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Kolk, J.E.M.

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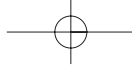
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## **A decade of sustainability reporting: developments and significance**

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**Ans Kolk**

University of Amsterdam, Amsterdam graduate Business School,  
Roetersstraat 11, 1018 WB Amsterdam, The Netherlands  
Fax: +31 20 525 5281 E-mail: akolk@uva.nl

**Abstract:** Since the publication of the first separate environmental reports in 1989, the number of companies that has started to publish information on its environmental, social or sustainability policies and/or impacts has increased substantially. This article gives an overview of worldwide trends in the frequencies of reporting in the past decade, based on surveys carried out since the early 1990s. Although clear differences between countries and sectors can be noted, reporting continues to rise, and there is a clear tendency towards the inclusion of societal, and sometimes also financial, issues. The article also analyses the latest developments with regard to the contents of these sustainability reports, focusing on economic aspects and business drivers, stakeholder dialogue and feedback, and benchmarking of performance. The final section discusses the significance of reporting, introducing the concept of 'implementation likelihood', and the components of an analytical scheme to assess this for sustainability reports.

**Keywords:** benchmarking; business drivers; implementation likelihood; international comparison; performance measurement; stakeholders; sustainability reporting.

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**Biographical notes:** Ans Kolk is Professor of Sustainable Management and Research Director of the Amsterdam graduate Business School, University of Amsterdam, The Netherlands. Her areas of research and publication are in corporate social responsibility and environmental management, particularly in relation to multinational corporations' strategies, and international policy. She has published extensively on sustainability reporting, related to her research involvement in the 1999 and 2002 KPMG surveys on environmental and sustainability reporting, carried out by her university together with KPMG Global Sustainability Services.

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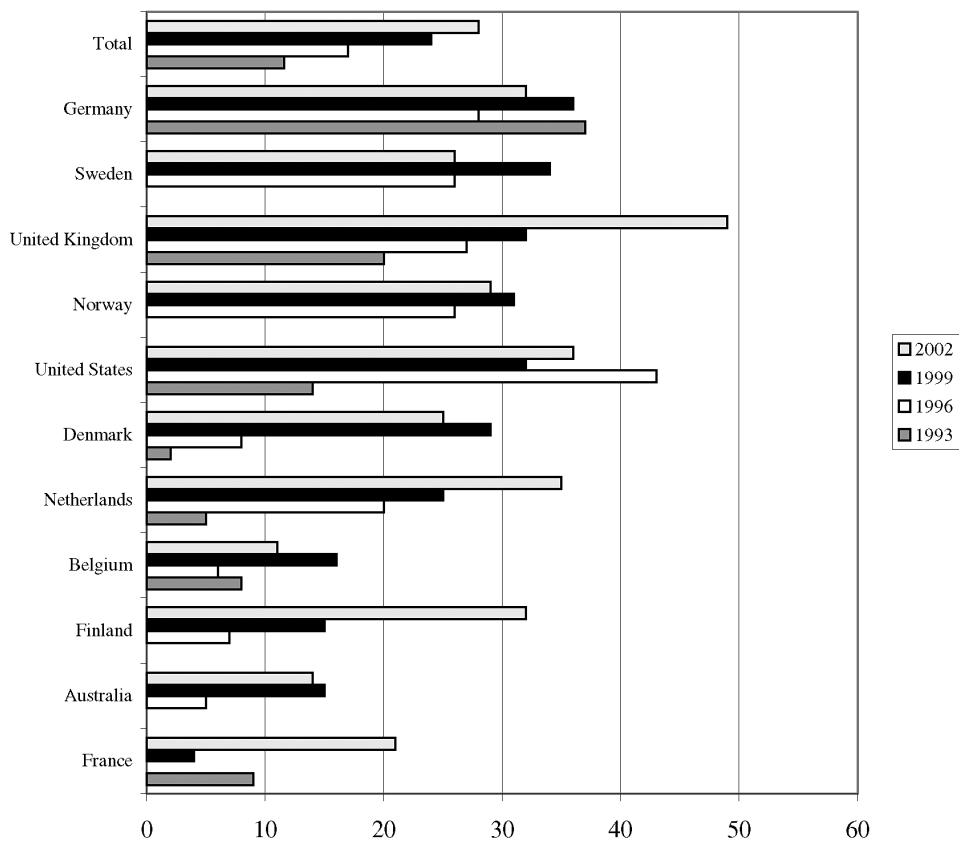
### **1 International trends: frequencies and motivations**

Since the publication of the first separate environmental reports in 1989, the number of companies that has started to publish information on its environmental, social or sustainability policies and/or impacts has increased substantially. Insight into worldwide developments in the past decade can be obtained by presenting the results of a series of



surveys. Starting in 1993, and repeated every three years since, KPMG has assessed which percentage of the largest 100 companies in a number of countries published an environmental (or sustainability) report [1]. Figure 1 gives an overview of the percentages for 11 countries that were included several times [2].

**Figure 1** Sustainability reporting in 11 countries in 1993, 1996, 1999, 2002 (in %) (in years in which a country was not included in the survey, the % is set at 0) [2]



Overall, a clear increase in reporting can be observed, from 12% in 1993, to 17% in 1996, 24% in 1999, and 28% in 2002. Also in some other countries than those included in Figure 1, for which there are no trend data since they were not included in previous surveys, reporting figures for the largest 100 companies are available for 2002. In Japan in particular, it turns out that reporting is widespread in 2002 (with 72%). Although the percentages are lower, companies in Canada (19%), Italy (12%), Spain (11%), Hungary (8%), Slovenia (5%), Greece (2%) and South Africa (1%) (are starting to) report on environmental and social issues [3].

Figure 1 shows that, while sustainability reporting has increased overall in the past decade, there are also clear differences between the countries. The UK, Finland and the

Netherlands follow the general pattern, although with higher percentages and growth rates. In other countries, such as Germany, Norway and the USA, there have been fluctuations over the years, but the percentages are higher than average [4]. Companies in Australia, Belgium and France have so far been less active in publishing sustainability reports, although France in particular shows a clear increase.

Whereas the number of banks and insurance companies that publishes a sustainability report is increasing, traditionally the industrial, more 'polluting' sectors have been most active in this regard. Recent research on the largest 250 multinationals (the Global Fortune 250) shows that in the financial sector, 25% published a report in 2002, while this was 59% for the other sectors (the overall average was 50%) [5]. Three years earlier, in 1999, the percentages were 17%, 45%, and 37%, respectively, so here a clear increase can also be noted. Moreover, reporting is more common in view of the higher visibility and impact of these large multinationals. Besides financial companies, other sectors which report less than average are trade and retail, services, and communications and media. Higher than average score chemicals and pharmaceuticals, computers and electronics, autos, utilities, oil and gas, and food and beverages.

With regard to the developments at the country level, the Fortune Global 250 research confirms the tendencies noted in Figure 1. The trends can be analysed more accurately, however, because of the availability of panel data. Compared to the sets of top 100 companies in the different countries, which change per survey, the largest multinationals of the Fortune list have been scrutinised for their reporting behaviour in both 1999 and 2002. This showed that reporting rose significantly in all countries, except for the US, where it stabilised. Increases were particularly significant in Japan and France. In 2002, UK, German and Japanese multinationals reported more than the (high) average for the Fortune Global 250, and French, US and South Korean multinationals less. The situation in the different countries can be linked to the level of regulatory and societal attention. This involves legislation on environmental and social reporting, in force in a few countries, and more importantly, other forms of government encouragement of such types of disclosures, for example through the publication of official reporting guidelines. Details about these developments can be found elsewhere [6].

In addition to these factors, however, companies can have a range of other reasons for publishing a sustainability report (or not). Table 1 lists various motivations, mentioned in a study by Sustainability and UNEP in which reporters and non-reporters were interviewed [7]. Besides internal, sometimes company-specific, reasons, societal aspects, such as credibility and reputation play an important role. Apparently, for an increasing and substantial number of companies, the arguments in favour of reporting prevail over those against. This applies in particular to the largest, most visible multinational companies.

**Table 1** Companies' motivations for reporting or non-reporting [7]*Reasons for reporting*

- enhanced ability to track progress against specific targets
- facilitating the implementation of the environmental strategy
- greater awareness of broad environmental issues throughout the organisation
- ability to clearly convey the corporate message internally and externally
- improved all-round credibility from greater transparency
- ability to communicate efforts and standards
- licence to operate and campaign
- reputational benefits, cost savings identification, increased efficiency, enhanced business development opportunities and enhanced staff morale

*Reasons for not reporting*

- doubts about the advantages it would bring to the organisation
- competitors are neither publishing reports
- customers (and the general public) are not interested in it, it will not increase sales
- the company already has a good reputation for its environmental performance
- there are many other ways of communicating about environmental issues
- it is too expensive
- it is difficult to gather consistent data from all operations and to select correct indicators
- it could damage the reputation of the company, have legal implications or wake up 'sleeping dogs' (such as environmental organisations)

**2 International trends: contents**

With regard to the contents, a clear tendency can be observed that environmental reporting is broadening to an inclusion of societal, and sometimes also financial, issues. This is a fairly recent development, since in 1999, such 'broader' reports were rather exceptional. In 2002, the percentage of 'pure' environmental reports published by the largest 250 multinationals declined to 71% (from 98% in 1999). The remaining 29%, here designated 'sustainability' reports, can be subdivided into companies that include environmental and social information (10% of the total), social and financial information (1%) and the so-called 'triple bottom line' reporting, about the social, environmental and financial situation (18%). One third of the sustainability reports explicitly having been inspired by the format presented by the Global Reporting Initiative, a multi-stakeholder effort to develop reporting guidelines. The companies referred to the 2000 version of the guidelines, but a new update was published more recently, which will have its impact on forthcoming reports [8].

It must be noted, however, that the overwhelming majority of the 'sustainability' reports still focuses on the 'traditional' reporting topics: those related to health and safety (usually included in environmental/HSE reports), employee relationships (which some companies address in internal social reports), and philanthropy and charitable contributions (frequently covered in community reports) [9]. The content analysis showed that the most common social performance indicators included in the reports also largely focus on health and safety (accident/injury frequency), followed by community spending and the composition of the workforce.

In spite of these caveats, however, interesting developments can be observed with regard to the contents of the sustainability reports. Below some of these aspects will be briefly examined and illustrated with concrete examples from the reports. Firstly, attention is paid to the economic aspects and business drivers for reporting. Subsequent sections deal with stakeholder dialogue and feedback, and benchmarking.

### 2.1 Economic aspects and business drivers

A few companies use their sustainability report to show their value added and its distribution over the various stakeholders. An example is BASF, which specifies in its social responsibility report which percentages of value added went to employees, the state, shareholders, creditors, minority interests and the company (see Table 2) [10].

**Table 2** Value added and its distribution of BASF in 2000 [10]

<i>Item</i>	<i>Amount (mln Euro)</i>	<i>Share (%)</i>
Business performance (sales and other operating income, interest result and income from financial assets)	37.693	
Advance payments (cost of materials, write-downs and other expenses)	(27.534)	
Value added	10.159	
Distribution of value added		
• employees (wages and salaries, social security contributions, and expenses for pensions and assistance)		64.9
• state (corporate taxes)		16.9
• dividends to shareholders		12.0
• creditors		5.6
• minority interests		0.4
• company (including reserves)		0.2

Unilever does something comparable in its social review, but it also indicates the origins of its 'cash value added', and it has a slightly different distribution over the various stakeholders (see Table 3) [11]. In the case of Unilever, these consist of five categories: employees, governments, providers of capital, local communities, and, finally, the amount invested in the company for future growth. It is not surprising that, in both companies, employees get the largest share, although the percentages differ. Perhaps more peculiar is the government share, 16.9% for BASF and 12.5% for Unilever, which might be designated as relatively low when considering the nationalities of both companies, and general corporate sentiments about levels of taxation.

**Table 3** Cash value added and its distribution of the Unilever Group in 1999 [11]

<i>Item</i>	<i>Amount (mln Euro)</i>	<i>Share (%)</i>
Customers and consumers (income from sales)	40.977	
Suppliers (payments for materials and services, raw materials packaging, advertising and promotions, and other supplies)	(29.426)	
Cash value added	11.554	
Distribution of cash value added		
• employees (wages and benefits)		50.4
• invested in business for future growth (capital expenditure, acquisitions and disposals, net retained in the business)		24.4
• governments (taxation)		12.5
• providers of capital (dividends and financing costs)		12.3
• local communities (voluntary community contributions)		0.4

In addition to this ‘societal value added’, some companies also pay attention to the ‘business drivers’ for sustainability. As Barclays Bank puts it in its report,

“A responsible organisation will be better able to attract, retain and please its customers, employees, shareholders and suppliers. It will operate with greater cohesion and clearer focus. It will be better able to listen and respond rapidly to changing needs and markets. Responsibility, dialogue, action and reporting are the key elements in a virtuous circle by which everyone benefits.” [12]

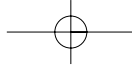
BMW puts it even more strongly in its comparison of the development of its own shares to the Dow Jones Sustainability Group Index and the Dow Jones Global Index. Both BMW and the DJSI index turn out to score higher than the ‘normal’ DJGI index. The report subsequently emphasises the point that

“companies that go beyond economic factors to integrate environmental and social criteria into their management policies are more successful than their competitors. In other words, environmental protection, social commitment, employee orientation, and a commitment to investors and governments are not cost factors, they are keys to long-term success.” [13]

There are also other companies, one third of the sustainability reporters, which mention having been included in the Dow Jones Sustainability Index or in the more recent FTS4Good Index.

A final example of a company that stresses the economic aspects of sustainability is ABB. Its report describes in detail representative case studies in seven different countries, which were carried out to explore the boundaries of corporate social responsibility. On the basis of these cases, ABB concludes that

“most social initiatives are business-driven, combining good business sense with community involvement, providing social benefits and creating a win-win situation for both parties.” [14].



## 2.2 Stakeholder dialogue and feedback

All companies underline the importance of partnerships and communication with their stakeholders in general. A very broad approach is taken by the Matsushita Electric Group, which states in its report that

“We consider children who build future society, our customers, stockholders, suppliers, local community members, nonprofit organisations, governmental bodies, research and educational institutions, our employees and their families, and all other living things on earth as our stakeholders.” [15]

Some companies, however, have explicitly singled out ‘key stakeholders’ or ‘core constituencies’. Financial and insurance companies in particular also structure their report accordingly, with separate sections for the different stakeholders. In 20% of the sustainability reports, the main stakeholders are restricted to a limited number, usually employees, customers, shareholders and society/communities.

To communicate with their stakeholders, companies use several instruments. Most frequently mentioned are staff surveys, and community panels/forums. Moreover, to reflect different stakeholder views, it has become rather common to include stakeholder statements in reports. These three types of stakeholder attention (staff surveys, community panels and stakeholder statements) are each mentioned in almost 40% of the sustainability reports.

Some companies give detailed information about opinion polls and surveys among their employees. In the performance metrics section of its sustainable growth report, Conoco gives the results of its latest global employee opinion survey, held bi-annually, comparing the 1999 to the 1997 outcomes. Employee perceptions on a variety of issues, including safety, health and environment, ethics, accountability, diversity, personal respect and open, two-way communications, are presented. The internal communication function of reports also appears from the fact that corporate codes of ethics and business values receive much attention, in 64% of the sustainability reports. Sometimes the whole text of the code is included.

A few companies also carry out external stakeholder surveys. Dow Chemical, for example, mentions the nine sites worldwide where it has carried out community surveys. Its reports give a graph on the ‘favourability scores’ for the sites (Dow has a corporate goal of 60%, two sites scored lower). For next year, Dow Chemical aims to focus on so-called ‘excellence’ scores, by increasing the number of people who have very favourable perceptions of the company.

The stakeholder statements included in the reports can originate from internal and external stakeholders (management and staff, and NGOs). Usually, the statements are positive about companies’ policies and/or performance. An interesting exception is the Shell report, which contains a large number of quotes taken from the ‘Tell Shell’ website, some of which are fairly critical. In the ING-report, Sir Geoffrey Chandler’s comments include a critical note of the lack of attention to human rights in the company’s code of conduct.

Reports can also serve to communicate about dilemmas and controversial issues. BASF, for example, pays explicit attention to compensation offered to former forced labourers employed by its predecessor IG Farben during the Second World War. One page of its social responsibility report is dedicated to this ‘critical look at our own history’.



Tokyo Electric Power includes a section devoted to ‘activities for public acceptance of nuclear power generation’, in which attempts to put possible problems in perspective by emphasising the technical solutions are labelled as less appropriate. Instead, it mentions that ‘One effective way of gaining public understanding of nuclear energy is to provide necessary information through commentators, TV personalities and other speakers who look at things from a point of view similar to that of the general public’ [16]. In view of ongoing controversies in Japan about nuclear energy, this topic is likely to continue to receive attention in future reports.

Some companies give information about the circulation of reports and the feedback they have received to their public communication efforts. Japanese companies frequently include detailed figures on the circulation of their reports (sometimes even specified for the Japanese and English versions), the number of website hits, and readers’ opinions about the report. In some cases, readers’ opinions on the previous report are presented on a separate ‘environmental communication sheet’ enclosed in the report. On the back of the form, stakeholders are invited to give their view on the current report.

A peculiar form of inviting feedback has been followed by Matsushita Electric. Its report contains detailed information on the ‘environmental stakeholders meeting’ that the company held in 2001 (including purpose, place, participants, information presentation methods, topics and opinions). The 109 people who responded to the questionnaire of the 2000 environmental report were invited, and 19 people attended the meeting. The opinions of these 19 stakeholders are included in the report (with photographs, names and functions). Such an approach seems to serve as an addition or alternative to other types of feedback on the quality of reporting by outsiders. Usually this takes the form of verification by audit firms, certification bodies or others, such as NGOs.

### *2.3 Benchmarking performance*

Overall, there is a clear tendency to include more performance measures in reports, driven by demands to assess companies’ results rather than their policies [17]. A judgement of performance indicators as such without context and comparison is difficult, however. As a result, forms of benchmarking have emerged for both internal and external purposes. In view of the fact that performance measurement on societal issues has emerged much more recently, benchmarking efforts, if any, tend to focus predominantly on health, safety and environment (HSE). Companies frequently benchmark their health and safety performance to the averages for the sector and, in the US, for the manufacturing industry as a whole.

Procter & Gamble refers to a major HSE benchmarking study with seven other multinationals (BASF, Celanese, Dow, DuPont, Eastman Kodak, Shell Chemicals and Solutia), carried out by an external consulting company. Information is given about how P&G performed compared to the others. P&G is in the upper part of this peer group for HSE costs and resourcing, and in the middle part of the group for HSE performance. Similarly, Novartis published a first-time effort to benchmark its HSE performance against an average of three to eight pharmaceutical companies, based on publicly available data, divided into 11 different topics. Its report contains a spider web graph which compares Novartis’ performance with the average.

Much less frequently, other topics are benchmarked. Examples include Ford, which compares its employee satisfaction rate with worldwide blue chip companies, and Barclays,

which compares its position with regard to community contributions to the UK top 50, the worldwide total, and the top 100 corporate donors to charity. Matsushita Electric gives information on its employment rate for disabled persons, and compares this to the legal requirement and the average for private corporations. This company has also used the third-party analysis of its report, by the Natural Step, as a benchmarking exercise. The external experts analysed the company's report, and benchmarked its progress on seven items against three other, anonymous, electronics companies.

Finally, an interesting benchmarking project is mentioned by BP in its social and environmental report. A global brand tracking programme in 27 countries was initiated in 2000, run by an external party, to investigate how the company performed compared to traditional competitors and other global brands outside the sector (a measurement of corporate reputation and brand positioning). The report includes the results on honesty and integrity, and on environmental protection. It shows, inter alia, that BP scores high in the UK, but relatively low in Venezuela and the US.

Besides external benchmarking, some companies include internal comparisons in their reports. This can be done to show developments over time. Bristol-Myers Squibb's sustainability progress report, for example, contains very detailed data on women and minorities in the US workforce, both in management and general, per staff category (nine in total), also over time, comparing 1968 percentages to those from 1997 onwards. Another possibility is to assess achievements in relation to targets formulated earlier. Dow Chemical presents health and safety figures from 1994 onwards, comparing actual performance with goals up to 2005 for process safety incidents, transportation incidents, motor vehicle incident rate, and injury and illness rates for Dow employees and contractors.

### **3 Discussion: on the significance of reporting**

The trends analysed above with regard to frequencies and contents of reporting give rise to discussions about the significance of these developments. This involves the question to what extent companies will continue to be motivated to publish a sustainability report, and be joined by current non-reporters, for whom the cons have so far apparently outweighed the pros (see Table 1). A crucial issue in this regard is whether companies have really implemented (and internalised) the things they include in their report, or, to put it differently, do the words reflect their deeds? The whole quest for appropriate (standardised) performance indicators and the request for external verification originate from this question. This final section of this article will focus on what can be told about companies' deeds from their sustainability report.

Comparable to what other research on corporate codes of conduct has designated as 'compliance likelihood' [18], the concept of '*implementation likelihood*' is introduced for this purpose. A sustainability report can be judged for the likelihood that its contents have indeed been implemented within an organisation. In the past few years, different attempts have been made to increase this implementation likelihood of reports, although implicitly or unconsciously, by building and spreading knowledge about performance measurement, by standardisation of reporting and accounting, and external verification.

A major impetus has been the work of the Global Reporting Initiative (GRI), set up to improve the 'quality, rigour, and utility of sustainability reporting' [19]. Building on and using the efforts of many other organisations and individuals, the GRI has produced a set

of performance indicators – environmental, social, economic, and integrated – thus spreading knowledge about types and requirements (including, for example, the need to present normalised data). The guidelines have also increased the availability of measures which put things in the right perspective and are very likely to reflect actual company achievements. It must be noted, however, that not all so-called ‘performance’ indicators do really reflect ‘performance’; almost a third of them merely asks for the existence of a policy and/or procedures, programmes, systems or mechanisms on the topic concerned. In these cases, ‘performance likelihood’ rather than actual performance is involved. It also remains to be seen to what extent the indicators will be used, in view of their relatively large number, the complexity and the effort required to report on them. Nonetheless, even if only a few ‘actual performance’ indicators are included, the implementation likelihood of the sustainability report has increased.

This also applies to other types of standardisation of data, particularly those proposed by national governments. An interesting example in this regard are the Japanese guidelines on environmental reporting, performance and accounting, areas in which both the Ministry of the Environment and the Ministry of Economy, Trade and Industry have shown activities. This has increased reporting and accounting knowledge on the part of Japanese companies, although the existence of a range of guidelines may also create confusion. An interesting example of a company that has studied different guidelines and used them in its report is Matsushita Electric. The table of contents shows per section of the report which guidelines have been used for reference: the GRI 2000 guidelines, the Japanese Ministry of the Environment’s 2000 environmental reporting guidelines, and/or the Japanese Ministry of Economy, Trade and Industry’s 2001 environmental reporting guidelines. The impact of the Japanese government guidelines has been substantial, since almost all companies report on environmental costs, benefits and performance. In this way, the guidelines have stimulated the conformity and comparability of reporting on aspects with a high implementation likelihood.

A final development that must be mentioned is the external verification of sustainability reports. Currently, one third of all reports is checked by third parties: 65% of these verifications is carried out by the major accountancy firms (the ‘big four’, formerly the ‘big five’), approximately 20% by technical firms, 10% by certification bodies, and less than 10% by others (including NGOs) [20]. As such, verification certainly gives some kind of assurance about the reliability of the report. However, this must also be qualified in view of the fact that generally accepted standards for sustainability reporting are still lacking, although different organisations (including the GRI) have been working on guidelines and principles. Moreover, an analysis of verification statements included in environmental reports showed that the audit assignments varied widely in content and scope, ranging from assurance on data consolidation, data generation at the local level, completeness of the issues covered, internal compliance with policies, consistency with data in the financial report, to the adequacy of companies’ information or environmental management system [21]. Of the audit statements 40% also contained subjective wordings, which were not fully based on the work performed. Thus the very fact that a report has been audited does not imply that its data and all its contents have been checked thoroughly and are fully reliable. Readers still have to scrutinise the audit

statement to learn about the scope of the assignment and its reliability for (parts of) the report. Attention also needs to be paid to the potentially problematic relationship between the auditor and the company, exemplified by scandals such as Enron, and an audit process that lacks transparency [22].

All this means that recent knowledge and evidence originating from standardisation of reporting, accounting and performance measurement, and external verification forms a valuable contribution for assessing the implementation likelihood of sustainability reports, but only with the reservations mentioned above. There is thus no easy, unequivocal way to distinguish 'greenwash' from 'realistic' reporting that reflects actual performance, with all the shades in between. And an assessment will therefore always be multi-layered, and needs to move beyond 'scoring' systems developed in the course of the 1990s, which have tended to stimulate companies to include even more topics, but without necessarily increasing the meaning of the information or environmental performance [23]. Reporting guidelines such as those of the GRI are not particularly appropriate for this purpose, since they also prescribe sections on vision and policies.

Table 4 gives components relevant to an assessment of the implementation likelihood of a sustainability report, consisting of four parts. The first part serves to determine the focus and scope of the report. The nature – environmental, social, economic, or different combinations of these – certainly cannot always be properly deduced from report titles, which have proved to be deceptive at times. In addition, the scope (and thus the company's ambition and objective with regard to reporting) needs to be ascertained, and the specificity that might, consequently, at best be expected. A final aspect in this part concerns the (binding) standards, codes and guidelines to which the company states it adheres.

The second part examines the organisational arrangements, as far as they can be found in the report. This involves the existence of a management system (environmental, social, both) and whether there are specific indications about integration into 'mainstream' business processes. Evidence about the calculation of non-financial performance indicators (and its methodology) is also included here, as well as supplier requirements and information about sanctions in the case of non-compliance.

Subsequently, with regard to the performance indicators, the scheme does not aim to assess whether companies include all measures possible, but rather whether, in case such indicators are mentioned in the report, they are as detailed and quantitative, and preferably as normalised, as possible. In other words, do the performance indicators as selected by the company itself provide as much relevant and reliable information as possible, based on the present state of the art?

The final aspect concerns monitoring and verification. This includes the extent to which (part of) the management system is monitored and by whom (companies themselves or external parties paid by them, or legal authorities), and the existence and nature of external verification of the report (full, partially or not), and the type of verifiers.

Overall, the more specific and comprehensive all this information in the report is, the higher the implementation likelihood. And although this analytical scheme will not provide an unequivocal answer to the question of whether companies have really implemented (and internalised) the things that they have included in their reports, it represents a step in that direction. And it might be hypothesised that the higher the implementation likelihood, the higher the chance that companies will continue to publish sustainability reports and, more importantly, feel responsible for the societal and environmental implications of their activities, and act accordingly.

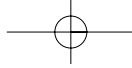
**Table 4** Components of a model to analyse the implementation likelihood of sustainability reports

F	Nature	Social; environmental and social; environmental and social and economic
O	Reporting scope	Global; regional; few countries; one country; general with selected case studies
C	Standards, codes, guidelines,	Reference to conventions of international governmental organisations; other international general
U	conventions	non-binding codes; international management/reporting/performance standards; national standards;
S		internal codes of conduct
O	Environmental system	(Detailed) evidence of (partial) environmental management system
R	Social system	(Detailed) evidence of (partial) social management system
G	Integrated system	Evidence of integrated (reporting) system (environmental, social and economic)
A	Environmental performance	Evidence of calculation of environmental performance indicators (and methodology)
I	Social performance	Evidence of calculation of social performance indicators (and methodology)
S	Internal control	Evidence of use of specific social/environmental output/behavioural control indicators for internal use (staff)
A	Supplier requirements	Reference to social/environmental requirements to suppliers/contractors
T	Sanctions to suppliers	Type of measures in case of non-compliance (milder measures such as fines, or demands for corrective
I		action, or stricter ones, such as cancellation of contracts)
O		
N		
P	Environmental	Inclusion of environmental performance indicators in the report (such as energy, water and materials
E		consumption, waste, emissions); and type of indicator used (current absolute figures; and/or trends; and/or
R		compared to targets; or eco-efficiency figures; and/or trends; and/or compared to targets; externally verified
F		figures or not)
O	Social	Inclusion of social performance indicators in the report (such as workplace diversity, health and safety,
R		industrial disputes/collective bargaining/freedom of association, (third world) sponsoring/philanthropy,
M		corruption/bribery; child labour; human rights violations); and type of indicator (detailed and quantitative
A		current figures; and/or trends; and/or compared to targets; or normalised/standardised figures; and/or
N		trends; and/or compared to targets; externally verified figures or not)
C		
E		
M	System	Reference to monitoring of environmental and/or social system(s)
O	Monitoring party of system	Companies themselves; business/industry associations; external professionals paid by companies; NGOs;
N		combinations of different actors; legal authorities
I	Report	Comprehensive/partial verification of the report
T		
O	Verifier of report	External professionals paid by companies; NGOs; combinations of different actors
R		

## References and Notes

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- 2 Derived from Kolk, A. (2002) 'Maatschappelijke verslaggeving: de internationale situatie', *Maandblad voor Accountancy en Bedrijfsconomie*, Vol. 76, No. 11, p.505.
- 3 KPMG/UvA (2002) *KPMG International survey of corporate sustainability reporting 2002*, De Meern.
- 4 The large difference between the reporting percentages for the US in 1999 and 1996 can be explained from the fully different set of companies that has been used in these two years. For those companies that were included in both surveys, the percentage with an environmental report increased with 3%. This underlines the importance of a longitudinal analysis with panel data, as reported in Kolk, A. (2003) 'Trends in sustainability reporting by the Fortune Global 250', *Business Strategy and the Environment*, Vol. 12, No. 5, pp.279–291.
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