Two conclusions, stemming from this comparison of direct and indirect links, need to be stressed. *Firstly*, if a link is operative this does not mean that nothing remains to be done to promote corporate use of EMA. In many cases only a few examples of EMA promotion exist in some countries. The message provided by this conclusion is, in fact, that a government which has not previously been involved with the particular link has the opportunity to consult with other governments and can learn from their experiences. *Secondly*, assessment of the overall suitability of links does not propose that certain direct or indirect links are preferred, nor does it suggest that some links should be excluded. Instead, the analysis directs attention towards new links and provides an indication of which links may be placed high on the government priority list. In any case, the variety of different kinds of goals and information needs at the management and government levels, as well as the variety of stakeholders involved with different links, intermediate elements and EMA tools, suggests that it may be necessary to use a well crafted *mix of links* for EMA promotion in order to encourage widespread appreciation of the value of corporate EMA.

The three workbooks are being made available on the UN DSD web site at [http://www.un.org/esa/sustdev/estema1.htm](http://www.un.org/esa/sustdev/estema1.htm).

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**CORPORATE SUSTAINABLE REPORTING IN CANADA**

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Increasingly, and for a variety of reasons other than simple legislative compulsion, companies are reporting on their social and environmental activities. Corporate environmental reports are a relatively recent innovation, and corporate sustainability reports are even more recent. Voluntary codes and standards are frequently the basis for such reporting initiatives. Canadian companies are about "middle of the pack" in terms of environmental, social and economic reporting, with 10% of companies listed on the Toronto Stock Exchange (TSE 300) publishing environmental, social or sustainability reporting in 2000. A full two thirds do not include significant environmental or sustainability information in their published reports. (Germany, Sweden, and U.K. are the leading countries for environmental and environmental health and safety reports).

A new report prepared by Ottawa's Stratos Inc. entitled "Stepping Forward: Corporate Sustainability Reporting in Canada" presents the results of the first in-depth analysis of corporate sustainability reporting in Canada based on criteria that reflect emerging
The objectives of the report were to:

- Assess current sustainability reporting practices and compare them against international norms and best practices;

- Promote improved sustainability reporting among companies already reporting and increase the number of companies reporting to the public on environmental, social and economic issues; and

- Engage report users to better identify their information needs and expectations of corporations, among them employees and labour organizations, communities and NGOs, and the investment community.

The report is being distributed to build awareness of the results among the reporting community - corporate reporters and report users - in Canada and internationally, and to stimulate discussion on corporate reporting issues.

While the study highlights a number of positive developments in reporting, there was also much to suggest that a more systematic and commonly agreed format would be beneficial.

According to the report, based on scores in their survey, the top nine reports reviewed were:

1. Suncor Energy
2. BC Hydro
3. Dow
4. Placer Dome*
5. TransAlta
6. VanCity Savings Credit Union
7. Dofasco
8. Ontario Power Generation
9. Talisman Energy*

*Site specific report

The following summary information is derived from the report.

The report provides a snapshot of current sustainability reporting practices and trends in Canada, identifying 57 companies that prepare sustainability reports of different kinds. Stratos conducted a detailed assessment of 35 reports, representing a range of sectors and report types. The reports were scored against 52 criteria, grouped in ten categories:

1. context and coverage
2. leadership and direction
3. policies, organization and management systems
4. stakeholder relations
5. environmental performance
6. economic performance
7. social performance
8. integrated performance
9. extending influence up- and downstream; and
10. trust, accountability and accessibility.

The detailed results of the survey include an assessment of the quality and scope of information reported for each of the above categories, and a discussion of reporting trends, issues and challenges for each of the nine sectors represented in the survey. The report does not address corporate performance, but rather assesses how companies report on their sustainability practices. Throughout the report, best practices are identified in each category and sector. The report concludes with a discussion of issues related to improving reporting in Canada, as well as a list of ten "steps forward" covering key areas for new and existing reporters to address to ensure good quality reporting.
Key Findings

1. Companies are recognizing the value of corporate sustainability reporting - Corporate sustainability reports describe the "triple bottom line" of a company's economic, social and environmental management and performance. Half of the Global Fortune 100 and a growing number of European and multi-national companies are issuing environmental, social, or full sustainability reports. These companies recognize that reporting can enhance business value in various ways, including attracting investment, protecting markets and helping companies secure and retain a "license to operate." The process of reporting can also help management develop a more integrated corporate vision, identify new opportunities, strengthen management systems, and inform and motivate employees across disparate operating facilities. And, reporting is an important means for companies to demonstrate public accountability.

2. Leading Canadian companies are responding to the challenge – In 2000/2001, 57 companies published detailed environmental, social or sustainability reports, including Canadian companies publishing these reports and those transnational companies that present detailed information on their Canadian operations. Most of these reporters are in resource sectors, likely reflecting high stakeholder and government interest in these areas. The electric utility sector has the highest proportion of high reporting followed by forest and paper products. However, the vast majority of Canadian companies, large and small, still do not produce environmental, social or broader sustainability reports. The lack of reports in such sectors as agriculture and agri-food, pharmaceuticals, and manufacturing, is striking, notwithstanding their potential for substantial environmental impacts and important interactions with local communities.

Internationally, Canada is in the middle of the pack. Approximately one-quarter of the largest 100 Canadian companies by revenue publish these reports. This is about the same level of reporting as seen in Denmark and the Netherlands, but well below the leading reporting countries.

3. The quality of reports varies widely -- Based on Stratos Inc. "Global Reporting Initiative Plus" (GRI Plus) methodology, the quality of the reporting varies widely both across the ten assessment categories and among reports. Overall, scores (out of a total possible of 156) range from 91 to 28, with the top three clustered around 90, and nine achieving a score greater than 70.

4. There are considerable opportunities for improvement -- Most reports are well-written, provide a reasonably good description of their intended scope, a clear statement of the reporting company's overall performance objectives and some description of the management systems in place to help achieve those objectives. Most reports also provide relatively good information on energy use, environmental emissions, community philanthropic activities and health and safety performance. But overall there is considerable room for improvement in reporting on economic, environmental and social performance, as well as in describing the interactions among these issues and their collective importance to the reporting company's core goals.

5. Reports are moving from single-issue coverage toward sustainability reporting. Although many companies began by reporting solely on their environmental
performance, over three-quarters of the reports now include information on a broader range of issues, including health and safety, social issues, and economic factors -- moving towards what is commonly described as double and triple bottom line reporting. This encouraging trend reflects the emerging recognition that corporate sustainability encompasses managing the multiple dimensions of a company's influences on society, both for the benefit of the company and society as a whole.

An important challenge for many reporters adopting the focus is to move from selective reporting on a few issues in each dimension to addressing a broader range of relevant issues within and across the three dimensions of sustainability. Few reports provide complete information about performance in each of our main evaluation categories.

6. A triple bottom line approach requires an integrated vision -- A second, more fundamental challenge for many reporters is to move from articulating discrete, "stove-pipe" visions to an integrated vision and management approach. The leading reports in our survey communicate a coherent vision and describe how the reporting company's policies, management systems, actions and performance support that vision. The most effective reports also demonstrate clearly that the reporting organization is managing its business using the performance indicators on which it reports. Over time, we expect companies to identify a richer basket of key performance indicators that illustrate the inter-connections among performance in various dimensions, and that enable them to manage and report on their triple bottom line in a more coherent and systematic manner.

7. Ensuring credibility -- It is important to know why issues are important to a company and what the company is doing about them. It is equally important that the reader not be left questioning why the report does not address relevant issues. Only a few of the better reports in the survey describe better how the company identifies which issues to address and which to ignore. In addition, most over-emphasize good news. Reporters need to address the bad as well as the good, as we saw in cases where companies report on serious health issues that have arisen in their operations. Reports also need to address the challenges the company faces, as in the case of those companies that discuss what climate change means for their business, or that review the debates around endocrine disrupting chemicals. The tendency to report on what is possible is to be expected, but when it is not balanced with transparent reporting of problematic issues and challenges, credibility suffers.

8. Enhancing the benefits of reporting by addressing opportunities and engaging stakeholders - most of the reports focus primarily on performance and management of regulated and other risks. Few systematically address opportunities identified through the reporting company's focus on its triple bottom line. This limits the ability of the reports to achieve their full potential value. The most compelling business case for sustainability is that it provides a perspective from which to view environmental and social considerations as opportunities to improve shareholder value, rather than simply as aspects or risks to be managed.

A sustainability perspective can also help a report move beyond an internal focus to be more outward looking, identifying a wider range of relevant trends and considerations, including stakeholder interests. Most of the
reports in the survey acknowledge that stakeholders' views are important. Most also refer to community outreach initiatives and may make reference to a limited range of other stakeholders. But few explain how (if at all) the company accounts for these views in its ongoing decision-making.

Reports that adopt these perspectives are likely to be much more compelling - and therefore more valuable -- to reporting companies and report users alike.

In addition, if approached from these two outward-looking perspectives, the process of sustainability reporting itself can help identify new opportunities and provide a useful nexus to establish dialogue with stakeholders, providing a better-informed context for corporate strategy and operations.

The Current Quality of Performance Reporting

According to the report's authors, they were surprised at the relatively low scores achieved for reporting on environmental performance. To present a clear picture of environmental performance, it will be necessary to move beyond reporting on energy use and a few regulated emissions to a full-cycle perspective that includes both inputs and outputs. Plus more reporters need to venture beyond the facility gates to provide a more complete consideration of how the company's interactions with suppliers and customers influence the environmental impacts of its products and services.

The authors were also encouraged by the initial attempts of many companies to start to address economic contributions and impacts beyond financial measures. However, most companies need to broaden their economic reporting by providing information on a wider range of factors, ranging from investments to intellectual capital to the direct and indirect economic contributions to the local economies in which they operate.

The authors also identified encouraging examples of social reporting. However, reports need to move beyond the typical focus on health and safety reporting and community philanthropy. The examples provided by some leading reporters highlight important opportunities for improving reporting on social issues such as labour relations, and aboriginal relations, and ethical issues of business practices and human rights.

The full report is available free-of-charge on the Starts web site at www.stratos-sts.com under "Our Publications."

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