Analyzing Corporate Social Responsibility Measurement Parameters

Comparing the Global Reporting Initiative to Environmental Reporting Guidelines, Government of Japan and the Public Environmental Reporting, Australia

by

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Sincerely,

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1. ABSTRACT

This research aims to create a universally-acceptable sustainability framework to measure corporate performance, which can adapted by any organization irrespective of size and/or country-of-origin. This study uses the principles of Excellence Theory in Public Relations, which focus on establishing a mutually-beneficial relationship between strategic constituencies to enhance corporate reputation and brand value. Select corporate social responsibility measurement indexes of The Global Reporting Initiative (GRI) are analyzed in comparison to the frameworks of the Japanese and Australian Environmental Reporting Guidelines, on the basis of the 'Triple Bottom-line Approach' of Economic, Environmental and Social Initiatives.

2. INTRODUCTION

2.1 Definition and Evolution of Corporate Social Responsibility

Corporate Social Responsibility (CSR) began to surface in the early 1950's, when academicians and business leaders identified the significance of business decisions in the context of community welfare. "Corporate health is conditioned by, and dependent on, the health of those individuals and internal systems that comprise the corporation, as well as the health of the human and natural context in which the corporation operates and from which it draws its life" (Leduc, 2001). Financial reporting and shareholder value have always been the primary objectives for public companies. Investors of corporations entrust managers with

responsibility to protect the investments of their legitimate ownership. Historically, this concept was considered corporate social responsibility (Leduc, 2001). However, corporations today have become increasingly conscious and accountable for their actions beyond the scope of financial viability.

Corporate responsibility is not restricted to financial initiatives, but transcends borders to integrate with an organization's mission and core values to achieve the Triple Bottom-line Approach of Social, Environmental and Financial performance (Collings, 1990). Businesses understand that they cannot survive in isolation; they need to consistently build mutually-beneficial relationships with strategic constituencies to achieve the dual purpose of cost savings and protecting their corporate reputations. Furthermore, corporations need to constantly adapt and adjust to changing environmental dimensions by closely monitoring changing industry trends and dynamics (Austin and Pinkleton, 2001).

From a strategic standpoint, improving and reporting environmental performance makes good business sense for any organization. Efficient use of raw materials, energy saving, reduction in water consumption and cutting compliance costs, all help improve the bottom-line and reap higher returns on investment. Reporting organizations often experience increased market share, innovation and new business opportunities, risk identification and mitigation, employee motivation and retention, enhancing reputation and brand, and improved shareholder value as key drivers to environmental reporting ("Environmental Reporting", 2001).

Further, according to Excellence Theory in Public Relations, organizational goals are best achieved through the process of communication, when firms align their objectives with the expectations of diverse stakeholders (Grunig, Grunig and Ehling, 1992). Thus,

shareholder expectations are no longer the only consideration, CSR stretches beyond stock

performance to include a wider range of stakeholders like customers, employees, non-

government organizations, media, suppliers and partners who have become equally

influential and eager to receive accurate information about an organization's sustainable

strategies.

> *The 21st century will be the century of the social sector organization. The more economy, money and information become global, the more community will matter.*
>
> *Peter F. Drucker, Founder of the Drucker Foundation*

> *This is the stage of shared value. Corporations are entering into an era where they are starting to rethink how they can better integrate their connection with society to create shared value.*
>
> *Michael E. Porter, Professor, Harvard Business School*
> *discussing the Clinton Global Initiative*

Socially irresponsible behavior could result not only in tarnishing the values and

attributes of the brand, but also negatively impact customer loyalty. Moreover, adverse

criticism on environmental and social performance could risk the significant economic value

of good corporate reputation and goodwill. Now-a-days, stakeholders are interested to view

the hard facts and be assured that products consumed are free from sweatshop exploitations

and employee discriminations (Everatt, 2000).

More than 64% of the largest multinational corporations are publishing CSR

information either as part of their Annual Reports or as a separate document (Porter and

Kramer, 2006). This highlights the increased significance attributed to sustainability

reporting and corporate transparency. However, CSR reporting alone does not determine

corporate favorability; *performance measurement of business externalities* is the true

indicator of social impact. Thus, in order to strengthen trust in the community, enhance brand and corporate reputation, and increase goodwill, organizations need to choose the right metrics to measure, and guidelines to report their CSR initiatives. Most prominent amongst the reporting guidelines is the Global Reporting Initiative's Sustainability Reporting Guidelines.

2.2 Global Reporting Initiative

The Global Reporting Initiative (GRI) is an independent, global multi-stakeholder governed institution collaborating to provide the international standards in sustainability reporting (GRI Homepage, 2009). The organization has pioneered the development of the world's most widely used Sustainability Reporting Framework and is committed to its continuous improvement and application worldwide. GRI's mission is *to create conditions for the transparent and reliable exchange of sustainability information through the development and continuous improvement of the GRI Sustainability Reporting Framework* (GRI Homepage, 2009).

The idea of a "sustainability framework" was created in 1997-1998. The US-based Coalition for Environmentally Responsible Economies (CERES), earlier formed to promote environmentally-sound corporate behavior in the US, was in-charge of developing an internationally acceptable framework for environmental reporting known as "GRI". At that time, the GRI Steering Committee was formed as the governing body, which operated for four consecutive years. Subsequently, in 1999, the United Nations Environmental Programme (UNEP) joined GRI as a partner, securing the organization a global platform.

GRI's first Sustainability Reporting Guideline framework was released in 2000. In 2001, the CERES Board separated GRI as an independent institution, as per the GRI Steering Committee's recommendations. Subsequently, the second iteration of guidelines was issued

in 2004, and the most recent G3 Framework in 2007. Currently, GRI is administered through a well-structured governance body comprising of: Board of Directors (who have fiduciary, financial, legal, and strategic responsibilities), a Stakeholder Council (an advisory group on broad policy issues), a Technical Advisory Committee (an advisory group on technical issues), Organizational Stakeholders (who support GRI's mission, elect the Stakeholder Council and contribute to annual budget), and International Secretariat, based in Amsterdam, who implements the work plan of the Board (GRI Homepage, 2009).

Any individual can join GRI provided he/she has an interest in sustainability reporting. At present, there are 20,000 stakeholders from over 80 countries representing both public and private organizations. GRI is financially supported through project grants from governments and corporate sponsorships (GRI Homepage, 2009).

2.3 Environmental Reporting Guidelines, Ministry of the Environment, Government of Japan

Apart from GRI's Sustainability Reporting Framework, governments and organizations in some countries have introduced different guidelines and parameters for environmental reporting.

The Ministry of Environment, Government of Japan launched the "Environmental Reporting Guidelines: Fiscal Year 2000 version," (February, 2001), "Environmental Accounting Guidelines: Fiscal Year 2002 version" (March 2002), and "Environmental Performance Indicators for Business: Fiscal Year 2002 version" (March 2003) to provide frameworks to promote environmental performance indicators.

The first Environmental Reporting Guidelines was introduced in 2001. The most current, "Environmental Reporting Guidelines: Fiscal Year 2007 version", (June 2007) focuses on "providing a set of guidelines designed for those organizations that are planning their first environmental reporting publication or organizations that have already published one, and also offers improved and practical guidance for carrying out *Environmental Management"*. Environmental reporting is published as a tool for environmental communication from the perspective of social accountability.

The five principles of *relevance*, *reliability*, *clarity, comparability* and *verifiability* form the foundation of reporting, and are essential in order for environmental reporting to serve as an effective tool of communication. The reporting guidelines have been created for all organizations, but the major ones are expected to adapt all the stipulated guidelines and elements to produce a high quality report.

Furthermore, The Ministry of Japan has issued Eco-Action 21- Guidelines for Environmental Management systems and Environmental Activities Report: Fiscal Year 2004 version – to help Small and Medium Enterprises (SMEs) design and operate environmental management programs ("Environmental Reporting", 2007). Additionally, there are certain Specified Corporations under the Environmental Consideration Law that are required to publish environmental reports as per the Guide for *Environmental Report Recording Guidelines*, and the *Recording Guidelines* given in the *Notification of Environmental Report Recording Guidelines.* The number of organizations in Japan that have adopted environmental reporting have increased considerably over the years, however, they still represent only a small portion of the reporting community.

2.4 Public Environmental Reporting, Environment Australia

A *Framework* for *Public Environmental Reporting – An Australian Approach* was created by a consultancy consortium led by the Snowy Mountain Engineering Corporation and the Australian Industry Group. Public Environmental Reporting (PER) is defined as: "Public disclosure of information about an organization's environmental performance, including its impacts on the environments, its performance in managing those impacts and its contribution to ecologically sustainable development" ("Environmental Reporting", 2001).

The concept originated in 1992 at the United Nations Conference on Environment and Development (UNCED), known as the Rio Earth Summit. This framework has been created by using a number of key resources such as: CERES GRI's Reporting Guidelines Draft, 1999; UNEP/Sustainability Benchmarking Program, 1996; NSW Environmental Protection Agency, 1997; Deloitte Touché Tohmatsu International, 1993; Environmental Protection Agency, 1993; Environmental Protection Agency (unpublished), and As/NZS ISO 14001, 1996.

With globalization and cultural diversity high on the corporate radar, the real question for a multinational corporation today is: *Which reporting and measurement guideline to follow and why?* Furthermore, it is seen that organizations adopting such environmental reporting guidelines are considered more favorably for Social Responsibility Awards and Rankings, like the '100 Best Corporate Citizens Awards' and such others; thereby helping them reap the benefits of enhanced corporate reputation and brand value.

Additionally, public pension funds and individual investors are more interested in supporting those "business organizations which actively commit environmental efforts". Under these circumstances, Japanese organizations that report on environmental initiatives

have been receiving an increased amount of green investment or green money from foreign countries ("Environmental Reporting", 2004). Organizations that voluntarily adopt sustainability reporting, either the GRI framework, the Australian/ Japanese Reporting Guidelines or others - are increasingly enjoying greater stakeholder favorability and social acceptance.

However, the real question to address is: *To what extent is transparency and authenticity in sustainability reporting being maintained*? *Are organizations strictly adhering to the reporting guidelines outlined or are they adopting only those environmental/social considerations that portray their business favorably*? *Further, should the executive boards/ senior management be allowed to put emphasis on select environmental parameters - those relevant exclusively to their own industry - or should synergy be maintained in reporting guidelines irrespective of size, industry type and country-of-origin*? Businesses understand that public environmental reporting is a strategic tool for organizations to gain a 'license to operate' from the wider community. A number of firms, small, medium and large are welcoming CSR reporting as a means to create differentiation and boost business significance.

3. RESEARCH QUESTIONS AND METHODOLOGY

This paper focuses on the measurement imperative and comparison of CSR reporting. Using Excellence Theory in Public Relations, this study aims to content analyze the measurement criterias of GRI's Sustainability Reporting Guidelines in comparison to the reporting principles of the Australian and Japanese Frameworks on the basis of the triple

bottom-line approach. This methodology is considered ideal because it helps understand, analyze and simplify the various sustainability indexes created by governments/global organizations. The secondary research material used for this study includes GRI's Sustainability Reporting Framework, the Japanese Environmental Reporting Guidelines, and, the Australian Public Environmental Reporting Framework. Furthermore, this study aims to establish a universally-acceptable measurement index which has the potential to serve as a guideline for all corporations to use, irrespective of size and country-of-origin.

Key Research Questions:

- *How is Corporate Social Responsibility Measured in Different Countries?*

- *Similarities and Differences in Reporting Guidelines of GRI and the Japanese/ Australian Frameworks.*

- *Factors Impacting Sustainability Reporting.*

- *Which measurement parameters should be considered significant to be used, to establish a globally acceptable set of guidelines for all types of organizations*?

4. *HOW IS CORPORATE SOCIAL RESPONSIBILITY MEASURED IN DIFFERENT COUNTRIES*

4.1 A Japanese Perspective

Oftentimes, Japanese companies although familiar with CSR abstained from using formal administrative processes to report on sustainability initiatives, and adopted mechanisms such as *philosophy* and *guiding principles* for this consideration (Tanimoto & Suzuki, 2005). In Japan, CSR evolved in the 1970s due to rapid economic growth, social

development and industrial pollution, impacting corporate behavior and resulting in a shift in social values.

At that time, several organizations proposed corporate evaluation standards. Some prominent principles amongst these are: **(1)** Evaluation Standards for Corporate Social Responsibility [Nikkei, 1974], which focused on financial, compliance and qualitative indicators; **(2)** Comprehensive Social Responsibility Indicators [Japan Productivity Center, 1974], that relied on qualitative factors like management, employee welfare and social responsibility; and **(3)** New Corporate Management Indicators [Ministry of Trade and Industry, 1976], which were based on their impact on the local community, consumers and users, employees, and society.

Subsequently, in 2000, a series of industrial scandals such as Nippon Ham and Snow Brand Foods' deceptive labeling issue, Tokyo Electric Power's nuclear power plant problem, and issues with Toyota's mechanics qualification tests, all shook corporate trust and integrity, giving rise to the urgent need for structural reviews by economic/financial organizations, NPO's and the Government. Social Responsibility Investment (SRI) gained in prominence, stakeholder significance increased manifold, and 2003 was recognized as the "first year of the CSR management era" in Japan (Kawamura, 2005). Stakeholders of all types grew in influence: employees challenged traditional business practices; consumers started looking not only at price but at environmental and safety considerations, and foreign investments changed the dynamics of shareholder involvement/expectation, resulting in a transformation in Japan's company-centered system.

Additionally, the Ministry of Environment, Government of Japan also played a crucial role in promoting environmental accountability. The Environmental Reporting

Guidelines of Fiscal Year 2000 focused on promoting guiding principles for environmental communication and reporting. Subsequently, a "committee" was developed to assess and improvise on the guidelines based on domestic and international progress. The 2003 version of the Reporting Guidelines included revision on lines of environmental reporting content, clarifications of definitions, and inclusion of social aspects, with the previous reporting versions and the GRI framework being used as a reference material ("Environmental Reporting", 2004). The most current, 2007 version goes a step further to include lists/tables for major indicators, measures to improve reliability and stakeholder viewpoints, promotion of biodiversity conservation, and the sustainable use of biological resources.

Thus, year-on-year the scope of CSR has changed from an economic focus of maximizing stakeholder value, to an environmental and social perspective of being ecologically-conscious and giving back to the society. Simplistically, "CSR is a concept whereby companies fulfill accountability to their stakeholders by integrating social and environmental concerns in their business operations" (Tanimoto & Suzuki, 2005).

Thus, in the past, CSR in Japan was viewed as an economic function, focused on maximizing stakeholder significance and producing financial value. Subsequently, due to globalization, rising shareholder influence and ecological imbalances, environmental and social factors became recognized as an integral part of corporate social responsibility.

4.2 An Australian Perspective

Similarly, in 1990, Australian organizations started adopting the concept of Public Environmental Reporting in response to regulatory, economic and community pressures. The

mining and utility sectors were the first among Australian industries to adopt sustainability reporting. Dating back to UNCED 1992, one of the key highlights from this summit was "the community right-to-know" thereby emphasizing the need for greater *transparency* and *accountability* on the part of business entities towards all stakeholder groups including employees, customers, regulators and suppliers.

During such time, synergy between economic and environmental performance gained recognition. This could be attributed to the Dow Jones Sustainability Global Group Index, which lists the 200 most 'sustainable' companies from the Dow Jones Global Index. Simultaneously, the World Resources Institute indicated increased focus towards reporting on financial, social and environmental considerations (World Resources Institute, 1998).

5. SIMILARITIES AND DIFFERENCES IN THE REPORTING GUIDELINES OF GRI AND THE JAPANESE/AUSTRALIAN FRAMEWORKS

5.1 Reporting Guidelines

GRI's Sustainability Reporting Framework is made up of Sustainability Reporting Guidelines (the Guidelines), Indicator Protocols, Sector Supplements, and the National Annexes: The *Guidelines* are the foundation for all reporting. The components include reporting principles (content and quality), guidance (reporting boundaries), and standard disclosures (strategy and profile, management approach and performance indicators). The *Indicator Protocol* is the "recipe" behind each indicator in the Guidelines, and includes definitions for key terms in the indicator, compilation methodologies, intended scope of the indicator, and other technical references (GRI Website, 2007). The *Sector Supplements* complement the core Guidelines by addressing the unique features of each industry be it

mining, automotive, banking or public agencies. The *National Annexes* are unique circumstances and issues found at the country or regional level, being developed in the future.

The most recent set of Guidelines i.e. G3 Framework was released in October 2006. Prior to this, the 2002 Guidelines experienced an entire set of revisions. However, going forward, certain portions of the G3 Guidelines are being updated incrementally, with specific emphasis on Community and Human Rights Indicators, and Content and Materiality Principles. For each, component, whether it be environmental, social or economic, details regarding its *relevance, compilation guidelines, definitions of key terminologies, and potential reference documents* from which the information can be gathered is listed out in the Indicator Protocol section.

Comparatively, The Environmental Reporting Framework of Japan outlines *five* categories of *twenty-five* "Necessary Components of Environmental Reporting". These include: Structure of Environmental Reporting, Summaries of Environmental Policies, Targets and Achievements in its Activities, State of Environmental Management, State of Activities for Reduction of Environmental Burden and State of Organizational Efforts in Social Aspects. Unlike the GRI framework, industry peculiarities are not taken into consideration in Japanese reporting. Revisions of the current version of 2003 of the Environmental Reporting Guidelines are based on the "Environmental Performance Indicators for Organizations: FY 2002" and GRI's Sustainability Reporting Guidelines 2002". Such amendments were initiated due to changing industry trends, and significant developments in domestic and international regions.

In addition, the Australian Framework has been created "to encourage voluntary public reporting in Australia, by providing simple and effective guidance at a national level" ("Public Environmental", 2000). PER is made up of five reporting components namely: Organizational Context, Management Performance/ Policies & Systems, Stakeholder Engagement, Environmental Performance, and Product or Service Performance.

Examples of good reporting guidelines have also been included for some reporting components. Details for each reporting elements have been summarized in Table 11.1 below.

Furthermore, like GRI, the Australian Framework is periodically reviewed by the consultancy consortium to accommodate changes / modifications that may arise in environmental and social reporting both in Australia and internationally ("Public Environmental", 2000). Also, the framework is designed to include a feedback mechanism that encourages users to suggest ways to improve the effectiveness of environmental reporting.

5.2 Sustainability Indicators

GRI focuses on economic, social and environmental considerations, while the Japanese and Australian Frameworks primarily focused on environmental and social indicators.

GRI's Sustainability Reporting Framework includes the following components: *Environmental aspects* cover inputs, outputs and impact on the environment. Inputs include materials (i.e. raw materials, associated process materials, semi-manufactured goods, materials for packing purposes, and recycled input material), energy (i.e. direct and indirect energy consumption), and water (i.e. total water withdrawn from sources, recycled and reused water). Furthermore, location and size of land owned/leased, and areas of high

biodiversity value also require attention. All these components result in outputs of environmental significance like green house gas emissions, effluents and wastes, which need to be reported and reduced.

Economic aspects primarily relate to the revenues generated and costs incurred. Financial assistance received from governments, spending on locally-based suppliers, and development and impact of infrastructure investments, are some key factors included under fiscal considerations.

Social aspects have moved beyond the scope of society/ community considerations to include Product Responsibility, Labor Practices & Work Factors, and Human Rights aspects. *Product Responsibility* pertains to life cycle changes of products/services; incidence of non-compliance/voluntary codes concerning health and safety, marketing communication, and labeling details; number of substantiated complaints regarding breach of customer privacy/ losses of customer data, and practices related to measuring customer satisfaction through surveys/focus groups. *Labor Practices & Work Factors* include total workforce by employment type; benefits offered to full-time employees and commissions to contract/part-time workers; rates of injury and occupational diseases; total number of work-related fatalities; education, training and counseling programs on health/welfare/safety offered to employees; percentage of employees receiving career development reviews, and composition of governance bodies and breakdown of employees per category. Human rights considerations relates to the number of significant investment agreements that include human rights clauses; percentage of suppliers/ contractors who have undergone human rights screening; training on policies/procedures for employee and security personnel's; incidents of discrimination and law suits filed; and incidents of forced child labor/compulsory labor.

In the Japanese and Australian Frameworks, apart from the CEO's commitment, management's philosophy and organization's profile, which is common, an outline of the environmental policies, programs and procedures form an integral part of the reporting guidelines and principles. The amount of materials/ energy/ water/ chemical substances/ land/ and minerals being consumed, and greenhouse gas emission/waste being produced, the cost of environmental conservation, ISO14001 certification details, employees training on environmental conservation/auditing, partner/supplier business activities, details on environmental compliance issues, significant environmental awards, voluntary contributions by employees/ NPO / trade organizations and efforts towards bio-diversity, and environmental license fees/ taxes are some key components of environmental reports.

A small segment of the reporting guidelines focus on *social aspects* which include a variety of issues such as occupational safety, health and human rights, employment, regional culture, extensive consumer protection, product safety, politics, ethics and protection of personal information. Additional information is available in Tables 11.2 and 11.3 below.

5.3 Revisions

Furthermore, the Frameworks promise constant amendments and revision. The GRI and Japanese Frameworks were last modified in 2007; however, the Australian Reporting Guidelines dates back to March, 2000. Regular revisions and improvisations are critical to stay abreast with changing trends and industry development. However, it is equally important for multi-stakeholder institutions to ensure that the new guidelines and reporting formats are adopted by all organizations irrespective of size or country-of –origin.

6. INCONSISTENCIES IN SUSTAINABILITY REPORTING

Thousands of organizations in diverse sectors including automobiles, utilities, consumer products, pharmaceuticals, financial, telecommunications, transport, manufacturing, energy and chemical sectors, public authorities and non-profits have published GRI reports adopting part of or all of the G3 Guidelines. GRI stresses that it's *not* important for an organization to cover all aspects of the Guidelines in their first report. The real focus is to analyze whether "an organization is serious about systematic disclosure of its non-financial information in a form that meets stakeholder expectations for rigor, consistency and timeliness. This seriousness can be demonstrated in only one way: by launching the reporting process" (GRI Homepage, 2009).

6.1 Purpose of Sustainability Reporting

The *reason* for sustainability reporting appears different for each organization based on its corporate, business and marketing objectives and strategies. Some organizations are measuring output, others are measuring internal improvements, and some are focused on measuring what they think their stakeholders are interested in. In reality, the *purpose* for environmental reporting is different for each organization. This implies that each business will focus on those aspects which it considers most important, and those that will help them generate maximum favorability in the community.

For example, if stakeholders are concerned about the green investments and initiatives of suppliers/ partners, then the organization will focus on highlighting the interests of their stakeholders in the environmental report to gain greater acceptability (GRI Homepage, 2009).

6.2 Application Levels

GRI has created a system called "Application Levels" to meet the diverse needs of beginners, advanced reporters and those in-between. As per the Application Levels document - a report maker has the independence to choose a Level C, B, or A based on his/her individual assessment of the reporting content as compared to the criteria in the GRI Application Levels. Plus (+) level status is available at each level (C+, B+, A+) and indicates that external assurance was utilized for the report (GRI Homepage, 2009).

From the range of options offered, it is evident that the Reporting Guidelines do not maintain *one* standardized system for organizations to adhere to. Based on industry/ business type, size or country-of-origin, different organizations whether public, private, industrial, commercial, large or small can select an Application Level that they deem "most appropriate". There is "a great degree of discretion in the adoption of individual indicators in the Guidelines" (Tanimoto & Suzuki, 2005). Since it is not mandatory for organizations to strictly adopt the specific guidelines of the G3 Framework, each GRI report is different in content and style, and diverse based on the nature of the organization, type of stakeholders and product/service offerings.

Hence, although sustainability guidelines are in place, there is no synergy in methodology and style, and each CSR report differs from another, be it the same industry or a different sector.

6.3 Verification

Furthermore, the reporting organization can have a third party offer an opinion on self-declaration or have a *GRI check* implemented. However, it must be known that a GRI check is simply a statement addressing the extent to which the GRI Framework has been applied. Reviewers do not provide comments on the quality or value of the content.

This implies that organizations are at liberty to disclose information on those indicators that will position the organization favorably. The guiding principles of the Reporting Frameworks focus on *transparency* and *accountability;* however, with "flexibility" and "discretion" high on the radar, and integral to reporting, the *level of transparency and authenticity is questionable*? Organizations are likely to strategically highlight those environmental aspects which will have a positive impact on their corporate reputations and brand value.

Further, with regards to the Australian framework, verification is conducted by qualified external parties, independent from the data collection and report writing personnel. Liaison groups, scientific panels and non-government organizations can also serve as alternative reviewers for Public Environmental Reporting. Here again, different organizations can be called upon to review this framework, each providing their own perspective. Thus, even if the same Reporting Guidelines are followed, but reviewed by different external reviews, differing viewpoints will be obtained.

6.4 *Joining GRI*

Joining the Global Reporting Initiative does not require any special qualifications and skills. Whether new to reporting, an experienced practitioner or somewhere in-between – these is no criteria for selection/participation. An *interest* in sustainability and environmental consciousness is enough for an individual to become a member and contribute to the organization's functions. Similarly, the tools/guidelines created by the Ministry of Environment, Government of Japan although detailed, seem inadequate, as the directives and procedure to be followed have *not* been standardized.

For one, version 2007 of the Environmental Reporting Guidelines states that if an organization feels that a particular issue is important to be included as an environmental indicator, the reporting team has the liberty to incorporate such ("Environmental Reporting", 2001). The Guidelines explain that the decision to include a particular component lies at the discretion of the report writers, again highlighting a reason for concern, as no stable format is being promoted. Organizations have the flexibility to choose those guidelines that are relevant to their line of business /industry.

In fact, environmental report writers are encouraged "to show the originality that comes from their organizational characteristics". Furthermore, the guidelines simply describe what environmental reporting should include, but do not address the order of the components or how the information should be detailed out. Thus, the structure and content of each Environmental Report is different.

Likewise, the Australian Framework of Public Environmental Reporting encourages organizations to adopt style, size, content and structure of the report based on the stakeholder requirements, target audience interests and nature of the business. Smaller companies are expected to produce a few-pages stand alone report, while larger firms are likely to delve in a more comprehensive report.

6.4 Cost Considerations

Furthermore, adoption of the GRI Guidelines is based on several considerations. Organizations that have plentiful human and monetary resources are more likely to adopt these guidelines due to financial viability. Although, there are no costs attached to adapting the G3 Framework as it can be downloaded from the GRI website at www.globalreporting.org, there is a fee attached to the Application Level check. This fee

is waived for GRI Organizational Stakeholders. The reporting framework is quite comprehensive, and provides a guideline for compilation, and a list of relevant documents from where the information can be gathered.

For example, one of the components mentioned under Environmental Indicators is the "*Percentage and total volume of water recycled and reused*". Details for compilation include: indicator measures for both water that was/was not treated prior to reuse, calculating the volume of recycled/reused water based on the volume of water, and report the total volume of water recycled/reused in cubic meters per year. In order to collate this information, GRI suggests obtaining information from water meters, water bills or calculations based on water audit, inventory or water retailers. There is a cost involved in these calculations and in obtaining such information internally and externally. It can be concluded that organizations that have a higher financial stability are more likely to report their sustainability initiatives based on the G3 Framework.

Thus, in essence, different organizations take different approaches to measure CSR specific to their business/ industry. Furthermore, some countries consider the Environmental Reporting Guidelines to report their environmental and social activities, while others follow the GRI's G3 Framework.

However, in spite of all these inconsistencies in reporting, companies like Motorola for example, have received a high rating in Corporate Governance due to incremental reporting of GRI's sustainability reporting guidelines (100 Best Corporate Citizens Award, 2007). The organization received a rank of No. 4 in the "100 Best Corporate Citizen's Award, 2007". Thus, mere adoption of the Global Reporting Framework adds to an organization's credibility in the arena of CSR reporting. Like Motorola, there are

several other companies in different countries adopting different reporting frameworks and measurement criterias specific to their country-of-origin, organizational size, industry, line of business etc.

Indifferent to the framework being adopted or the extent to which the guidelines are being followed, research/ CSR ranking firms are selecting those businesses to be more *favorable* for CSR Awards, who have adopted Sustainability Reporting Guidelines.

7. FACTORS IMPACTING SUSTAINABILITY REPORTING

Cultural factors play a crucial role in impacting sustainability reporting. In countries like Japan for example, the degree to which environmental reporting has been adopted depends on the industry and the size of the organization. A relatively low percentage of companies have taken steps toward CSR standards for suppliers, intellectual property strategies, brand management, and privacy policy, areas that came under close scrutiny in 2003 (Doyukai, 2004).

 Gradually, several Japanese companies have adopted GRI's Sustainability Reporting Index - recognized as the most comprehensive reporting system on CSR worldwide - in keeping with the trend in US and European countries,. In fact, in November 2003, Japan had the highest number of Guideline adopters (Tanimoto & Suzuki, 2005), thereby reiterating the importance Japanese corporations were attributing to social responsibility.

However, the *approach* undertaken by Japanese firms towards CSR reporting was quite different compared to American/ European corporations. These differences can be attributed

to the various particularities in the Japanese society and economy. Some key differences

between the approaches of the West compared to Japan include:

- Japanese firms focused more on environmental reporting than social considerations, while Western companies laid greater emphasis on social factors. In reference to the GRI Framework, which originated from the US-based CERES organization, there is additional focus towards Social Aspects like Society, Product Responsibility, Labor Practices and Human Rights. Moreover, Japanese are known to be reserved by nature, and have a tendency to provide limited information.

- Corporate Governance and female factors receive lesser attention from Japanese organizations than the West. Due to the interplay of gender biases, females received little importance in the society resulting in less focus being attributed towards social considerations as compared to environmental factors (Kawamura, 2005). Based on a CSR Survey conducted by the Japan Association of Corporate Executives in 2003, 'an extremely low percentage of Japanese firms reported progress in regard to equitable treatment of women'.

- Japanese corporations pay less attention to public opinions or opinions of their employees, while European and American companies lay greater emphasis on individual feedback and considerations.

Like Japan, CSR reporting in Australia is largely dominated by market pressures and

stakeholder influence. In 2006, Deegan & Gordon conducted one of the most detailed studies

on environmental disclosure practices in Australia. The findings revealed that the voluntary

disclosure of environmental considerations was relatively low compared to other countries.

However, a general increase in environmental disclosures occurred over an eleven year period from 1980 to 1991 (p. 198).

Moving forward, research reports in 2001 further highlighted that Australian companies were *laggards* in regards to environmental reporting. Some of the major differences in their reports related to the content of their environmental policies and the depth of disclosures, which was limited. Of particular importance is the finding that while companies reported on environment initiatives internally, significantly low priority was placed on providing environmental performance data to external parties (CSR in Australia), thereby resulting in questionable practices.

According to the State of Sustainability Reporting (2005), the number of Australian companies producing sustainability reports had increased since the previous year, but the companies undertaking environmental reporting fell behind the international average. The impediments to producing a sustainability report that were cited most often were 'cost and resource constraints' and 'additional resources required initially' ("The State of", 2005).

8. *APPLICATION OF THE PRINCIPLES OF THE EXCELLENCE THEORY IN PUBLIC RELATIONS*

Based on the above research, it can be affirmed that currently there is no synergy between various sustainability reporting guidelines and measurement parameters for corporate social responsibility reporting.

Firstly, the definition and concept of corporate social responsibility is understood and applied differently in diverse countries. *Secondly*, organizations are *not* required to follow any systematic reporting guidelines, pertaining to either the GRI framework or the Japanese /

Australian guidelines. Each organization can adopt a "level" suited to its own individual characteristics - business type and country-of-origin. GRI states that "Sustainability Guidelines are the disclosure frameworks that organizations can *voluntarily*, *flexibly*, and *incrementally*, adopt" (GRI Homepage, 2009). There is no formal monitoring system to be adhered to. While some organizations promote their sustainability initiatives in earnest, others use the veneer of responsibility to bolster their company brand, corporate reputation and advance market share (Collings, 1990). The latter types of organizations experience suspicion and distrust from stakeholders questioning the authenticity of their philanthropic endeavors.

There needs to be a system in place to implement, monitor and analyze the correct application of environmental reporting guidelines. A recommended approach to overcome such inconsistencies lies in encouraging intervention and guidelines at the government and managerial levels. Furthermore, the principles of the ***Excellence Theory in Public Relations*** should form the guiding philosophy for sustainability reporting.

The theory focuses on establishing a mutually-beneficial relationship between strategic constituencies to enhance corporate reputation and brand value. This relationship-building model in turn saves money by preventing problems such as lawsuits, boycotts, and strikes, and by increasing employee satisfaction, and enhancing productivity and loyalty. "Excellence Theory", developed by J.E. Grunig and L.A. Grunig, is recognized as a general theory of public relations that resulted from a 15-year study of best practices in communication management funded by the International Association of Business Communicators (IABC) Research Foundation.

The theory incorporates a number of middle-range theories in Public Relations, including theories of publics, public relations and strategic management, models of public relations, evaluation of public relations, employee communication, public relations roles, gender, diversity, power, activism, ethics and social responsibility, and global public relations. Further, it emphasizes that "managed communication helps achieve organizational goals because it reconciles goals with the expectations of its relevant publics" (Grunig, Grunig, Ehling, 1992).

Thus, by establishing stringent guidelines for sustainability reporting, developed mutually with diverse publics, GRI and other such organizations can make sure that the *purpose* for sustainability reporting is the same. This will ensure that the CSR reports of each organization are similar in style and structure, and the basis of comparison between organizations can be evaluated fairly for Sustainability Awards such as "100 Best Corporate Citizen". Furthermore, "Excellence Theory" proposes that environmental communication is most *effective* when PR/ Communications Managers help shape the organizational goals and help determine which external publics are most important strategically.

Hence, the independence enjoyed by businesses, when choosing an appropriate Application Level will be eliminated through the implementation of systematic processes. All organizations, irrespective of their size, industry type and country-of-origin would need to adhere to standard reporting guidelines in sustainability reporting. Special privileges earlier offered to beginners / first time reporters will be avoided, and synergy in reporting will be maintained ensuring mutual advantage to all stakeholders.

The principles of Excellence Theory also apply to the process of external verification. When reporting guidelines are developed on the basis of 'shared benefit between strategic

constituencies', then *third party self-declaration* or *GRI's check* are likely to be more strictly implemented ensuring greater authenticity and consistency in CSR reporting.

Furthermore, research proves that organizations that have larger financial and human resources are more likely to report on social responsibility initiatives. However, when the guidelines for reporting are standardized and the scope for consideration to sustainability rankings is at par, the progressive benefits in terms of "CSR ranking" and "corporate reputation" is much more valuable than the cost incurred to develop a sustainability report. Here, *value* is understood in terms of increased brand loyalty, stakeholder satisfaction, green investments, higher goodwill and perhaps a positive impact on the corporate stock price.

Thus, "Public relations management will be most successful when it operates strategically by identifying (segmenting) active publics and developing symmetrical communications programs whose success can be measured" (Grunig & Huang, in press; Grunig & Repper, 1992).

9. CONCLUSION

An organization that volunteers to report on sustainability considerations is likely to receive a higher score for Corporate Citizenship rankings; however, little does the reviewing body research the level of authenticity in reporting maintained by the organization. This translates as an unfair comparison against a firm who abstains from reporting as per the GRI guidelines resulting in a low score/ranking in CSR Award categories. Consequentially, it's not important to identify which organizations are not adopting CSR reporting. The key is to analyze and discover the companies that are addressing all the guidelines of the Reporting

Framework, and maintaining transparency in communication with the bigger objective of establishing mutually-beneficial relationships.

Furthermore, multinational organizations should join forces and develop strategic industry alliances to achieve the larger objective of community welfare and continuous social development. In additional, the dissimilarities in the Sustainability Guidelines of GRI in comparison to Japanese/Australian Frameworks, (where the former focuses on economic, social and environmental considerations, while the latter emphasizes environmental and partly social aspect), does not offer much scope for developing a universally-acceptable sustainability framework. The Australian and the Japanese frameworks primarily focus on presenting environmental reporting guidelines, while GRI suggests reporting metrics, but abstains from administering stringent application methods.

Additionally, although both the Environmental Reporting Guidelines, Government of Japan, and the Public Environmental Reporting, Environment Australia have referenced GRI while developing reporting parameters, the level of "flexibility" allowed by each institution reflects the fact that none of the reporting guidelines are *standardized* in approach. As a first step, it is important for organizations to follow a systematic valuation guideline, track performance and conduct comprehensive assessment of the various sustainability business initiatives by strictly adhering to measurement parameters.

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11. APPENDIX

11.1 - Table 1

GRI's Sustainability Reporting Framework : G3 Framework
Environmental Aspects: Covers inputs, outputs and impact on the environment. Inputs include energy, water and materials. And these result in outputs of environmental significance like emissions, effluents and wastes.
EN1: Materials used by weight or volume, describes the organization's contribution to conservation and efforts to reduce material intensity. Tracking this consumption internally, either by product/product category, facilities the monitoring of material efficiency / cost of material flow. Total material used includes raw materials, associated process materials, semi-manufactured goods and materials for packing purposes. Further, identify non-renewable and direct materials. Convert these measurements into estimated weight or volume and then report these amounts in the framework.
EN2: Percentage of materials used that are recycled input material. Use of recycled material reduces the demand for virgin material and in turn assists conversation. Identify the total weight/ volume of material (EN1), identify the total weight/volume recycled. Calculate the percentage of recycled input material - TR/TI x 100.
EN3: Direct energy consumption by primary energy source - Identify primary energy sources purchased by the reporting organization. This includes direct non-renewable energy sources such as coal, natural gas, fuel distilled from crude oil like gasoline, petrol, diesel and renewable energy resources like biofuel, ethanol and hydrogen. Total energy consumption in joules includes - Total direct energy consumption = direct primary energy purchased + direct primary energy produced - direct primary energy sold.
EN4: Identify the amount of intermediate energy purchased/consumed from sources external to the organization. Identify the amount of primary fuels consumed to produce intermediate energy. Report the total amount of indirect energy used by indirect non-renewable and renewable resources.
EN5: Energy saved due to conservation and efficiency improvements. Identify total energy saved by efforts to reduce energy use and increase energy efficiency. Report the total amount of energy saved in joules/gigajoules.
EN6: Initiatives to provide energy efficient or renewable energy based products/services, and reductions in energy equipment as a result of these initiatives. Report existing initiatives to reduce the energy requirements and quantified reductions, along with any assumptions about underlying consumption patterns.
EN7: Initiatives to reduce indirect energy consumption and reductions achieved. Identify relevant upstream/downstream indirect energy use, and report initiatives to reduce such energy. Indicate underlying assumptions and methodologies to calculate indirect energy.
EN8: Total water withdrawal by source. Identify the total volume of water withdrawn from any water source, directly or through water utilities and report the amount in cubic meters per year.
EN9: Water sources significantly affected by withdrawal of water by the organization should be reported.
EN10: Percentage and total volume of water recycled and reused, if calculated, can be a measure of efficiency and demonstrate the success of the organization in reducing total water withdrawals.
EN11: Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high bio-diversity value outside protected areas.

EN12: Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. This indicator provides information on the significant direct and indirect impacts of the reporting organization on biodiversity in protected areas.

EN13: Habitats protected or restored. A biodiversity strategy contains a combination of elements related to prevention, management and remediation of damage of natural habitats resulting from the organizations activities.

EN14: Strategies, current actions and future plans for managing impacts on biodiversity, helps internal and external stakeholders to analyze how well the reporting organization is doing.

EN15: Number of IUCN Red List and national conservation list species with habitats in areas affected by operations, by level of extinction risk. By identifying these, the organization can initiate steps to avoid harm and prevent extension.

EN16: Total direct and indirect green house gas emissions by weight, provides insights into the potential cost implications of taxation or trading systems for reporting organizations.

EN17: Other relevant indirect green-house gas emissions by weight. **EN18**: Initiatives to reduce greenhouse gas emissions and reductions achieved. **EN19**: Emissions of ozone-depleting substance by weight.**EN20**: NO(x), SO(x) and other significant air emissions by type and weight. **EN21**: Total water discharge by quality and destination. **EN22**: Total weight of waste by type and disposal method. **EN23**: Total number and volume of significant spills.

EN24: Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention, and percentage of transported waste shipped internationally. **EN25**: Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organizations discharges of water and runoff. **EN26:** Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.

EN27: Percentage of products sold and their packaging materials that are reclaimed by category. **EN28:** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. **EN29**: Significant environmental impacts of transporting products and other goods and materials used for the organizations operations, and transporting members of the work force. **EN30**: Total environmental expenditures and investments by type.

ECONOMIC ASPECTS: EC1: Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donation and other community investments, retained earnings, and payments to capital providers and governments. **EC2**: Financial implications and other risks and opportunities for the organizations activities due to climate change. **EC3**: Coverage of the organization's defined benefit plan obligation. **EC4**: Significant financial assistance received from Government. **EC5**: Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operations. **EC6:** Policy practices, and proportion of spending on locally-based suppliers at significant locations of operations. **EC7:** Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. **EC8**: Development and impact of infrastructure investments and services provided primarily for public benefits through commercial, in-kind, or pro bono engagement. **EC9:** Understanding and describing significant indirect economic impacts, including the extend of impacts.

SOCIAL PERFORMANCE: (1) SOCIETY: SO1: Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and existing. **SO2**: Percentage and total number of business units analyzed for risks related to corruption. **SO3:** Percentage of employees trained in organization's anti-corruption policies and procedures. **SO4**: Actions

taken in response to accidents of corruption. **SO5**: Public policy positions and participation in public policy development and lobbying. **SO6**: Total value of financial and in-kind contributions to political parties, politicians and related institutions by country. **SO7**: Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices. and their outcomes. **SO8**: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

SOCIAL PERFORMANCE: (2) PRODUCT RESPONSIBILITY ASPECTS: PR 1: Life cycle stages in which healthy and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. **PR 2**: Total number of incidence of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes. **PR 3**: Type of product and service information required by procedures and percentage of significant products/services subject to such information requirements. **PR 4**: Total number of incidents of non-compliance with regulations and voluntary codes concerning product/service information and labeling, by type of outcomes. **PR 5**: Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

PR 6: Programs for adherence to laws, standards, and voluntary codes related to marketing, communications, including advertising, promotions and sponsorships. **PR 7**: Total number incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotions, and sponsorships, by type of outcomes. **PR 8**: Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. PR 9: Monetary value of significance fines for non-compliance with laws and regulations concerning the provisions and use of products/services.

SOCIAL PERFORMANCE: (3) LABOR PRACTICES AND DECENT WORK ASPECT: **LA 1**: Total workforce by employment type, employment contract, and region. **LA 2**: Total number and rate of employment turnover by age group, gender, and region. **LA 3**: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. **LA 4**: Percentage of employees covered by collective bargaining agreements. **LA 5**: Minimum notice period(s) regarding significant operational changes. **LA 6**: Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.

LA 7: Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region. **LA 8**: Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. **LA 9**: Health and safety topics covered in formal agreements with trade unions. **LA 10**: Average hours of training per year per employee by employee category. **LA 11**: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. **LA 12**: Percentage of employees receiving regular performance and career development reviews. **LA 13**: Composition of governance bodies and breakdown of employees per category according to gender, age group membership, and other indicators of diversity. **LA 14**: Ratio of basic salary of men to women by employee category.

SOCIAL PERFORMANCE: (4) HUMAN RIGHT ASPECTS: **HR 1**: Percentage and total number of significant investment agreements that include human rights clauses or that include human rights clauses or that have undergone human rights screening. **HR 2**: Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. **HR 3**: Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. **HR 4**: Total number of incidents of discrimination and actions taken.

HR 5: Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. **HR 6**: Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. **HR 7**: Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor. **HR 8**: Percentage of security personnel trained in

the organization's policies or procedures concerning aspects of human rights that are relevant to operations.
HR 9: Total number of incidents of violations involving rights of indigenous people and actions taken.

11.2 - Table 2

Environmental Reporting Guidelines 2004, Government of Japan

CEO's Statement - The CEO's pledge should be included in the beginning of the environmental report, and should contain the management's philosophy, the environmental policies and targeted activities within a stipulated date.

Foundations of Reporting include details of the reporting organization, reporting period, area (social / environmental / economic), and the source of the report (website/brochure, annual report etc). Further, the report should have a method for receiving feedback, so that it serves as an effective tool for environmental communication.

Summary of the nature of the organization helps understand the environmental burden, and which environmental conservation activities the organization is undertaking. Additional details like number of employees, total assets and profits should also be included.

Environmental policies regarding environmental conservation should be disclosed in environmental reporting. Further, details regarding the justification of the policies, the amount of raw material, transportation etc consumed should be included. The policies should be tailored in sync with the "Basic Environmental Plan" and the "Basic Plan for Establishing Sustainable Society".

Summary of objectives plans of environmental activities and achievements in environmental conservation should form an integral part of the reporting details.

Material balance of business activity should cover the amount of energy and material being used in the business, and the amount of environmental burden (waste) being produced.

Summary of Environmental Accounting Information. "An organization should measure and analyze the costs/effects of environmental conservation during operation and mention the current state of implementation of environmental accounting."

State of environmental management systems - Environmental reporting should include details of the organization's structure, roles and responsibilities, methods of environmental management systems, ISO14001 certification details, and education programs for employees in environmental conservation and environmental auditing.

State of supply chain management for environmental conservation. Organizations should be concerned not only about their sustainable initiatives, but also the business activities of partners/suppliers from who they draw raw materials/products/services.

State of research and development of technologies for environmental reporting conservation and environment-conscious products/services. R&D of technologies for design of the environment (DfE), R&D by using the life cycle assessment (LCA) method and funding used for such methods should be highlighted in environmental reporting.

State of the disclosure of environmental information and environmental communication is important for organizations to build credibility in the society.
State of compliance with environmental regulations, including any violations, fines, accidents, and complaints should be included in the environmental report.
State of social contribution related to environment. Voluntary contributions by employees, NPO / trade organization memberships, and environmental education programs provided to interested parties / local communities, and efforts towards bio-diversity etc should be included in the report.
Total amount of energy input, breakdown of fossil fuel consumption and measures to reduce the input as well as energy efficiency need to be included in environmental reporting.
Total amount of material inputs and measures to reduce it - Environmental reporting should include the total amount of material input, a breakdown of the material used, and measures for reducing the consumption, resource productivity and cyclical use rate of material.
Amount of water input and measures to reduce it - A breakdown of the total amount of water being consumed and measures to reduce water wastage should be in the report.
Amount of greenhouse gasses emission and measures to reduce it - Amount of CO, greenhouse gas emissions and measures to reduce it should all be included in environment reporting in detail. Other substances included in the Kyoto protocol like methane, nitrous oxide and chlorofluorocarbon substitutes also need to be stated.
Amount of chemical substances emission and transportation, and measures to reduce it - Chemical substances are regulated by statues including Air Pollution Control Law, Law Concerning Special Measure Against PCB Waste, and Law Concerning Special Measure Against Dioxins. Each law regulates the use, methods of disposal and amount of emission. Risk management should be promoted and the state of chemical management should be included - not only what's regulated by law, but also standards that have been imposed voluntarily.
Total amount of products or sales is important to evaluate the total energy input, water resources consumed, greenhouse and chemical substance emissions and total water disposal.
Total amount of waste generation and final disposal and measures to reduce it - Detail components of the amount of waste generation /disposal should be entered in environment reporting. The amount of waste disposed into landfill sites and measure to reduce it are important.
Total amount of water disposal and measures to reduce it - Breakdown of waters of discharge, amount of nitrogen and phosphorous emissions and measures to reduce these should be part of the report. Contaminated water from organizational activities and households, impact human health and city water systems.
State of environmental burden caused by transportation and measures to reduce it - CO emissions from the transportation sector has increased manifold resulting in a huge environmental burden. Shipping products and services, transporting passengers, manufacturing sites' impact should be included in environmental reporting.
State of green procurement and measures to promote it - Organizations should actively promote environmental activities and this can be achieved by green purchase. How green procurement is being conducted and how much progress an organization is making should be included in the report.
State of products and services that contribute reduction of environmental burden - Number of products that meet energy saving standards, proportion of reusable/recyclable parts need to be addressed as well.

State of Performance in Social Aspects - Social aspects of sustainability include a variety of issues such as occupational safety, health and human rights, employment, regional culture, extensive consumer protection, product safety, politics, ethics and protection of personal information.

11.3 - Table 3

Public Environmental Reporting 2000
Introduction: **Organizational Context:** 1) **Top management commitment** - A statement from the CEO/Board of Directors indicates the importance attributed to environmental reporting.
2) **Organization's profile -** A brief profile of the organization and its activities, product and service offerings, stock exchange listing details, number of employees, size of the organization, profits/losses statement and major contributions. The report could also include major operational, structural or ownership changes.
3) **The larger environment** - Identify the organizations key stakeholders, environmental aspects and its position in relation to the environment.
4) **The latest environmental policy -** A current and concise version of the organizations environmental policy should be included in the report, to reinforce commitment and provide a framework for improvements.
5) **Management policies and system**s - An outline of the organization's environmental policies, programs and procedures that effect environment procedures.
6) **Report scope** - An outline of the scope of the report should be provided. This should include: Coverage of the report, reporting period (fiscal/calendar year), date of most recent reporting, target audience, and a summary of goals and targets.
Management Performance, Policies and Systems: 1) **Management systems and programs** - The main purpose of this aspect is to outline to stakeholders how the organization deals with environmental issues. The report should also provide environmental systems, environmental programs and initiatives, risk management strategies, environmental training and awareness, policies declared to green credentials of suppliers/contractors etc. If the organization has an EMS, a brief description should also be provided.
2) **Compliance requirements** - The magnitude and nature of penalties for non-compliance with national, state and local regulations should be included. Environmental liabilities under applicable laws and regulations including liabilities arising from land and water.
3) **External recognition and activities** like Environmental Awards will increase credibility for the organization.
4) **Suppliers** - If the organization has encouraged environmental awareness amongst suppliers, this achievement should be mentioned in the report.

5) **Financial information** - Stakeholders and Investors are primarily interested in financial aspects such as risks, liabilities, competitiveness and profitability Details on Environmental expenditure, fees, donations and grants, environmental liabilities and overall benefits and opportunities.

a. **Environmental Expenditure** - This information will reflect an organization's commitment to environmental issues.

b. **Environmental Fees** - If an organization is required to pay environmental license fees, taxes or charges - this information should be included.

c. **Donation and Grants -** Information about donations to non-profit environmental activities such as funding for academic research, community activities should be included in the report.

d. **Environmental liabilities -** Liabilities associated with the sites, products and processes etc, and contingent liabilities should be included.

e. **Benefits and Opportunities -** A discussion of the benefits and opportunities arising from environmental protection could provide a useful mechanism for promoting environmental protection.

6) **Stakeholder Engagement** - Include information about How the organization communicates with its stakeholders. - explain the basis for selecting certain stakeholders. - Methods of consultation with each stakeholder group, number of consultants, information on feedback processes and opportunities. - Complaint handling procedures, program efficiency, and number of complaints.

7) **Environmental Performance** - This is measured by indicators of the reporting organization's operational environment performance, covering both the use of environmental resources and the production of non-product output.

a. **Input indicators** - (1) Use of energy has environmental implications such as air pollution, depletion of non-renewable resources and climate change. Monitoring and reporting on energy consumption helps increase energy efficiency and cost saving. The amount of electricity, natural gas, fuel etc being consumed and alternative energy sources or transportation resources being used should be reported. (2) The amount and type of water (dam, lake, sea etc.) being consumed, water efficiency measure, recycling, re-use and water metering should be included in environmental reporting. (3) The area of land distributed, rehabilitated, used as a buffer zone and having with significant erosion of topsoil should be noted in the report (4) In addition to water, energy and land, the amount of mineral and other resources being consumed should also be reported.

b. **Non product output indicators** include emission to air; greenhouse gas productions; wastewater emissions; noise odor and other emissions; solid waste generation and disposal; hazardous waste generation, treatment and disposal and site contamination.

Product or Service Performance - Pertains to an organizations product/service performance in environmental terms.

a. **Product/service stewardship** - Major environmental impacts associated with the life cycle of products/services, with quantitative estimates of such impacts. – Programs /procedures to minimize potentially adverse impacts.

b. **Product design** - Design improvements to increase environmental performance, and reduce environmental impact.

c. **Packaging** - Uses resources and results in waste, and has a direct impact on the environment. Quantity of packaging by type, cost of packaging, percentage of secondary material, and membership of the National Packaging Covenant and resulting improvements should be included in the report.

-End-