Novo modelo para balanço social

Os indicadores internacionais do GRI passam por reformulação para serem entendidos pelo mercado

Andrea Vialli

MÁRCIO FERNANDES/AE

CLAREZA – Ligteringen, do GRI, quer relatórios focados no desempenho das empresas, com indicadores mais fáceis de serem auditados

Os parâmetros internacionais para formulação de relatórios de sustentabilidade – que no Brasil são também chamados de balanços sociais – oferecidos pela organização internacional Global Reporting Initiative (GRI) estão prestes a se tornar mais acessíveis. Os relatórios concebidos dentro do modelo GRI são conhecidos por sua complexidade, pois aliam as dimensões econômicas, ambientais e sociais das empresas em mais de 190 indicadores. Agora, o modelo vai passar por uma ampla reformulação que deverá estar disponível para uso das empresas em 2006.

Os primeiros indicadores do modelo GRI foram formulados em 1997, quando a entidade foi criada, e tem sido aprimorados até então. Em 2002, foi lançada a segunda geração, que incorporou a agenda dos direitos humanos na realidade corporativa. Agora, os desafios serão tornar mais simples a declaração das informações e aproximar os relatórios sociais do mercado financeiro.

Na semana passada, o executivo-chefe do GRI, Ernst Ligteringen, esteve no Brasil, na sede da Natura, em Cajamar (SP) para apresentar algumas dessas mudanças. A reformulação, que o GRI está chamando de terceira geração dos indicadores, ou *G3*, mantém o caráter voluntário das recomendações – as empresas optam por escolher esse modelo de balanço. A diferença é que agora tudo poderá ser feito online, a partir de uma plataforma tecnológica no website do GRI, com a criação de uma linguagem de programação específica.

"Nossa intenção é tornar os relatórios focados na performance das empresas, mais fáceis de serem usados e também auditados", explica Ligteringen. "E também possibilitar comparações entre relatórios de uma mesma empresa em diferentes países, o que será útil para detectar possíveis distorções entre o que é feito na matriz e nas filiais ao redor do mundo."

Outra novidade é a inclusão de protocolos técnicos voltados a setores específicos. Eles permitirão a comparação do desempenho socioambiental entre empresas do mesmo segmento de atuação. A intenção é aumentar a penetração dos balanços GRI em áreas como setor automotivo, telecomunicações, mineração, serviços financeiros, turismo e órgãos governamentais.

O objetivo da organização é aproximar os relatórios socioambientais do mercado financeiro, para que eles sejam tão importantes quanto os balanços financeiros na avaliação de risco (*rating*) e definição de investimentos.

Muda também o modelo de negócios do GRI, que passa a ser um provedor de serviços para o público, como análise e consultoria em sustentabilidade. A organização não cobra nada pelo uso do seu modelo de balanço, mas se mantém graças ao financiamento de 200 membros, entre empresas (Alcan, Shell, Microsoft e BP Group) e outras entidades. O objetivo é investir € 9 milhões na formulação da terceira geração de indicadores, em tecnologias e novos modelos de negócios.

Mais de 600 empresas em todo o mundo adotam os padrões do GRI. No Brasil, são seis

Hoje, em todo o mundo, 630 empresas usam o modelo GRI em seus relatórios. No Brasil, são seis empresas – Petrobrás, Natura, CPFL, McDonald's, Souza Cruz e Usiminas. Mais comuns por aqui são os modelos propostos pelo Instituto Brasileiro de Análises Sociais e Econômicas (Ibase) e pelo Instituto Ethos, este bebido na fonte do GRI.

O Global Reporting Initiative se esforça para colocar a responsabilidade social nas estratégias de negócios das empresas, diferenciando o conceito da ação filantrópica. Para isso, formular relatórios é o primeiro passo. "O papel do GRI não é julgar se as empresas têm resultados bons ou ruins e, sim, fornecer as ferramentas para que forneçam informações ao mercado", diz Ligteringen.

Para Joe Sellwood, sócio da Atitude, empresa de consultoria em desenvolvimento sustentável, a simplificação dos indicadores é bem-vinda, porque muito esforço e recursos são gastos na elaboração de relatórios complexos. Ele afirma que a responsabilidade corporativa no Brasil, após o *boom* dos últimos quatro anos – quando mais empresas passaram a alardear suas ações – agora está prestes a entrar em uma nova fase, de consolidação como estratégia de negócio. "Depois da fase da experimentação, precisamos de um segundo *boom*, para que a responsabilidade corporativa caminhe além do marketing", afirma Sellwood.

Resultados das ações são questionados

Empresas querem iniciativas mais atreladas aos negócios

O maior questionamento, por parte do comando das empresas, sobre os resultados dos investimentos em responsabilidade social, está levando as companhias a avaliarem o grau de envolvimento entre as ações que praticam e suas estratégias de negócios. Partindo desse princípio, a Atitude, consultoria especializada em desenvolvimento sustentável, vai reunir 10 grandes empresas em um trabalho inédito no Brasil, que será assessorado pela AccountAbility, organização internacional que fornece padrões para uma contabilidade mais ética e transparente. Entre as que já aguardam o início dos trabalhos, estão Philips, Avon e HP, mas o grupo reunirá representantes de setores variados.

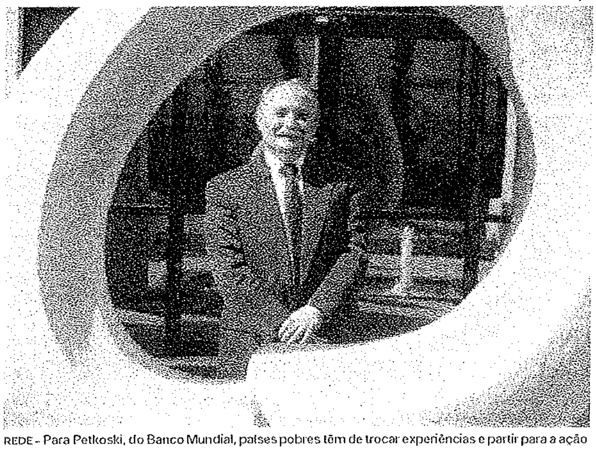
A idéia, conforme explica Luís Eduardo Iseppe, sócio da Atitude, é inverter o processo tradicional de avaliação da responsabilidade social nas empresas, que parte da formulação de relatórios sociais para diagnosticar os quesitos em que as empresas estão falhando. "Nossa proposta é primeiro olhar para os negócios da empresa, para avaliar o que é mais crítico. Depois, direcionar os programas em responsabilidade social para um foco estratégico, ligado aos negócios", explica.

Segundo ele, há diversos segmentos da economia que pedem esse tipo de avaliação. "A indústria de alimentação, por exemplo, está às voltas com o problema crescente da obesidade e vai ter de aprender a lidar com isso. O mesmo acontece com a farmacêutica, que está sendo cobrada em relação à uma atitude mais preventiva", diz Iseppe.

Há desafios a serem superados para as empresas de energia, ante os altos preços do petróleo e às questões como o aquecimento global, e também nos setores de mineração, siderurgia e construção civil, causadoras de grande impacto ambiental. Outro setor que enfrenta situação delicada é a indústria de tabaco, com as crescentes restrições aos fumantes no mundo todo. "Está na hora de as empresas perceberem que responsabilidade social é sobretudo manter os negócios a médio e longo prazo", diz.

O esforço para colocar a responsabilidade social na agenda das empresas inclui iniciativas de capacitação e até de *e-learning* (aprendizado via internet). É o caso do curso on-line sobre responsabilidade social e competitividade sustentável que o Banco Mundial, por meio de seu instituto, já lançou em uma centena de países. Agora, em parceria com a Câmara Brasil-Alemanha e o InWent (organismo de cooperação internacional para transferência de conhecimentos), o curso estará disponível para profissionais de diferentes segmentos, por intermédio da Fundação Getúlio Vargas (FGV-Eaesp). Para tornar possível sua gratuidade, a Câmara Alemã e o InWent investiram R$ 100 mil no lançamento do programa.

FLAVIA VALSANI/DIVULGAÇÃO



REDE – Para Petkoski, do Banco Mundial, países pobres têm de trocar experiências e partir para a ação

Para o coordenador internacional da iniciativa, Djordjija Petkoski, diretor de governança corporativa do Banco Mundial, o programa permite troca de experiências entre participantes de vários países e setores de atuação, estudos de casos e discussões sobre aplicação dos conceitos. "Por isso, é importante a parceria com escolas de negócios como a FGV, que preparam os futuros gestores das empresas", afirma.

Petkoski, que já trabalhou em dezenas de mercados emergentes – Ásia, América Latina e ex-URSS –, ressalta a importância da cooperação entre os países pobres para que a responsabilidade corporativa saia da retórica para a prática.

"As empresas dos países com economias em desenvolvimento têm de estar conectadas. Isso não significa que tenham de ser dependentes umas das outras", observa. Ele cita o exemplo do México, onde o programa reuniu mais de 800 profissionais em discussões sobre estratégias de responsabilidade social, e cuja *expertise* pode servir para o Brasil. Informações sobre o programa podem ser encontradas no site www.csrwbi.org. A.V.

AÇÃO

DIVULGAÇÃO

PARCERIA

Caruso ilustra linha de cadernos da Tilibra

A Tilibra, em parceria com a Rede Voluntária de Combate ao Câncer do Hospital do Câncer de São Paulo, está lançando uma linha de cadernos escolares que trazem ilustrações do cartunista Paulo Caruso na capa. Os desenhos foram criados pelo cartunista especialmente para o Hospital do Câncer, que receberá parte do valor arrecadado com as vendas. Os cadernos, já no varejo, custam a partir de R$ 7,70.

PATROCÍNIO

Patrolink vai direcionar projetos ao UOL

O UOL, maior provedor de acesso à Internet da América Latina, contratou a empresa Patrolink (www.patrolink.com.br) para auxiliar na gestão de propostas de patrocínios do portal. A Patrolink tem abrangência nacional e atua em 6 segmentos: esportes, cultura, meio ambiente, área social, educação e mídia. O serviço funciona como uma central de patrocínios on line, que filtra e classifica projetos antes de indicá-los aos possíveis patrocinadores cadastrados no site.

INVESTIMENTO SOCIAL

24,4

milhões de reais foi o total investido pela Jari Celulose, do Grupo Orsa, em projetos sociais na divisa de Pará e Amapá, em cinco anos

1%

do faturamento bruto anual da empresa é o que representa este investimento

EDUCAÇÃO

Farmacêutica promove curso profissionalizante

O Aché Laboratórios, a Fundação Iochpe e a ONG Viva Guarulhos promovem o projeto "Aché Formare – Uma Escola para a Vida", que vai beneficiar jovens carentes da região de Guarulhos (SP). A iniciativa consiste na realização de cursos profissionalizantes para estudantes da região, por meio de aulas ministradas por funcionários voluntários da empresa. Durante um ano, os jovens selecionados terão aulas teóricas e práticas que os capacitarão a trabalhar nos setores farmacêutico, químico, alimentício e de cosméticos.

FILANTROPIA

Agronegócio na luta contra o câncer infantil

A Fazenda Pé Forte, criatório de avestruzes de Uberaba (MG) lançou no ano passado o concurso "Ovo Forte de Obras de Arte em Ovos de Avestruz", iniciativa de combate ao câncer, da qual participaram mais de 100 artistas de todo o País. Agora, os 140 trabalhos serão leiloados em um pregão virtual no site da empresa (www.peforte.com.br). A renda será revertida ao Projeto Felicidade, apoiado pela Unesco no combate ao câncer infantil.

BBC NEWS

Green reports shun supply chain

Nearly 20% more UK top 250 firms produced non-financial reports on social and environment issues than last year.

But of the 145 companies reporting, 76% didn't examine their supply chains, says the annual Directions survey.

Green groups say putting pressure on supply chains is a major way companies can reduce their environmental impact.

The survey is published by corporate social responsibility firm Context and branding firm SalterBaxter.

Supply chain in focus

Blake Lee-Harwood, campaigns director at Greenpeace in the UK, said: "It's fairly meaningless to talk about your company's direction in terms of sustainability without having detailed knowledge of your supply chain.

"It's also important to get some kind of independent assessment of your reporting."

> **"...Fluff is on its way out. There are less pictures of smiling children and butterflies."**
> Peter Knight, director of Context

Less than a quarter of companies (24%) get their corporate social responsibility (CSR) reports independently verified to provide assurances they are accurate and complete, says the survey.

To date there are no set standards for non-financial reporting, although the Global Reporting Initiative, an independent pro-sustainability institution, is planning to establish some.

The reports surveyed by Directions are published voluntarily. They are usually called corporate social responsibility (CSR) reports, sustainability reports, or social and environmental reports.

'Fluff' out

Peter Knight, director of Context, says 24 UK top 250 companies reported for the first time this year and, in general, the quality of reports has improved.

"The corporate lexicon of homilies, generalities and soft assurances - fluff - is on its way out. There are less pictures of smiling children and butterflies."

The UK government will soon require all quoted companies to report their social and environmental risks in a chapter in their annual reports, called the Operating and Financial Review.

The regulation is not expected until 2005 and the first reports under this scheme will not be published before 2006.

The US seems to lag Europe in producing corporate social responsibility reports. The majority of European top 50 companies (44) publish them and only 27 of the US top 50.

Story from BBC NEWS:
http://news.bbc.co.uk/go/pr/fr/-/1/hi/business/4096011.stm

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Wednesday December 1 2004

COMMENT

MARK MOODY-STUART

Reporting is a global matter

A new era of corporate reporting moved a step closer last week when the Department of Trade and Industry issued guidelines on how companies should prepare an operating and financial review. From April 2006, OFRs, setting out the factors affecting past and future performance, will be mandatory for larger listed companies.

During the consultation period, the OFR met a mixed response. Many pressure groups hailed it as compelling companies to put in the formal part of their annual report statements that could be legally challenged if proved incorrect. They hoped it would be the answer to what they often claim to be incomplete information or "good news only" in a company's environmental and social report. Some companies, on the other hand, advocated a minimalist approach, with just enough in the report to keep the box-tickers happy.

Neither view appears to have prevailed. The government has rightly listened to business concerns over an unnecessarily legalistic approach and removed the requirement that directors make "due and careful inquiry" in preparing an OFR. That could have led directors either to exercise excessive caution or to open themselves to the risk of legal action. But under the DTI guidelines, they must still exercise "due care, skill and diligence", as required under common law.

As it stands, a mandatory OFR will merely reinforce the moves towards greater corporate transparency and disclosure that leading companies are already making. Any company worth investing in should already be trying to make plain to its shareholders in a brief report what the trends are that underlie its business, what its strategy is and where the main risks lie. This will undoubtedly include social and environmental impacts where relevant. The OFR will encourage a more systematic approach to this reporting and make it easier to draw comparisons between companies in the same industry.

But while Patricia Hewitt, the trade and industry secretary, listed the latest changes as "simplifying the audit requirements, addressing duplication, avoiding unnecessary publication costs and giving companies more time to manage the transition" there appears to be little discussion of how the OFR will relate to reporting practice and requirements as they are developing around the world. This is a critical issue for global companies.

The DTI's announcement does make reference to avoiding overlap with the European Union's modernisation directive, which is positive. But there are other initiatives to consider too. As the DTI consultation document noted, an estimated 60 per cent of UK listed companies already prepare OFR-style reports. Worldwide, more than 600 companies now voluntarily use the internationally recognised Global Reporting Initiative framework for sustainability reporting, and more than 60 of these are UK-based, including Anglo American, Co-operative Bank, BAA, BT, Vodafone, Diageo and Shell.

When the OFR finally comes into force, the government should recognise the sustainability reporting efforts that are currently being made. It should encourage use of existing global frameworks, such as the GRI and its sector-specific supplement. (An example of such a supplement is the one for the mining industry, developed by the GRI with the International Council of Mining and Metals.) The DTI needs to take account of this growing practice to ensure convergence in global reporting, and to make the best use of information that is already being gathered.

> In implementing its OFR guidelines, the government must consider the changes in sustainability reporting that are taking place worldwide

Properly implemented and integrated with schemes such as the GRI, the OFR could also reduce the "questionnaire fatigue" brought on by the demand by rating bodies and others for ever more information. This reflects the growing stakeholder interest in corporate performance. There is no doubt that the OFR will also increase dialogue with stakeholders and – it is to be hoped – public understanding of companies' contribution to society and their impact on the environment, as well as the limits to businesses' responsibility. This reinforces the need for integration with other international initiatives, such as the United Nations Global Compact and the Organisation for Economic Co-operation and Development's guidelines for multinational enterprises. These offer sound guidance on what constitutes good corporate behaviour, and are themselves converging with international reporting frameworks.

In implementing its OFR guidelines, the government needs to take account of the rapid changes in sustainability reporting that are taking place around the world. If it does not, we shall again find ourselves having to negotiate convergence of reporting in different jurisdictions post facto, with all the problems this brings. It is vital for the competitiveness of British business that the UK align its reporting regime with increasingly recognised and used global standards.

Sir Mark Moody-Stuart is chairman of Anglo American and a board member of the Global Reporting Initiative

COMMENT

'It is vital for British business that the UK align its reporting regime with global standards'

MARK MOODY-STUART Page 17

FINANCIAL TIMES TUESDAY NOVEMBER 30 2004

Directors must discuss full range of OFR issues

From Mr Tony Broccardo, Mr Andrew Formica, Mr Abdallah Nauphal and Mr Edward Bonham Carter.

Sir, Your editorial "The listening DTI" (November 26) argues that companies should now embrace the Operating and Financial Review and provide "a meaningful statement for investors".

As investors we warmly welcome the OFR proposals. The OFR provides a significant opportunity for improved dialogue between companies and their shareholders on a range of factors that will underpin long-term business profitability, including areas that have not traditionally been covered in annual reports.

Few companies will prosper without a highly skilled and well-motivated workforce, for example, so the OFR's requirement for relevant reporting on employee issues should provide long-overdue disclosure on this area. Other potentially valuable subjects include changes in the regulatory environment and brand management.

Crucial to the usefulness of the OFR will be the process boards go through in preparing it. Boards will need to take a broad view of the factors that might affect the company's success and ensure they understand all relevant perspectives from both within and outside the company. This governance process should itself be described in the OFR.

There is wide agreement that the OFR will fail if all it produces is bland "cut and paste" language that gives no insight into real performance and prospects on real issues. We feel it is important that appropriate key performance indicators are used that provide information that is useful for shareholders and allows comparisons between companies. We look forward to the forthcoming guidance on this from the Accounting Standards Board.

Companies will now have plenty of time to plan for their first OFR, which will have to be published in spring 2006. We hope boards will take this opportunity to discuss with investors how the OFR can best contribute to improving communication on the full range of issues that will determine their companies' future performance.

Tony Broccardo,
Chief Investment Officer,
F&C Asset Management

Andrew Formica,
Head of Equities,
Henderson Global Investors

Abdallah Nauphal,
Chief Investment Officer,
Insight Investment

Edward Bonham Carter,
Joint Chief Executive and Chief Investment Officer,
Jupiter Asset Management

CHINA VIEW
www.chinaview.cn

Sustainable development reports make firms reliable

www.chinaview.cn 2004-11-08 07:44:51

BEIJING, Nov. 8 (Xinhuanet) -- For most Chinese listed companies, the main obligation of information disclosure is their financial status.

But as the world is putting increasing attention on the sustainability of growth, financial figures will not be the only indices to judge the performance or prospect of a business.

A sustainability report may tell more.

Such a report, combining the analysis and information about a company's environmental, social and economic performance, offers a full scenario of the company to investors, government institutions as well as non-government organizations. And it has become more widely accepted by overseas rating companies and financial markets.

"The unprecedented economic growth of China also brings consequent environmental and social issues," said Roger Adams, Technical Executive Director of the Association of Chartered Certified Accountants (ACCA), an international accountancy body.

Both the government and companies should be more concerned about such issues, he said.

Right now, sustainability reports are rarely used by Chinese companies, who are often even blamed for insufficient information disclosure of their own financial figures.

But the situation is expected to change as the steadily growing Chinese economy and opening-up will force more enterprises to face the challenges of sustainable growth.

Sustainability reporting will be of particular importance to Chinese companies conducting foreign trade or those seeking overseas listing, Adams said.

A number of overseas stock exchanges, including the London Stock Exchange, have requested the submission of a sustainability report for listing applicants.

In Hong Kong, where the government cares much about the environmental and social duty of companies, many businesses have their own sustainability reports.

International investors also seek relevant indices to assess the long-term investment value of a company to minimize their risks in investment, Adams said.

Meanwhile, many multinationals are investing in China and bringing with them international-standard practices in environmental protection, labour safety, social obligations, etc.

As these companies are sourcing products from Chinese suppliers, they need to be ensured that the Chinese suppliers are following similar standards, Adams said.

Adams is also a board member of the Global Reporting Initiative (GRI), an organization that develops and disseminates globally applicable sustainability reporting guidelines and is also an official collaborating centre of the United Nations Environment Programme.

More than 600 multinational companies are using the guidelines to produce regular reports on social and environmental activities.

It took only several years for the world to acknowledge the importance of such non-financial reporting.

In China, the promotional campaign has just begun. And there may be some resistance from limited transparency, low efficiency and poor corporate governance.

But hopefully more Chinese businesses will become aware of the issue as they catch up with multinationals, Adams said.

To promote the application of such standards and reporting in China, ACCA just published the Chinese version of the latest Sustainability Reporting Guidelines, which were introduced overseas by GRI in 2002.

"This is only a small first step," Adams said.

ACCA will conduct a series of workshop with government departments and enterprises to discuss the ideology and co-operate with domestic organizations to promote the guidelines in the country.

Globally, a new set of guidelines on sustainability reporting is expected to be published by GRI in 2006.

The benefits to the companies adopting the standards are reduction of risk, cost-saving through improved efficiency and opportunities for new business and clients, Adams said.

In the future, the rating of a company will depend not only on its financial soundness, but also on its performance in sustainability growth.

Those who fail to satisfy the criteria will be discounted in their rating.

(China Daily)

QUESTIONNAIRE FATIGUE

Time to cut down on information overload

The recent launch of two online services – one in the UK, the other in the US – are aimed at reducing companies' time-consuming burden of form-filling. **Alison Maitland** reports

A decade ago, companies received a trickle of requests for information about their environmental and social record. That has swollen into a flood. Some large companies now receive as many as 200 questionnaires a year from ratings and research agencies, fund managers, government departments, consultants and academics.

Everyone, except those with something to hide, agrees that transparency is a good thing. But company officers and fund managers who assess all this information are groaning under the workload.

Quoted companies devote an average of seven working days of an employee's time a month to filling forms on governance and responsibility, according to research by the London Stock Exchange and the UK Social Investment Forum (UKSIF).

New governance requirements and burgeoning interest in corporate responsibility from institutional investors have added to the weight of surveys. But they often cover very similar ground in different format.

Is there a way to cut the bureaucracy?

Two rival solutions have emerged this year and are touting for business. The first, OneReport, is an online system for companies to channel information to the agencies that provide research for institutional investors and stock market indices, such as the Dow Jones Sustainability indices.

OneReport was launched in April by SRI World Group, a US company specialising in online information about social investment and corporate responsibility. It says its model consolidates requests for data from more than 20 research agencies worldwide, allowing each to maintain its research methodology. Data are organised in accordance with the guidelines of the Global Reporting Initiative (GRI), which are used by 600 companies worldwide.

"OneReport has a small but growing number of users from Europe and North America, including Shell, Nike, Dupont and Alcan," says Doug Wheat, business development director.

Agencies will pay nothing to access the data but companies will be charged fees to input information. These will depend on the size of the company and the level of service and will be a maximum of $20,000 a year.

A similar initiative to end the paper mountain, using a very different business model, is being developed by the London Stock Exchange, after consultation with companies, rating agencies and fund managers.

The Corporate Responsibility Exchange, launched in September, so far has 70 corporate users, of which 30 are in the FTSE 100. Simon Wilkinson, head of the exchange's Regulatory News Service, says at least 100 large UK companies need to use the service in order to achieve a critical mass.

The new system is designed to meet the demands of the main ratings and research organisations but has particularly close links with Eiris, which provides information for the FTSE4Good index, and Business in the Community, the UK business-led campaign that produces its own corporate responsibility rankings. Initially, the exchange is targeting UK companies.

It consists of a very long online questionnaire with 350 core questions covering governance, economic impacts, social, community and human rights impacts and the environment.

Answers to these are automatically copied into related questionnaires that follow the core survey, such as those of Eiris and SAM, the agency that compiles the Dow Jones Sustainability indices. This means that companies then have to answer only questions unique to those organisations when filling in surveys.

It will cost companies between £795 and £3,000 to use the exchange, depending on the level of service they choose, while fees for those seeking access to the data are expected to be about £20,000 a year once it is fully up and running.

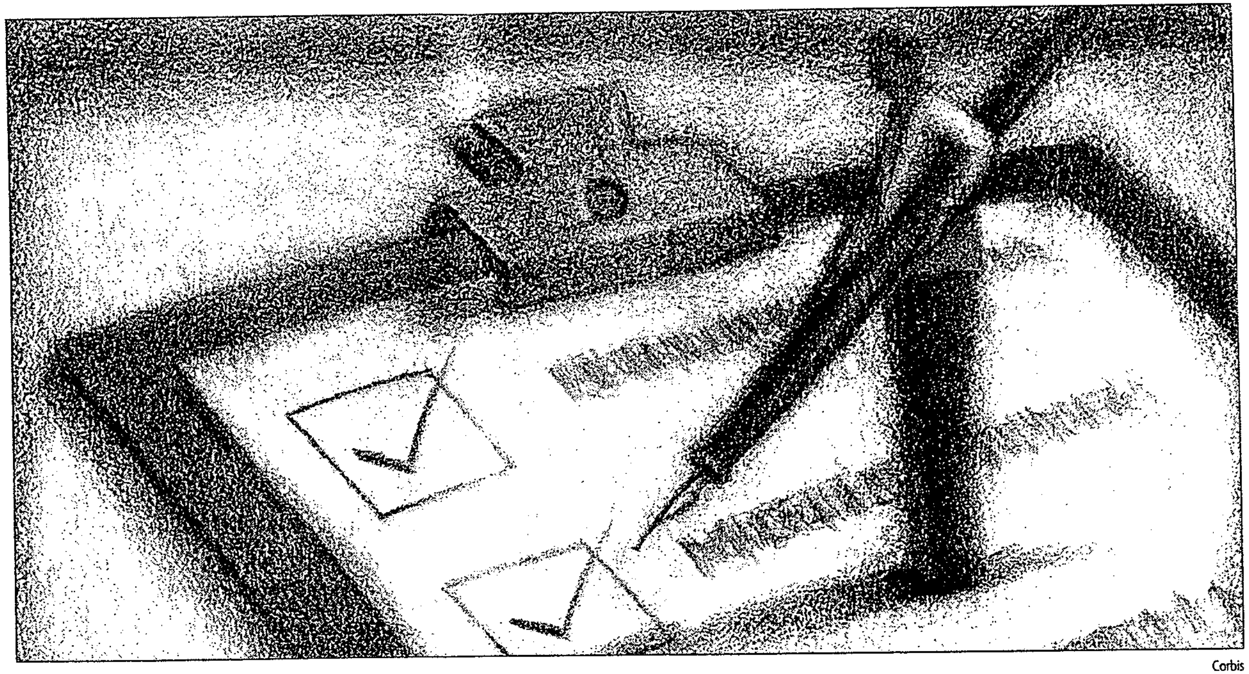
The London system has won backing from Insight Investment, the asset management arm of HBOS, the UK bank, which says it should increase the quality of the information flow while reducing costs. Henderson Global Investors, another specialist in socially responsible investment, says it is waiting to see more of the system.

Mr Wilkinson emphasises that this is not a new reporting "standard" but simply a conduit for information. A few companies have also expressed concern that they will be obliged to participate because the LSE is running it. He points out that participation is voluntary.

However, there is a chicken-and-egg problem for both reporting networks as companies and ratings agencies wait to see what the take-up will be like on the other side.

Swiss-based SAM, one of the most influential agencies, says its decision on whether to use one or the other network will depend on the view of the more than 500 companies that take part in its annual assessments.

"The market will determine which business model works," says Alyson Slater of the Netherlands-based GRI, which has not been directly involved in designing either, although both include the GRI guidelines.



Corbis

Referring to the London model, she adds: "We cannot determine or comment on the accuracy or quality of its use of the guidelines and what this might mean for companies that use the guidelines."

BT, which receives 200 surveys a year, is not committed to either reporting channel. Chris Tuppen, head of sustainable development and corporate accountability, says that when he looked at the LSE model in the summer it appeared to be a compilation of all the questionnaires the company already receives.

"It did not seem to offer any great savings in fulfilling the individual questionnaires," he says.

However, he adds that BT will use it if it receives strong demand to do so from the organisations that send it surveys.

As the two channels vie for custom, some people argue that companies can relieve the form-filling themselves by responding only to requests directly relevant to them and publishing full reports on their websites.

Others say that seeking information from companies is not the best way to find out how they are really behaving, anyway.

In a letter to the Financial Times, Rory Murphy, joint general-secretary of Unifi, the European finance sector trade union, said: "Most questionnaire-based measures are fundamentally flawed because none of them bothers to ask the stakeholders (whether employees, customers, suppliers or non-governmental organisations) what they actually think of the company's performance."

REPORTING

Transparency issue can be easily clouded

Countries are introducing requirements for listed companies to cover a variety of issues in their reports, writes Roger Cowe

Transparency has always been an important element in corporate responsibility and a growing band of companies has grappled with the challenge of reporting on social, environmental and economic issues. They have been encouraged, with varying degrees of enthusiasm, by governments and regulatory authorities.

The Netherlands, Denmark and Norway have required environmental disclosures for several years, and, two years ago, France introduced requirements for listed companies to cover certain social and environmental issues in directors' reports.

South Africa has gone further, with "stakeholder issues" incorporated in the King Committee corporate governance code adopted by the Johannesburg stock exchange.

The UK is poised to introduce a broad-ranging requirement for such matters to be included in a new Operating and Financial Review (OFR) that will be an important element in the annual report.

Directors will have to give shareholders information on policies relating to employees, customers and suppliers, as well as social and environmental impacts where that is necessary for shareholders' proper understanding of the company.

The OFR faces delay and its coverage may be restricted to larger public companies but it will still represent the first wide-ranging mandatory – and audited – reporting requirement.

Critics in NGOs, nevertheless, complain that it is aimed narrowly at shareholders rather than other stakeholders, and that boards will have too much discretion over what to report.

However, it could have a significant impact on reporting, according to Mark Line, director of the consultancy csrnetwork. "Companies will need to think about the non-financial issues and impacts that could significantly affect the business. They should not be able to avoid big topics currently being played down or avoided altogether in some CSR reports," he says.

He acknowledges, though, that the OFR will not provide readers with the breadth or depth of information which is usually included in corporate responsibility or sustainability reports, which more and more companies are voluntarily producing in a growing number of countries.

According to CorporateRegister, which maintains a reports database, up to 2,000 companies around the world now publish non-financial reports.

But in a recent report, Towards Transparency (produced with the Chartered Association of Certified Accountants), CorporateRegister points out that this leaves a huge number of multinationals which say nothing about issues such as carbon dioxide emissions, suppliers' labour conditions, or even community relations. The publishers are also concentrated in a small number of countries, predominantly North America, Scandinavia and western Europe, with growing interest in South Africa, Australasia and Japan.

> 'Reporting seems to be directed less at financial stakeholders than others'

The nature and standard of these reports varies widely. However, a consensus is beginning to emerge among the leaders in the field, who have steadily improved the quality of their reports, according to a recent analysis by the consultancy Sustainability for the UN Environment Programme (Risk Opportunity: Best practice in non-financial reporting).

This biennial exercise, which ranks the world's leading reporters, found that the standard was higher than ever, and that the leaders now come from a wider range of countries than before.

The UK's Co-operative Financial Services (formerly the Co-operative Bank) gained top spot, with six other UK companies (including Anglo Dutch/Shell) in the top 10. But nine other countries were represented in the top 20, by companies such as Hewlett-Packard and Ford, Denmark's Novo Nordisk, Rabobank from the Netherlands, Kesko from Finland and Natura from Brazil.

In spite of the improvements, Sustainability chairman John Elkington was nevertheless uncomplimentary about most companies' attempts to identify the most important issues and report on them clearly.

Launching the report, he challenged companies to integrate financial and non-financial reporting.

"Most current attempts are resulting in Frankenstein's monsters, stitched together from ill-matched parts," he said.

Most reports are not aimed at the financial community, but this needs to change, according to George Dallas, managing director of governance services at Standard & Poor's, which co-sponsored the research.

"Disclosure can be frustrating and difficult to interpret," he says. "Reporting seems to be directed less at financial stakeholders than others. It is a challenge to bridge the gap between the financial and CSR worlds."

Mr Dallas is interested in corporate responsibility reports because he believes a broad stakeholder focus could help analysts to understand more about non-financial risks. "The ability to maintain relationships is key to sustainable competitive advantage and helps to frame a company's risk profile," he says.

At the moment, most reports would be too vague and unfocused to provide much useful information. But that is changing. An analysis by consultancies Context and salterbaxter concluded that sceptical audiences and more formal requirements (such as Sarbanes-Oxley and the OFR) were leading to less "fluff" as well as [in Europe] more independent verification.

One reason is the Global Reporting Initiative (GRI), a UN-backed organisation which has developed detailed reporting guidance. The GRI is considered over-prescriptive by many companies, but its guidance has been used by the vast majority of companies in the Unep/Sustainability top 50.

It is now developing a less onerous version for smaller businesses and is working with groups of companies to produce sector-specific guidance that should bring closer the Holy Grail of inter-company comparison.

That might help to answer the concerns of many companies about whether anybody actually makes use of their reports, as well as providing organisations such as Standard & Poor's with more relevant material.

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October 07, 2004

Memo From: SRI Analysts To: Companies--Use GRI Sustainability Reporting Platform!

by William Baue

A coalition of 17 socially responsible investment firms recommends that companies disclose social and environmental data using the Global Reporting Initiative.

SocialFunds.com -- Yesterday, 17 socially responsible investment (SRI) firms representing over $147 billion in assets issued a joint statement urging companies to disclose social and environmental information using Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. Since its 1997 founding by the Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environment Programme (UNEP), GRI has become the standard-bearer in "triple bottom line" (economic, environmental, and social) reporting.

"We support the GRI guidelines as the most comprehensive reporting framework available, and one that has gained broad credibility through a rigorous, global multi-stakeholder feedback process," stated the 17 firms. "We also believe the GRI guidelines provide a valuable tool for providing comparability and consistency across reports."

The coalition, coordinated under the Social Investment Forum (SIF), includes large SRI firms such as the Calvert Group, religious investors such as the Pension Boards of the United Church of Christ (PBUCC), Canadian SRI firms such as Ethical Funds, and SRI financial adviser firms such as Progressive Asset Management (PAM). The statement is also endorsed by SRI research firms such as Innovest Strategic Value Advisors, Michael Jantzi Research Associates (MJRA), and KLD Research & Analytics, as well as advocacy organizations such as the Interfaith Center on Corporate Responsibility (ICCR).

Steve Lippman, senior social research analyst at statement signatory Trillium Asset Management, characterized sustainability reporting using GRI guidelines as a "win-win" situation for companies *and* analysts (as well as other stakeholders). Analysts benefit from increased accessibility to information affecting investment decisions; companies can benefit by identifying potential risks that can be mitigated and potential liabilities such as energy inefficiencies that can save money by conservation.

"Our stakeholders look to us to disclose key environmental and social data so they can compare and judge our performance--it makes clear business sense for Intel to meet that need," said Dave Stangis, director of corporate responsibility at Intel (ticker: INTC). "Our shareholders and communities expect it, and it helps us improve our performance."

Intel is one of only a handful of US companies that have achieved "in accordance" reporting status, GRI's most stringent reporting category requiring the board or CEO to sign off in certification. Other "in accordance" reporters include Dow Chemical (DOW), Ford (F), General Motors (GM), International Paper (IP), and Rio Tinto (RTP). Some 60 US companies are "declared users" of GRI (as opposed to companies that use GRI but do not notify GRI), and almost 600 companies worldwide declare their GRI usage. The SRI firms are trying to spur this number upward even further.

Some countries, to varying degrees, have chosen to require sustainability reporting. The Johannesburg Securities Exchange (JSE) in South Africa mandates GRI reporting by listed companies, and governmental regulation in Australia, France, and the UK explicitly require varying degrees of disclosure on social and environmental information.

Mr. Lippman would add the US to the list of countries mandating disclosure of environmental and social information, under Item 303 of US Securities and Exchange Commission (SEC) Regulation S-K, or Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A).

"I would argue that, in fact, much of this disclosure is already mandated under SEC requirements that companies disclose material risks, which has been implemented very poorly and has been poorly enforced as well," Mr. Lippman said.

Mr. Lippman cited the example of greenhouse gas emissions, which represent a significant potential risk.

"Those are material issues that the GRI certainly picks up but far too few companies are disclosing in their 10-K forms," Mr. Lippman said.

Mr. Stangis offered a corporate perspective on this issue.

"Companies *are* taking a harder look at what goes into their 10-K and what might be considered material by their shareholders and investors, expanding some of that disclosure in the social and environmental space," Mr. Stangis said. "While I support a lot of this reporting some points in terms of disclosing better content in the 10K, I would oppose mandatory sustainability reporting, at least right now--I do not think it's mature enough to put into a mandatory framework."

Ernst Ligteringen, CEO of GRI, agrees.

"Our view as the GRI is that sustainability reporting isn't ready as a practice to be completely regulated, and if that was done prematurely, an incomplete work would be cast in stone," said Mr. Ligteringen. "Some companies fear the movement toward mandatory reporting, and our advice to them is, if you move forward in a voluntary way and actually demonstrate that voluntary reporting meets the needs of those seeking information and helps to increase transparency, chances are the calls for mandatory reporting would be less strong."

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FINANCE

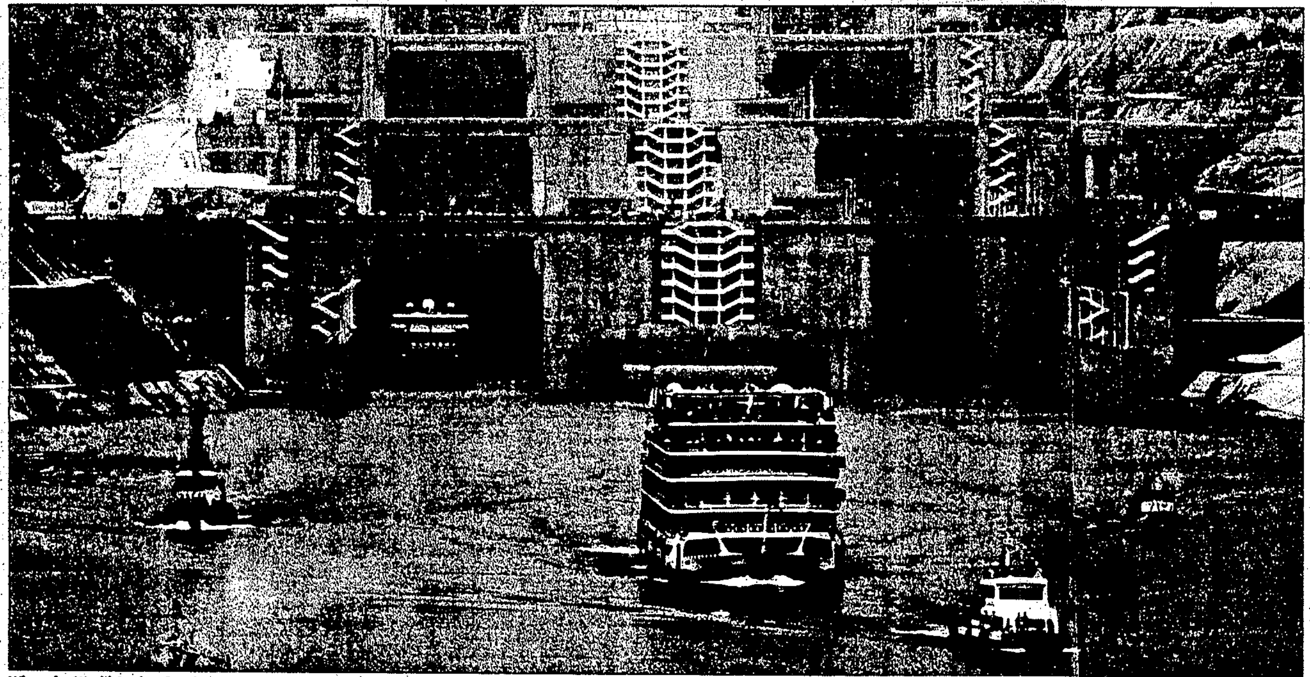
Where sustainability means survival

Mike Scott finds the banking sector embarking on a series of initiatives to show how seriously it takes the impact of projects on the environment

When it comes to unsustainable businesses, the financial services sector used to consider itself pretty low on the list. After all, the sector does not produce pollutants or greenhouse gases and is known for its good employment practices.

But it is having to take sustainability seriously now. Non-governmental organisations have targeted banks as the ultimate source of environmentally unfriendly projects, a plethora of sustainability indices has sprung up and institutional investors are taking note of environmental issues because they are hitting their bottom line.

After NGOs highlighted environmental and social problems with projects financed by the World Bank and the International Finance Corporation, its private sector arm, these organisations became more wary of investing in projects such as dams and oil pipelines. But when the World Bank refused to invest in the controversial Three Gorges Dam in China, for example, private banks, unburdened by public scrutiny, stepped into the breach.



When the World Bank refused to invest in China's Three Gorges dam, private banks, unburdened by scrutiny, stepped into the breach AP

As a result, NGOs shifted their focus to the private sector, which has had to respond to their concerns. One example of this is the Equator Principles, established in 2003 by an international group of banks, including ABN Amro, Barclays and Citigroup, to address the social and environmental impacts of the projects they finance. A year on, 27 banks have signed up, representing more than 80 per cent of global project financing funds.

The Equator Principles include safeguards in areas ranging from environmental assessment and natural habitats to indigenous peoples and child labour. If borrowers fail to comply with loan conditions, they can be declared in default.

Simon McRae, corporate campaigner at Friends of the Earth, says: "The good thing is that the signatories are saying they are responsible for how those projects are turning out. But there is still a long way to go." Banktrack, an NGO that monitors banks' investments, says signatories are still funding unsustainable projects and that it is unclear to what extent banks are actually complying with the principles.

Meanwhile, the United Nations Environment Programme's Finance Initiative has developed a set of responsible investment guidelines for institutions.

The impetus came partly from "the governance meltdown" associated with companies such as WorldCom and Enron and partly from a realisation among fund managers of the need to invest for the long term, says Monique Barbut, director of Technology, Industry and Economics at UNEP.

"Some of the scandals have sensitised funds to the fact that good sustainability within investments also makes good long-term sense in terms of protecting your assets." In association with the Global Reporting Initiative, UNEP-FI wants to establish a de facto standard in the market. There is a vast range of information on sustainable investment but no consistency.

A forthcoming report by environmental consultancy URS carried out a study of 65 sources of information on sustainability, ranging from ratings agencies to Socially Responsible Investment (SRI) indices, such as FTSE4Good and the Dow Jones Sustainability Index, and research houses. Belinda Howell, director of corporate sustainable solutions at URS, says: "We analysed how the same companies performed across a range of ratings and there was no comparability at all. There has to be a move to better quality and better consistency of information; there are just too many operators measuring different things."

> UK companies are overwhelmed by the questionnaires being sent to them for corporate responsibility information

To this end, the London Stock Exchange has set up the Corporate Responsibility Exchange. The LSE says: "UK companies are overwhelmed by the questionnaires being sent to them for corporate responsibility information."

The CRE allows companies to fill out a single questionnaire and gives investors a single site where they can locate and analyse company data. It allow companies to disclose information against the most influential codes and rating systems, including the Global Reporting Initiative, the FTSE4Good index and Business in the Community's Corporate Responsibility Index.

These indices are very influential, according to URS's Dr Howell. "Companies really do respond to how they perform on these indices and whether they are in or out. That has a big impact on behaviour and companies will work very hard to improve their performance." An earlier URS report on FTSE 100 companies suggested that those performing well in environmentally responsible indices had lower share price volatility, leading to a lower cost of capital. As a result, Dr Howell says, "one benchmark of a well-run company is how they perform in environmental indices".

Increasingly, SRI is seen as a good business move. The Co-operative Bank says about 30 per cent of customers join as a result of its ethical policy. Now its sister company, Co-operative Insurance Society, is to canvas customers over what issues it should pursue with the companies it invests in. Mervyn Pedelty, chief executive of Co-operative Financial Services, says: "We are increasingly paying out claims for flooding and storm damage brought about by global warming. Should we be investing the same customers' money in companies that pollute the atmosphere, which in turn leads to climate change, without seeking to improve the environmental performance of such companies?"

While insurance companies were among the first to realise they needed to take into account the effects of climate change, other key sectors that will be affected include the energy, transport, heavy manufacturing and construction industries, and oil and agricultural markets. In 2003 $70bn of damage was caused by weather-related disasters, according to the Carbon Disclosure Project (CDP).

Representing institutional investors with assets in excess of $10,000bn, the CDP asks FT500 companies what they are doing to mitigate the effects of greenhouse gas emissions.

It says it "demonstrates that the mainstream investment community is seriously engaging with the strategic and financial implications of climate change" and that taking climate risks into account is becoming part of smart financial management.

ASISTENTES DESAYUNO GRI
22 DE JUNIO 2005

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Alejandro Perez	Director Adjunto	Biblioteca Nacional del Congreso
Alvaro Retamales	Gerente General	Bandesarrollo Microempresas
Andrea Castro	Directora de Investigación y Asesorìas	Fundación PROhumana
Beatriz Cortés	Directora de Proyectos	Fundación PROhumana
Besie Harvey	Consultor Senior de Mejoramiento y Relaciones con los Dueños	Minera Escondida Limitada
Carlos Gajardo	Gerente de As Públicos Com y Med Ambiente	SONAMI
Christianne Rocha	Gerente Corporativo de Marketing y Comunicaciones	Philips Chile
Eduardo Moyano	Presidente	Correos de Chile
Ernst Ligteringen	Director Ejecutivo	Global Reporting Initiative
Felipe Agüero	Investigador	Universidad de Miami
Fernando Crisosto	Gerente Asuntos Externos	Minera Los Pelambres
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Guadalupe Sanchez	Jefe de Auspicios	Lan
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José Gonzalez	Jefe de Departamento de Consolidación y Análisis de Gestión	CMPC
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William Gysling	Gerente de Asuntos Pùblicos	Cía. Minera Doña Inés de Collahuasi
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