random order to avoid priorities through the order of listing in the questionnaire.

environmental management of the production process
 avoiding soil and water contamination
 environmentally sensitive design / eco-design
 use of natural resources by suppliers
 environmental policy / guidelines
 environmental management system

6. How important is information about the following **social** issues for you? [Random Route]

very important / fairly important / fairly unimportant / not important

education and training
 health and safety
 equal opportunities
 human rights
 standards in developing countries
 corporate citizenship (e.g. volunteering / corporate giving / community involvement)
 consumer protection / product labelling
 social policy statements or guidelines
 freedom of association / workers' rights
 supply chain standards for social issues

7. How important is information about the following **economic** issues for you?

[Random Route]

very important / fairly important / fairly unimportant / not important

business case for CSR
 corporate governance
 basic business/financial information
 macroeconomic aspects of business activity
 bribery and corruption
 quality management
 risk management
 demonstration of value added chains
 investments/shareholdings
 research and development



APPENDICES

8. To what extent do the CSR reports you have read match your expectations?

[Random Route]

Fully / to some extent / to a slight extent / not at all

social issues

environmental issues

economic issues

III. Accountability

9. How important do you consider the following possible functions of CSR reporting?

[Random Route]

very important / fairly important / fairly unimportant / not important

A CSR report should make the business policy of a company more transparent.

A CSR report should make a company more accountable to all its stakeholders.

A CSR report should concentrate on relevant and material business and operational issues and their relevance to CSR / sustainability.

A CSR report is an annual report of performance data.

A CSR report should help improve employee morale.

A CSR report should be a useful source of information for investors / shareholders.

A CSR report should help to enhance internal co-operation between the relevant departments in a company (e.g. environment, human resources, public affairs, investor relations, strategy, communication).

10. Which of the following groups is the main audience for a CSR report?

Please tick up to three groups whom you consider the most important.

- shareholders / investors
- employees
- the media
- neighbours / regional community
- consumers / clients
- suppliers
- NGOs
- politicians / regulatory authority
- business associations and networks

academia

other: _____

11. Do you think it is sensible to make CSR reporting mandatory?

You may choose more than one option.

Yes, for all companies.

Yes, for all publicly listed companies.

Yes, for all multinational companies.

Yes, for all companies over a certain size.

Yes, for all companies in a specified certain business sector.

No.

12. What do you think will happen, when CSR reporting will become mandatory?

[Random Route]

Agree fully / to some extent / to a slight extent / not at all

More companies will report on CSR, which is ultimately of a wide social benefit.

CSR will be acknowledged as an important issue by a larger public.

CSR reporting will lose much of its energy and creativity.

Companies will comply, but will no longer develop problem solving on their own.

13. There is a trend in some countries, and on the European Union level, to oblige publicly listed companies to report on environmental and social impacts in their annual (financial) reports. Please tell us what you think about this.

It's good, because it obliges many companies to report on CSR who wouldn't do so otherwise.

It's good, because it will ultimately lead to uniting financial and non-financial reporting.

It's good, because company boards and investors will finally acknowledge the significance of environmental and social issues.

It's bad, because the published information will necessarily be too short to be of real relevance.

It's bad, because the readership for such reports will be much smaller.

It's bad, because many companies will think they have done what is expected and don't do anymore.

Other opinions: _____



APPENDICES

IV. Standardisation, Assurance and Credibility

14. The Global Reporting Initiative (GRI; see: <http://www.globalreporting.org>) has provided companies with a guidelines framework on how to report adequately on issues of sustainability and corporate responsibility. If you can, please give us your opinion on the GRI Guidelines.

[Random Route]

Below you see four couplings of statements. Please choose in each case which option best matches your opinion.

- The Guidelines offer a flexible framework for reporting – organisations can choose indicators that are appropriate for their use.
- The Guidelines contain too many indicators that are of little or no use to most organisations.

- The Guidelines are a step towards standardisation, and standardisation means more comparable reporting.
- The Guidelines are a step towards standardisation, and standardisation will result in a loss of creativity and flexibility in reporting.

- The voluntary nature of the Guidelines is important to preserve.
- The Guidelines should be the basis for national or international regulation for reporting.

- The Guidelines are an excellent benchmarking tool.
- The Guidelines are of no use to the information seeker unless all companies report at the “in accordance” level.

15. Do you think that CSR reports should be verified by a professional assurance or verification body?

- Yes.
- No.
- Don't know.

16. How, in your opinion, can credibility in CSR reporting best be enhanced?

You may choose more than one option.

- by formal external verification of a company's statements in a CSR report
- by reporting on dialogue with stakeholders
- by an assessment of the report by an independent third party (“challenger”)
- by honesty about mistakes or bad practice
- by using an external reporting standard such as the GRI Guidelines

- by none of these options
- any other method (please specify): _____

V. Length, Style and Format

17. What is the right length for a CSR report?

- up to 15 pages
- 16 to 30 pages
- 31 to 50 pages
- 51 to 80 pages
- 81 to 100 pages
- more than 100 pages
- The length doesn't matter.

18. What do you think are the key design aspects of a successful report?

You may choose more than one option.

- a high proportion of text
- a high proportion of pictures
- links to further information from other sources (internet, special publications)
- opportunity to feedback, interactivity
- popular, accessible style
- businesslike formal style
- appealing photos
- data and graphs

19. Which format do you prefer?

You may choose more than one option.

- printed report
- download of printed report from the internet (pdf)
- internet / online report (html, information database)
- a short printed summary and larger report on the internet
- CD-ROM



APPENDICES

20. How thoroughly do you read CSR reports?

- Every word.
- Only the specific parts which concern me.
- Only the headlines and summaries.
- Only charts and tables.
- This varies from report to report.

21. How long would you expect to spend reading a single CSR report?

Please indicate your average reading time in minutes.

[open field, max. three digits]

VI. Benchmarks

22. Are there any CSR reports that you particularly like?

- Yes.
- No.
- Don't know.

23. Please give examples of industry sectors that are good in CSR reporting.

You may choose more than one option.

- Automotive / Transport
- Financial Services
- Food / Agriculture
- Forestry / Paper
- Healthcare / Chemicals
- IT / Telecomms.
- Mining
- Oil and Gas
- Retail
- Tourism
- Utilities (Energy, Water)
- Other: _____

24. Please give examples of companies that are good in CSR reporting.

VII. Your Details

25. How old are you?

- younger than 20
- 20-29
- 30-39
- 40-49
- 50-59
- 60 or above

26. Gender

- male
- female

27. Which of the following stakeholder groups do you belong to? If you feel you belong to more than one, please indicate your main activity or profession.

- employee in a company with CSR reporting
- employee in a company without CSR reporting
- shareholder / investor
- financial research / rating agency
- environmental NGO
- human rights NGO
- consumer protection NGO
- other kind of NGO
- academic (university and non-university)
- consultant (including public relations)
- media / journalist
- politician
- regulatory authority



APPENDICES

- international (political) organisation (such as the UN, EU, ILO etc)
- business association or network
- trade union / labour union
- church or religious organisation
- student / intern / post-graduate
- neighbour of a company with CSR reporting
- general public / consumer
- other: _____

28. What is your country of residence?

(for employees working in international organisations please indicate your [primary] nationality)

(drop down menu)

VIII. Additional questions for corporate representatives (employees, managers)

(only for participants who ticked the "employee" options in question 27)

29. Which CSR approach does your company prefer?

- Engagement and accountability
- Creating business value to shareholders through CSR
- Supporting social causes by corporate giving/volunteering and employee concerns
- Mainly environmentally driven
- PR-driven

30. What, do you think, is the prime motivation for your company in pursuing CSR and reporting on it?

You may chose more than one option.

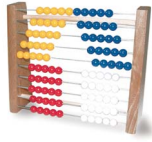
- External pressure
- The business case
- Securing / Enhancing good reputation
- Securing our "license to operate"
- Accepting and living social responsibility
- "Swimming with the trend"
- Striving to be better than competitors

31. How “global” is your company’s CSR commitment, as visible in non-financial reporting?

- National “home” market only
- Home continent only (Europe, North/South America, Asia, ...)
- Main markets of the company
- Global

32. In general, what is the feedback like that you receive as a reaction to communicating CSR?

Feedback from	Positive	Neutral	Negative	None
business partners				
employees, colleagues				
politicians				
local / regional community				
journalists, media				
consumers / clients				
financial community				
NGOs				



APPENDICES

APPENDIX V: RECENT BIBLIOGRAPHY

This list of recent literature on CSR reporting is listing material published between the summers of 2003 and 2005. For earlier publications see the Global Stakeholder Report 2003, available at <http://www.pleon.com/Studies.86.0.html>

Association of Chartered Certified Accountants (ACCA) / Corporate Register (eds.): **Towards Transparency: Progress on Global Sustainability Reporting 2004**, London: ACCA, 2004

Burchell, Jon / Athwal, Pavan: **The Challenges of Corporate Responsibility Reporting – A Summary of the Findings of a Qualitative Study into the Development and Contents of CSR Reports among 14 Companies**, Leicester/Sheffield: The CRADLE project at the Universities of Leicester and Sheffield, 2005

Clausen, Jens / Loew, Thomas: **Mehr Glaubwürdigkeit durch Testate? Evaluation des Nutzens von Testaten in Nachhaltigkeitsberichten**, Berlin: Borderstep Institut und Institute 4 Sustainability, 2005

East West Management Institute (EWMI) (ed.): **Survey of Reporting on Corporate Social Responsibility (CSR) by the Largest Listed Companies in Eleven Central and Eastern European (CEE) Countries**, Budapest: EWMI, 2005

Gribben, Chris / Olson, Leon: **An Anchor, not the Answer – Trends in Social and Sustainable Development Reporting**, Berkhamsted, Herts.: Ashridge Centre for Business and Society, 2003

KPMG International (ed.): **KPMG International Survey of Corporate Responsibility Reporting 2005**, Amsterdam: KPMG Global Sustainability Services and University of Amsterdam Business School, 2005

Loew, Thomas / Ankele, Kathrin / Braun, Sabine / Clausen, Jens: **Die Bedeutung der internationalen CSR-Diskussion für Nachhaltigkeit und die sich ergebenden Anforderungen an Unternehmen mit Fokus Berichterstattung**, Berlin: Institut für ökologische Wirtschaftsforschung (IÖW) and Münster: Future e.V., 2004

Loew, Thomas / Clausen, Jens / Westermann, Udo: **Nachhaltigkeitsberichterstattung in Deutschland – Ergebnisse und Trends im Ranking 2005**, Berlin: Institut für ökologische Wirtschaftsforschung (IÖW) and Münster: Future e.V., 2005

Public Relations Society of America (PRSA) / Business for Social Responsibility (BSR) (eds.): **CSR Disclosure Study**, New York: PRSA, 2003

Stratos Inc.: **Building Trust – Corporate Sustainability Reporting in Canada**, Ottawa; Stratos Inc., 2003

Stratos Inc.: **Sustainability Reporting Toolkit**, Ottawa: Stratos Inc. for the Government of Canada, 2003
(online at <http://www.sustainabilityreporting.ca>)

SustainAbility, Standard & Poor's, UNEP (eds.): **Risk and Opportunity – Best Practice in Non-financial Reporting (The Global Reporters 2004 Survey of Corporate Sustainability Reporting)**, London: SustainAbility, 2004

University of Cambridge, Judge Institute of Management (ed.): **OFR and Sustainability Roundtable: Examining the Impact of the OFR on Sustainable Development and Corporate Reporting**, London: The Chartered Institute of Management Accountants (CIMA), 2005



AN AFTERWORD ABOUT THIS SURVEY

AN AFTERWORD ABOUT THIS SURVEY

The Global Stakeholder Report is an empirical study of expectations and degrees of satisfaction of the readers of CSR reports, reports detailing how businesses are dealing with their economic, social and environmental responsibilities. In 2005, the survey was conducted for the second time.

REST ASSURED: 2003 IS STILL TRUE

Compared to the Global Stakeholder Report 2003, most answers to questions which were repeated yielded roughly the same results. CSR therefore appears to be a fundamental area of convictions that don't change so much in a period of two years. As a consequence, we regard large parts of the 2003 survey report as still valid. Thus, more space is used in this report for questions that have been added in 2005 to reflect the debate of the past two years, at least as much as we see it.

There has been a noticeable increase in survey projects on CSR in the past two years. Everybody working professionally in this field is affected by it, a point frequently communicated to us while we prepared this survey. CSR has become a field of intense enquiry, both academic and business driven – whether from an environmental, sustainable development point of view, from a socially driven corporate giving perspective or motivated by a globalisation and human rights issues policy. Literally hundreds of students at universities all over the globe are studying aspects of CSR. Nearly every degree candidate is asking one or more large organisation to participate in their personal research. Add to this the many opinion surveys by established



ANDREAS STEINERT
Managing Partner, Pleon Kohtes Klewes

and less well-known academic organisations, professional opinion researchers, think-tanks and consultancies, and it becomes increasingly difficult to actually undertake CSR as opposed to informing others about it!

These circumstances led to a significant decrease in the number of respondents to the survey. In 2003, almost 1,700 people participated. In 2005, this has decreased to 500 – despite the fact that we used the same methodology, even offered additional questionnaires in five languages (instead of two) to make participation as easy as possible, and intensely researched suitable people, adding and updating our address files. Interestingly enough, however, this lower turnout has almost the same percentage of stakeholder groups as in 2003 which is why we think that the two surveys are comparable. Another factor that was less annoying in 2003 is the amount of spam in our e-mail systems, as a result of which many of our mails requesting participation were not delivered to their addressees.

ALL NEW IN 2007

Although 500 is still a reasonably good figure, frankly this has been disappointing, too. And it has led to the conclusion that another reporting survey in 2007 will need to be different from this, either methodologically or thematically. We'll keep you posted.

We would like to thank every individual participant of the survey: we appreciate the time and interest you have shown in this project. Also, thanks are due to speakers and attendees at the roundtable events that were organised for the discussion of the survey. We are grateful to those who provided their commentary on selected results for this survey report (see Part B). It is hoped that these commentaries provide a value in themselves that adds a special dimension to the survey.

The Global Stakeholder Report 2003 was published by ECC Kohtes Klewes (Bonn) and Fishburn Hedges (London). In October 2004, the German-Austrian ECC network merged with the European agencies of the Brodeur Worldwide network to form Pleon. The Pleon network is now the largest public relations network in



AN AFTERWORD ABOUT THIS SURVEY

Europe, both by regional presence and by financial figures. The former ECC Sustainability Practice in Germany is now developing into a European Corporate Responsibility Practice. Part of this endeavour is the partnership between Pleon's Bonn and Amsterdam offices in preparing this survey and marketing it. The European network of Pleon agencies, in connection with the global presence of the Brodeur/Pleon Worldwide network, is ultimately of great benefit to our clients and an enhancement of the CSR unit. We will continue to provide first-class CSR consultancy and research and remain driven by, and drivers of, competition.

Bonn, September 2005

Andreas Steinert, Leader, Corporate Responsibility Practice

IMPRINT

This report in its English or any other language version is copyright protected by Pleon Kohtes Klewes GmbH on behalf of the international Pleon network. The report is open to academic research but may otherwise neither be used complete nor in part for any commercial purposes of third parties. Quotations are allowed and welcome, subject to credit being given to Pleon or Pleon Kohtes Klewes.

Pleon Kohtes Klewes GmbH
Kaiserstrasse 33
53113 Bonn
Germany
Tel. (+49-228) 91514-221
Fax (+49-228) 91514-177
E-mail: axel.klein@pleon.com
Internet: <http://www.pleon.com>

Pleon b.v.
Overschiestraat 55
1062 HN Amsterdam
The Netherlands
Tel. (+31-20) 487 4000
Fax (+31-20) 669 7265
E-mail: arthur.vanbuitenen@pleon.com

Participants in this project:

Dr. Axel Klein (project lead), Mike Copland, David Hager, Rita Lukacs, Jörg Meyer zu Altenschildesche, Imke Pattberg, Andreas Steinert, Arthur van Buitenen, Julia Zangl, Alexandra Zeisler.

BEYOND COMMUNICATIONS