

CSR TRENDS 2010

Our 4th comprehensive survey of corporate social responsibility report trends, benchmarks and best practices

STACKING UP THE RESULTS

81%

OF ALL COMPANIES
HAVE CSR INFORMATION
ON THEIR WEBSITES

31%

OF COMPANIES HAVE THEIR
REPORTS ASSURED


24%

OF COMPANIES USE SOCIAL
NETWORKS SUCH AS TWITTER
OR FACEBOOK FOR CSR REPORTING

15%

OF COMPANIES PRODUCE AN
HTML VERSION OF THEIR
CSR REPORT



PRICEWATERHOUSECOOPERS 

A joint report by Craib Design & Communications
and PricewaterhouseCoopers LLP

CSR TRENDS IS DESIGNED TO PROVIDE INSIGHT INTO THE BURGEONING FIELD OF CORPORATE SOCIAL RESPONSIBILITY REPORTING.

It's a practical working tool that you can use to meet the expanding expectations of your stakeholders for more information – and proof – that your company is not only building a sustainable business, but contributes to building a more sustainable world. This edition of CSR TRENDS is chock full of benchmarks, best practices, pointers, statistics and guidelines. We hope you find it useful.



(Cover)

Courtney Craib

Partner, Craib Design & Communications

(Left)

Suzanne Onyschuck

Manager, Sustainable Business Solutions
PricewaterhouseCoopers LLP

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“Our survey doesn’t evaluate the accuracy of the information being reported in the documents or a company’s compliance with any regulation. Instead, we’ve looked at how effectively companies have communicated their strategies and performance.”

Elaine Wyatt

President, Craib Strategic Directions

THE PROCESS:

WHY, WHO AND HOW?

Biodiversity, climate change, AIDS, water and food scarcity, the competition for talent, child poverty – these issues are increasingly being discussed along with financial and operating performance. Stakeholders are demanding to know how companies contribute to wealth creation for everyone by building a sustainable world, not just sustainable businesses.

WHY WE DO THE SURVEY:

Despite predictions that the global recession would suppress – if not eliminate – interest in corporate social responsibility, the quantity and quality of corporate social responsibility (CSR) reporting in 2010 makes it obvious that this is not just a passing fad popular only when the economy is strong.

In fact, CSR reports are becoming an integral part of a company’s relationship with employees, suppliers, customers, investors and communities. Despite the warm and fuzzy sentiments that can be stirred by these reports, addressing issues that once took a back seat to financial results – if they had a seat at all – has become critical to a company’s credibility, transparency and endurance.

Our survey doesn’t evaluate the accuracy of the information being reported in the documents or a company’s compliance with any regulation. Instead, we’ve looked at how effectively companies have communicated their strategies and performance. It was undertaken to develop insight – ours and yours – into those approaches that most effectively tell a CSR story.

WHO DID THE RESEARCH:

Craib Design & Communications

Craib is a team of talented designers and consultants with decades of experience in corporate and investor communications. We use a content-driven, research-based methodology across a variety of print and electronic media – all with proven results. Clients entrust their communications needs to us year after year, often well beyond the scope of our original assignment.

This year marks the seventh year of reviewing annual reports and the fourth edition of our CSR TRENDS survey. Our experience in compiling these reports, as well as our wealth of experience in tailoring communications materials to our clients’ needs, puts us in an exceptionally strong position to work with you to create an effective corporate report.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP (PwC) is the Canadian member firm of the PricewaterhouseCoopers global network. As part of the world’s leading professional services organization, we provide financial assurance, tax and management advisory services to clients around the globe. Members of PwC Canada’s Sustainable Business Solutions practice work collaboratively with our clients to put strategic thinking at the heart of sustainability and sustainability at the heart of corporate strategy. Our experienced professionals advise on both sustainability aspirations and commercial realities and make those two agendas work together.

We help our clients in five key areas:

- Corporate responsibility strategy;
- Climate change advisory and assurance;
- Reporting and assurance of non-financial information;
- Chain of custody/supply chain risk management; and
- Management systems and certification.



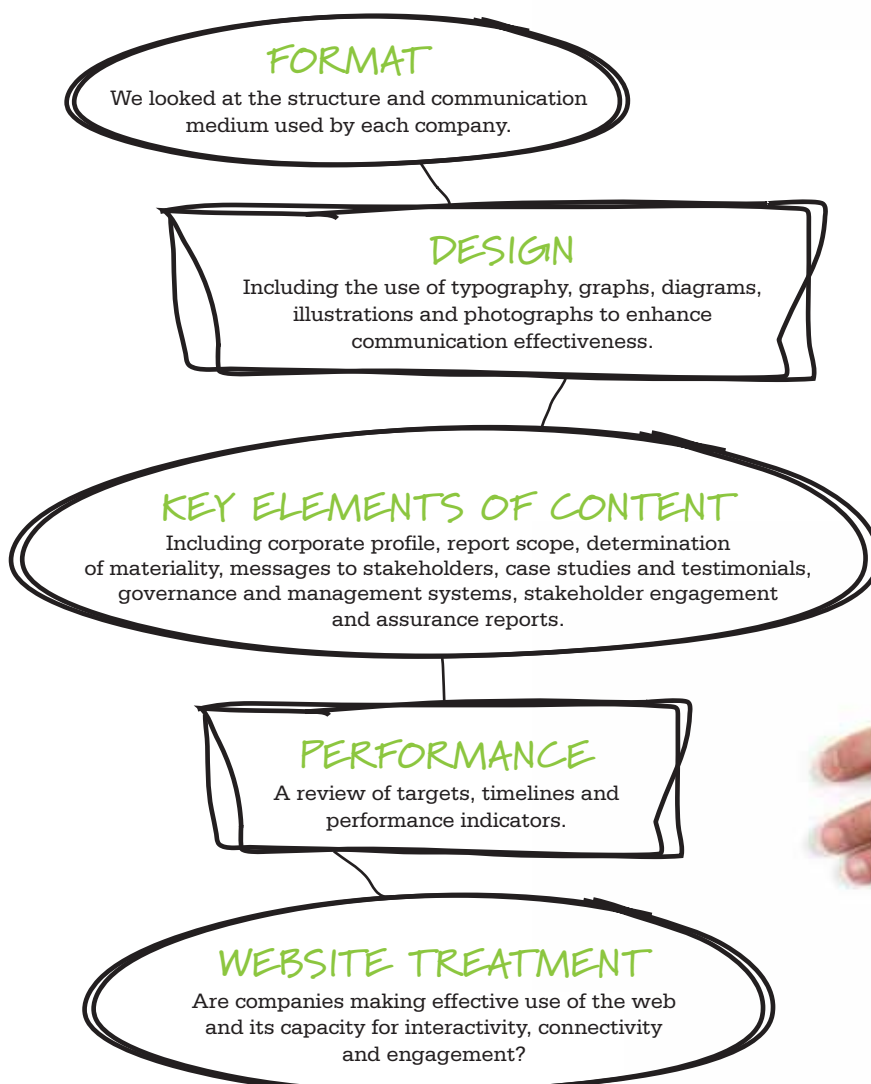
HOW THE SURVEY WAS DONE:

The nature of these reports makes surveying and reviewing them a challenging and time-consuming task. Our work began in March when most companies began to issue their 2009 annual and CSR reports. We compiled the names of companies listed in five Standard & Poor's indices, including the S&P/TSX Composite, S&P 500, Europe 350, Global 100 and Australia's S&P/ASX 100. We also looked at CSR reports from other sources such as private companies and Crown corporations.

This meant reviewing the CSR information from 423 companies in dozens of countries. We reviewed another 179 companies named in the directories of CSR reports in our search for best practices. By the time we were finished, we had reviewed a total of 602 companies for CSR TRENDS 2010. Not only did we look at print and PDF reports, we also reviewed HTML reports and CSR websites.

What we looked for

We sought examples of best practice reporting in every report and website that we reviewed. However, our benchmarks were compiled from a detailed survey of 75 reports. Using an impartial methodology, our selection included 25 reports from Canada, 25 from the U.S. and 25 from Europe, Japan and Australia. Each report was reviewed for close to 100 primary and dozens of secondary content and design items that we believe define a CSR report. These items fall into five categories:



Every member of Craib Design & Communications and a team from PwC in Toronto and Calgary were involved in the collection of the survey data, devoting an average of 110 minutes to each report. A smaller team of individuals from the two companies selected the examples of best practices.

(Above)
Kevin Ward
Creative Director
Craib Design &
Communications



THE RESULTS:

WHAT WE FOUND

As you consider our benchmarks throughout this report, please keep in mind that we draw our conclusions – and our averages – from 423 companies for our Big Picture below and from 75 companies that we surveyed for our benchmarks that make up the balance of this report.

81%

OF ALL COMPANIES HAVE CSR INFORMATION ON THEIR WEBSITES, BUT ONLY 50% DRAW ATTENTION TO THE INFORMATION ON THE CORPORATE HOME PAGE.



THE BIG PICTURE:

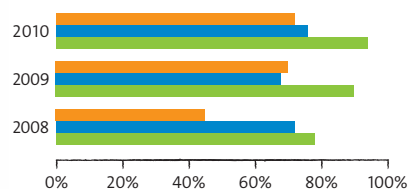
Corporate responsibility has changed from being a nice thing to do to a core business value that defines the best businesses on the planet. In one year alone, the number of companies with CSR information on their websites jumped to 81% at the end of July 2010 from 75% at the end of July 2009. In Europe that statistic is approaching 100%, with 94% of all companies posting CSR information, 74% posting a link to CSR on their corporate home page and 81% publishing a CSR report. Canada is catching up: 72% of Canadian companies now post CSR information, although only 43% consider this information sufficiently important to deserve a link on the corporate home page.

In what format?

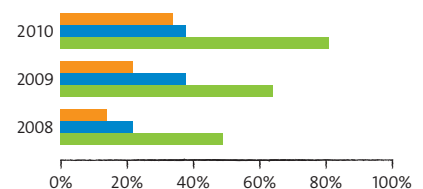
We're also seeing changes in the format of reports and the medium used to deliver CSR information. The number of companies posting their reports in full HTML increased to 15% from 10% in 2009, with 5% of companies in 2010 posting the report only in HTML. The percentage of companies posting the report in both PDF and HTML has increased slightly to 10% from 9% in 2009. Although the percentage of companies producing a CSR report jumped to 40% from 31% in 2009, the size of full reports declined from an average of 69 pages in 2009 to 60 pages in 2010 as more information migrates to the web.

■ Canada ■ U.S. ■ Europe, Japan & Australia

% of companies with CSR information on their websites*



% of companies that produced a CSR report of any kind for any year*



Although most companies now place some information about CSR on their websites, Canadian and U.S. companies continue to lag behind companies in other regions when it comes to producing a report.

*As at July 15, 2010

(Left) **Shelley Hyatt**, Senior Associate, Sustainable Business Solutions, PricewaterhouseCoopers LLP

THE MOST STRIKING TRENDS:

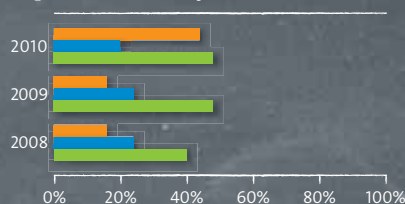
Although there are many changes taking place in CSR reporting, non-North American companies continue to outperform Canadian and U.S. companies with substantially more comprehensive information on more issues: sustainability objectives, performance against defined objectives, dedicated stakeholder engagement discussions, materiality determination process and assurance reports. Aside from this continuing difference, the most striking trends continue to relate to materiality, climate change, CSR's reach and the use of the web.

■ Canada ■ U.S. ■ Europe, Japan & Australia

What matters

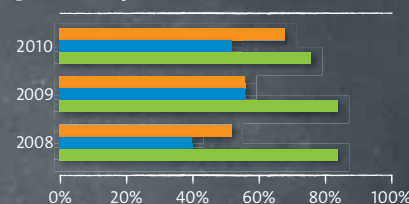
Materiality is not as obvious in CSR performance and reporting as in financial reporting, where impact on earnings is the determining factor. In CSR it's unique to each business, making an explanation of materiality critical. A scorecard ensures the company's efforts are effective.

% of reports that explain materiality



Canadian companies have almost caught up to non-North American companies in explaining materiality.

% of reports that publish objectives in scorecards

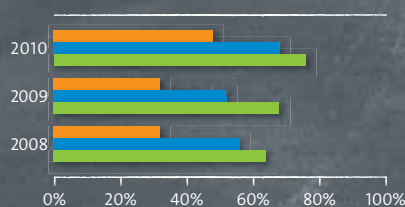


Not only are more Canadian companies publishing scorecards, 27% of the objectives are quantified, which makes them trackable.

Climate change

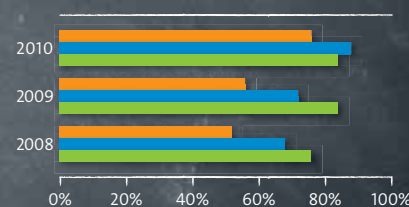
The environment is the dominant issue in CSR reporting, but it is climate change that has caught the attention of world leaders and regulators. As a result, 92% of all companies in our survey reported greenhouse gas (GHG) emissions.

% of reports with targets to reduce GHG emissions



There has been a steady increase in the percentage of Canadian companies that report Scope 2 emissions, from 24% in 2008 to 91% in 2010.

% of reports that discuss measures to reduce GHG emissions

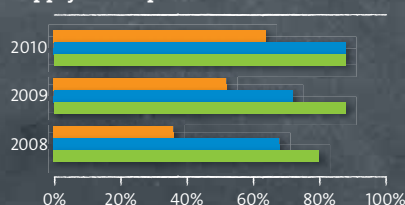


Mitigation measures include initiatives such as curtailing emissions through offsets, investing in clean technologies or carbon capture.

CSR's reach

A company's responsibility reaches beyond the floors of its factories, mines or offices to the behaviour of its suppliers and the final impact of its products – the upstream and downstream performance.

% of reports that explain supply chain policies



80% of all companies in our survey report on supply chain policies and initiatives, but only 52% explain how they engage with suppliers.

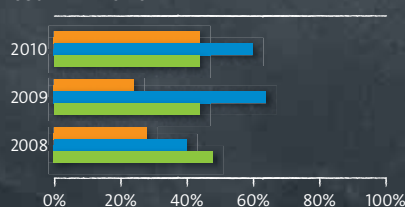
Engaging with stakeholders

Stakeholder engagement has become an acknowledged component of CSR processes and reporting, with 91% of all companies explaining engagement processes. As CSR matures, companies are reaching out to more stakeholders in more ways.

User-friendly CSR

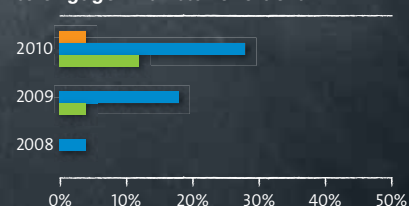
More than in any other aspect of corporate reporting, companies are using the full breadth of the Internet's capabilities: blogs (15%), micro-sites (48%), videos (35%), social networks (24%) and interactive maps, diagrams or games (23%).

% of reports posted in both PDF and HTML



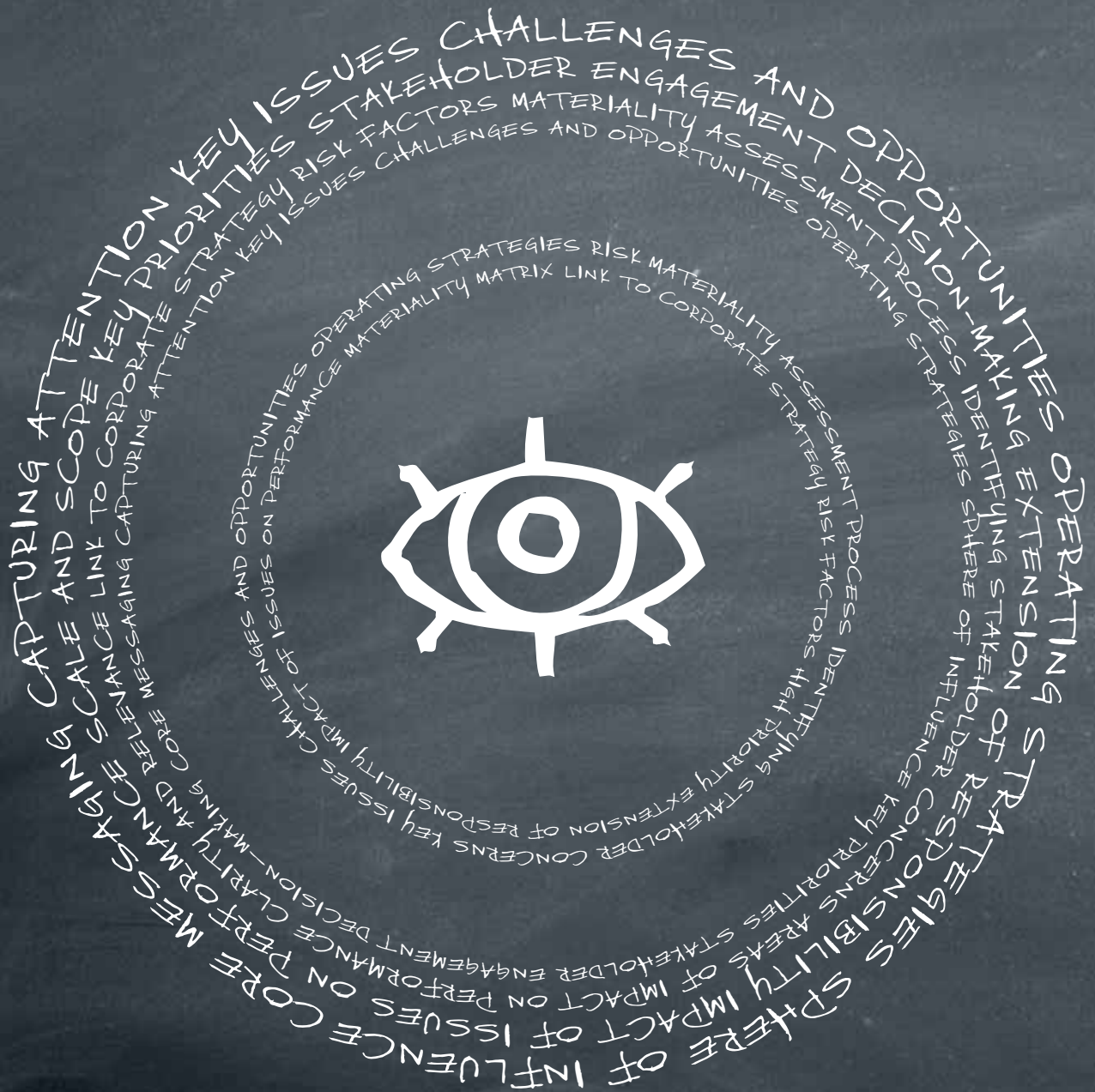
Not only are more companies posting their reports in both PDF and HTML, 48% of PDFs have hyperlinks to more information.

% of reports that use a blog to engage with stakeholders



In addition to blogs, 48% of the companies in our survey had additional micro-sites dedicated to CSR and 24% are using social networks such as Twitter.

FOCUS:





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“Often the most effective covers are those that combine a simple statement with a singular dynamic visual. Don’t get caught up with trying to tell the whole story – the idea is to entice your audience to read on.”

Kevin Ward

Creative Director, Craib Design & Communications

COVERS:

SELLING READERSHIP

Your best opportunity to deliver your core message is on the cover. As the report slips out of its package into the reader’s hands – or sits on a table at your office – it should entice and engage with a meaningful design and a succinct and relevant message. First impressions are critical; make sure yours is one that matters.

WHAT STAKEHOLDERS NEED:

Alvin Toffler coined the phrase “information overload” in 1970 in his book *Future Shock*. He had no idea! Many of your readers are overwhelmed by the information streaming at them every day. Every moment they’re making quick decisions to engage or ignore. Help them make that decision about your report quickly with a bold statement or graphic – or both. Convince them it’s worth their time to read more about your company.

QUICK TIPS:

- Distinguish your report and company with a cover that conveys your corporate culture, commitment and accomplishments.
- Support your cover message throughout your report.
- Don’t be generic. Focus the reader on your company’s specific CSR priorities and achievements.
- Use your back cover to reinforce your cover message or deliver other significant messages.
- Keep it simple – statements that are succinct are easier to grasp. Images should have focus and impact.

WHAT WE FOUND:

Most companies recognize that their CSR report is a companion document to their annual report, containing information that is as important to stakeholders as their financial and operating data. To emphasize this fact, an increasing number of companies establish supporting themes as well as consistent designs and production values for both documents.

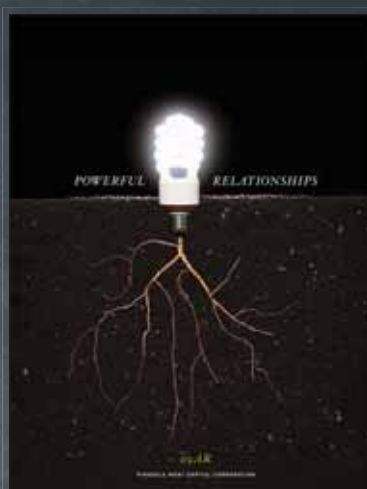
69% had a cover theme or positioning statement

36% used the term “sustainability” for their report; 28% used “corporate responsibility”

57% linked the CSR report to the annual report through theme or design



CSR report



Annual report

Pinnacle West Capital Corporation

Building Sustainable Relationships. Powerful Relationships. Few covers are so succinct in conveying a single message that resonates in so many ways. Sustainability also refers to the environment from which Pinnacle draws its product, which is power. Yet it is the company's relationships that will allow it to prosper – a message that is emphasized throughout the report.

- The solar panels on the CSR cover are part of the long-term solar power initiative at the University of Arizona.
- The consistent messages and imagery in both reports reinforces the company's commitment to corporate social responsibility.



Magazine

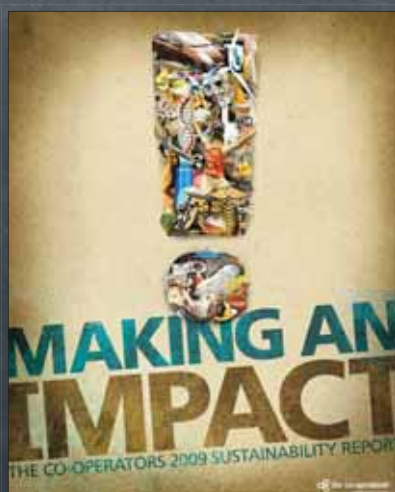


Fact book

Daimler AG

Daimler combines striking imagery of the company's advancements in fuel cell technology with a magazine-style format and messaging. The cover delivers six core facts about the company's key issues and initiatives without a single page being turned. The image literally drives the reader into both volumes of the report.

- The *E-files* theme continues throughout the report with a series of articles on evolution, emotion, efficiency, emissions, engagement and electricity addressing a single element of the question "How is mankind dealing with its energy resources?"
- Consistent 360° branding is used from year to year.



Front cover



Back cover

The Co-operators

The Co-operators combines an exclamation point with the simple statement – *Making An Impact* – to draw attention to a youth-based initiative that creates solutions for a variety of sustainability challenges, many depicted in the collage within the exclamation point. It also summarizes the company's determination to make a difference.

- The visual texture of the cover is carried throughout the report to feature case studies.
- The Co-operators invites conversation on the back cover with a thought-provoking call to action – *How are you making an impact?* – punctuated with a question mark that ties it thematically to the cover.

“A key part of our reporting strategy has been the development of a materiality analysis process, which has been a critical tool in helping shape the content of this report. We used the analysis to focus our reporting on those issues determined to be most material to the Company.”

Ford Motor Company

Sustainability Report 2009/10

MATERIALITY:

ESTABLISHING PERSPECTIVE

Reports on corporate social responsibility can be confusing because it is so different from company to company, influenced by the nature of operations, location, size and geographic reach. Establishing materiality allows the reader to immediately understand the issues and priorities, and ensures both clarity and relevance.

WHAT STAKEHOLDERS NEED:

To be credible, a CSR report not only identifies the company's key issues, it will also explain the process used to determine the issues that are most important to the company and stakeholders. The best reports will qualify – sometimes quantify – both the potential impact that an issue might have on the company along with the level of concern expressed by stakeholders. This cross-referencing encourages companies to provide the information that is most relevant to stakeholders as well as to the company's future performance.

QUICK TIPS:

- Don't avoid explaining your materiality process because it's complex; it's essential to establishing credibility and a thorough understanding of your company.
- Describe the guidelines used to prepare your report, such as the Global Reporting Initiative G3 Guidelines, UN Global Compact principles, AA1000 AccountAbility Principles Standard or other industry guidelines.
- Consider using a matrix to support your materiality discussion.

WHAT WE FOUND:

There are several striking differences between Canadian CSR reports and those from the rest of the world. First, 24% of non-North American reports use a matrix to support their explanation of materiality, yet none of the Canadian reports used this very effective device. Second, only 24% of Canadian reports cite the UN Global Compact principles, compared to 76% of non-North American reports.

37% explained materiality

83% used the Global Reporting Initiative (GRI) Guidelines

24% of Canadian companies used the UN Global Compact principles compared to 76% of non-North American companies



Ford Motor Company

The cornerstone of Ford's *Blueprint for Sustainability* is a rigorous materiality process that includes an external committee facilitated by a CSR consultancy to gather feedback from stakeholders that are touched by the company in any way, including employees, customers, suppliers and the communities in which Ford produces or sells its products.

- Ford presents a synopsis of emerging issues and changes over the year.
- An interactive materiality matrix weighs each issue within nine levels of relevance to the company and stakeholders.
- Interactivity enables the reader to remain at a bird's-eye view or to drill down to the heart of each issue.



Bayer AG

Bayer uses detailed descriptions and illustrations to highlight the three key areas of its sustainability strategy: health care alliances; the availability of quality food for the world's hungry and malnourished; and climate change.

- A flow chart illustrates the company's materiality process from initial analysis of internal and external feedback, strategy development through workshops with subgroups and representatives from all stages of the value chain, to decision and result.
- Bayer describes management and governance oversight and responsibility at each stage of the process.



Campbell Soup Company

Key to understanding Campbell's approach to managing the many business and social issues that challenge the company and its industry is the examination of the process used to decipher the most material issues – both to the company and its stakeholders.

- The four-step process – identify, filter, prioritize and review – is simplified with the help of an interactive interface. Campbell provides a definition of each step along with a detailed description of the issues and context.
- The discussion of prioritizing issues provides the reader with a separate matrix for each of the company's four areas of focus.

“The organization’s own sustainability and business strategy provides the context in which to discuss performance. The relationship between sustainability and organizational strategy should be made clear, as should the context within which performance is reported.”

Global Reporting Initiative

G3 Guidelines, Defining Report Content, Sustainability Context

**ORGANIZATIONAL
PROFILE:**

TELL US ABOUT YOURSELF

Your organizational profile should allow your readers to understand the scope of your activities, geographic footprint, operating structure and performance, financial strength and corporate goals. This allows them to understand the context in which your CSR strategies have been developed and the potential impact of CSR issues on performance.

WHAT STAKEHOLDERS NEED:

It’s a mistake to assume your readers know who, what or where you are – or how you conduct your business. They are even less likely to understand the breadth of your business. The best profiles include a description of activities, diagrams, organizational charts, maps and photographs. Your profile should also cover your financial and operating performance, and the economic and competitive trends that could affect that performance, to ensure readers understand your sustainability.

QUICK TIPS:

- Include references to CSR strategy and list specific CSR initiatives underway in each segment.
- Provide consolidated and segment information, including data on the scale of your company such as number of employees and revenue.
- Use charts, photographs, maps and illustrations to make your profile engaging.
- Avoid using language that someone outside your business is not likely to understand. Industry-specific terms should be explained.

WHAT WE FOUND:

Many of the largest companies in the world, even well-known companies like The Coca-Cola Company, PepsiCo, Nike, Inc. and IBM, provide comprehensive explanations of their business activities. It is striking that 20% of the companies in our survey – many smaller and less well-known than these global giants – did not provide a profile, essentially eliminating the context for their CSR strategies and accomplishments.

80% published a corporate profile

85% explained the report scope

79% described their CSR strategy, policy and/or vision



Exxon Mobil Corporation

ExxonMobil is the world's largest publicly traded integrated oil and gas company. To explain the scale and impact of its business, the report provides industry context, a detailed description of each of its four business operations, a four-year performance table, key facts and a map of its operations.

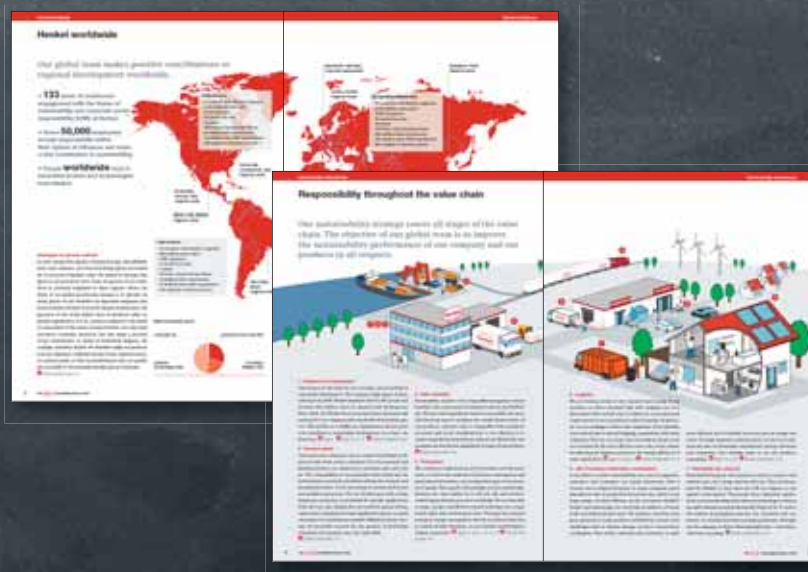
- The map includes highlights of sustainability initiatives within each operating country. Highlights are colour-coded with page references to access more detailed discussion.
- A two-page spread entitled *A view to 2030* provides context through a discussion of industry trends such as energy demand, supply, emissions and technology.



RWE AG

RWE is one of Europe's leading producers, generators and distributors of electricity and gas with a wide range of services, yet it takes the time to describe the reach, impact and expectations of every component of the company's operations.

- Accompanying each discussion are answers to a variety of questions about RWE's businesses, CSR impacts and stakeholder expectations.
- Graphs and key statistics support the discussions.
- A map of operations contains key facts about each region such as the number of employees, revenue and capital expenditures.

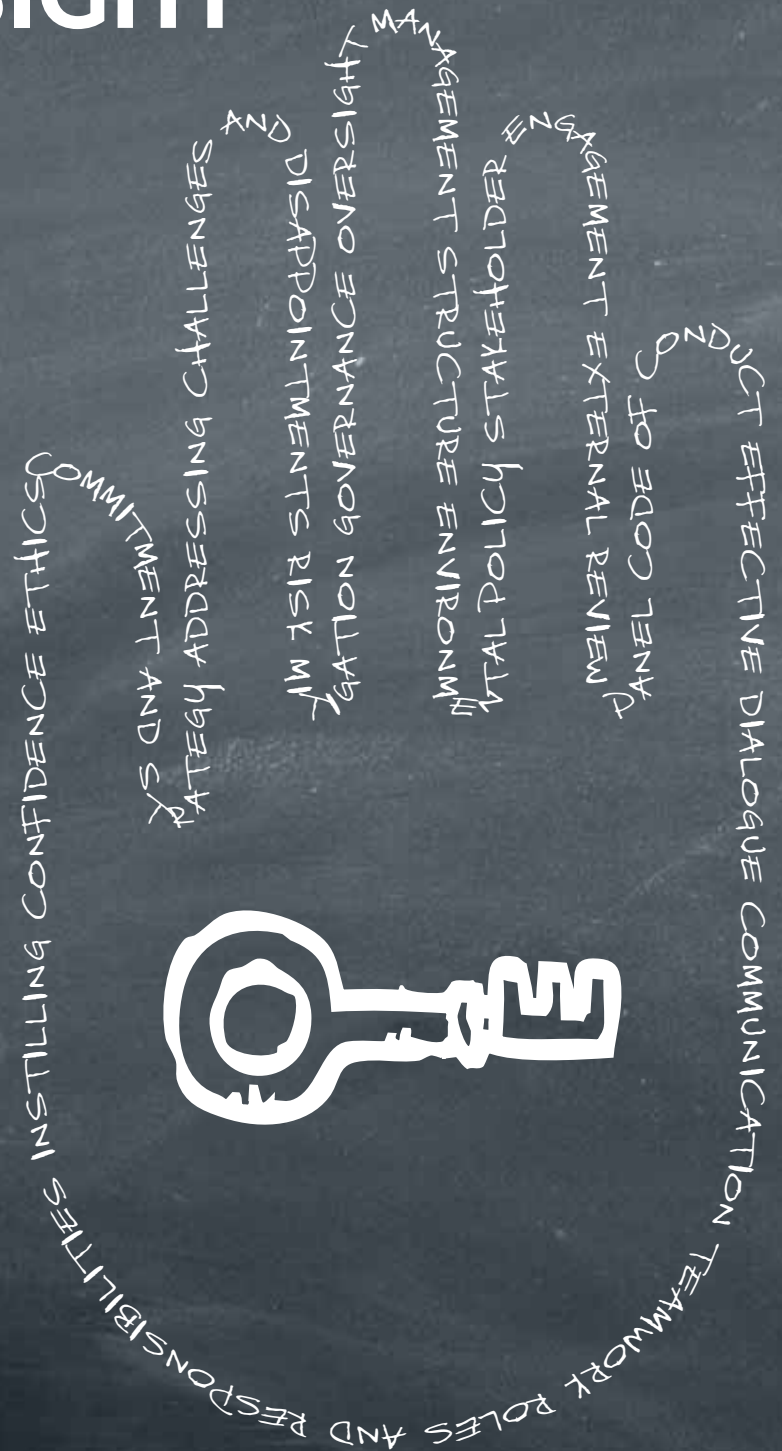


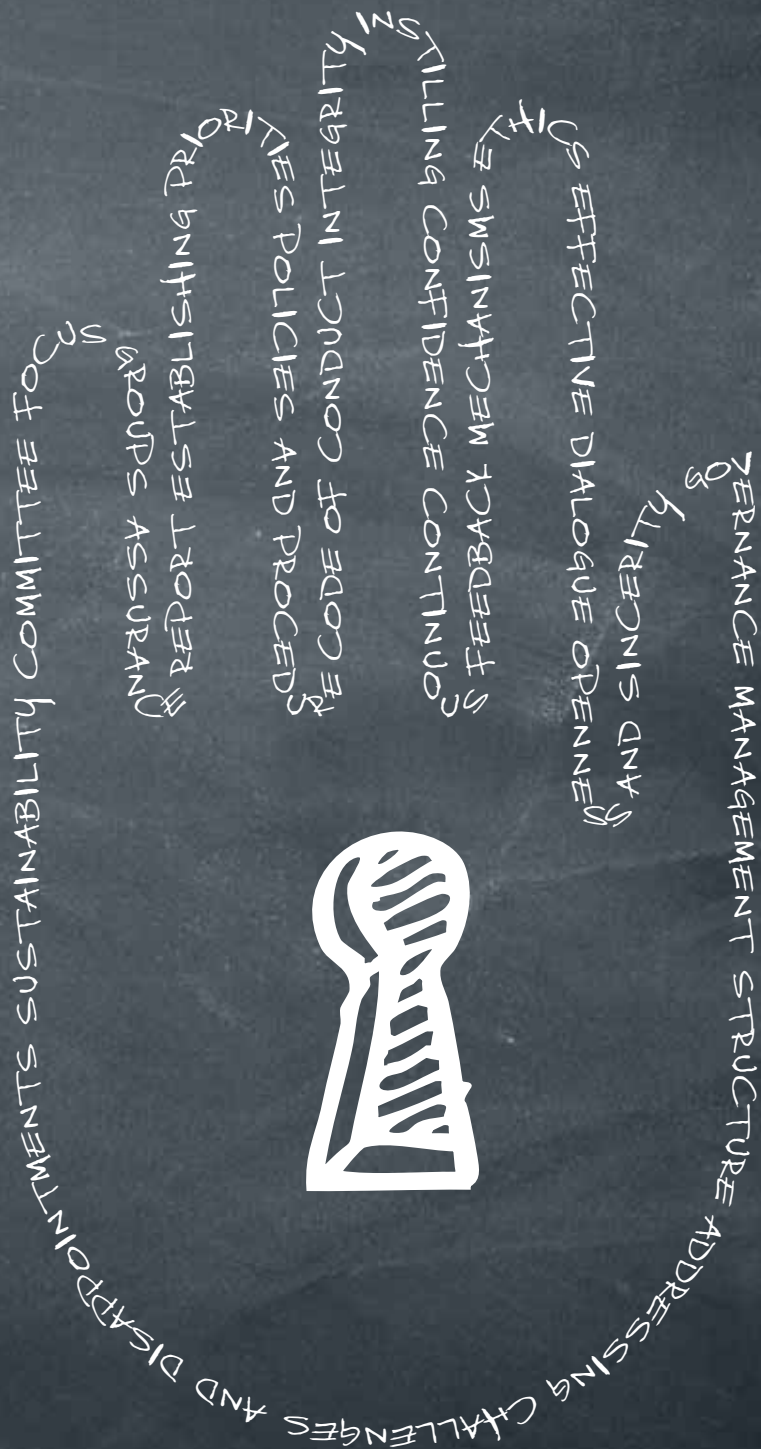
Henkel AG & Co. KGaA

Henkel's highly visual four-page profile combines comprehensive corporate information, including the company's growth strategy, key statistics for each region and graphs depicting sales and value added. The report dives deeper into issues and impacts by providing an illustrated description for each stage of its operations, from research and development to packaging and disposal.

- *Responsibility throughout the value chain* illustrates the company's holistic sustainability vision.
- Web references are provided for readers who want more information.

CREDIBILITY: KEEPING YOUR PROMISE THROUGH TRANSPARENCY AND OVERSIGHT





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“I believe our work in sustainable business and innovation has equal potential to shape our legacy. For that to happen, we have to focus on the lessons we’ve learned... There is now only one path and it leads to greater sustainability, equity, growth and prosperity.”

Mark Parker

Chief Executive Officer, Nike, Inc.

FY07-09 Corporate Responsibility Report

**MESSAGE TO
STAKEHOLDERS:**

COMMITMENT FROM THE TOP

The best letters are a sincere reflection of the commitment to corporate social responsibility and sustainability of the person who signs his or her name at the bottom. They should convince the reader that the company is aware of the key issues and concerns of stakeholders – and that action is being taken.

WHAT STAKEHOLDERS NEED:

The best letters explain the activities of the company during the past year, discussing initiatives and achievements within the context of the corporate CSR strategy. They should make the reader aware of any changes or trends within the company's operating environment that could affect its financial or CSR performance, along with any evolution in issues or intentions. Be specific wherever possible. The more numbers the better; the more concrete the examples the more credible the messages.

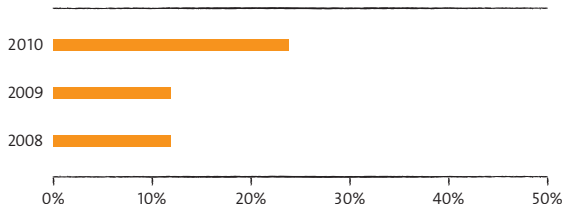
QUICK TIPS:

- Provide support for the report's theme and set the tone. Why did the company perform as it did?
- Stick to the most important initiatives. Division managers might want their division mentioned in the letter, but your reader is interested in what's material.
- Discuss what readers might expect in the coming year. This is not a forecast, but a reasonable explanation of expectations.
- Don't ignore challenges and disappointments. Identify them and explain how they'll be addressed.

WHAT WE FOUND:

With 100% of Canadian reports publishing a letter from the CEO and another 24% publishing letters from significant individuals within the company, it is obvious that corporate responsibility has become a C-suite issue. The letters tend to be shorter than those found in annual reports – fewer than 700 words – but they're intensely focused on the companies' efforts to be good corporate citizens.

**% of Canadian reports
that publish a second message**



The substantial increase in second messages in Canadian reports could be a reflection of the number of first-time reporters in our survey this year.

“Good governance through clearly defined roles and responsibilities and a framework for discussion and action is essential to deliver stability and growth for shareholders, customers, employees and wider stakeholders.”

Centrica PLC

2009 Corporate Responsibility Report

GOVERNANCE AND MANAGEMENT SYSTEMS:

YOUR CSR FRAMEWORK

Entrenching sustainability in a company's corporate culture – and its day-to-day activities – must be done through the governance structure. The best CSR reports explain how those tenets of CSR are manifested in the company's codes and policies, and identify the external charters or principles to which the company adheres.

WHAT STAKEHOLDERS NEED:

Stakeholders need to understand the formal framework that guides CSR at a company. Take the time to identify the components of that framework and either explain each or provide references to more information. Your report should also highlight recent changes and anticipated improvements. CSR frameworks often include:

- Codes of conduct;
- External charters, principles or guidelines to which the company subscribes;
- A dedicated sustainability committee; and
- Processes for identifying and mitigating risks.

QUICK TIPS:

- Identify the individuals who are responsible and accountable for CSR issues within the company and how they fit into the governance structure.
- Describe shortcomings in your governance or CSR management framework. Acknowledge the need for improvement and explain your plans for bringing your framework closer to best practice.
- Describe the systems and processes to manage environmental and socio-economic issues and risks.
- If only a summary is provided, provide references to more information.

WHAT WE FOUND:

Perhaps because CSR reporting is new to most Canadian companies, the processes that form the foundation for establishing and managing CSR are discussed more thoroughly and prominently than in annual reports. A full 92% of Canadian reports publish a dedicated discussion of governance structure, often supported with a diagram. Most (85%) also discuss CSR policies and codes of conduct, while 77% discuss ethics.

89%

provided a dedicated discussion of governance

79%

provided a dedicated discussion of CSR management systems

65%

reported on risk management

Bombardier Inc.

Bombardier's new corporate business strategy – *Our Way Forward* – consists of five business priorities. Corporate social responsibility is one of the key components. To implement this component of the strategy, the company has established a new CSR governance structure.

- A diagram shows the pathways for communication and collaboration, followed by an explanation of roles and responsibilities.
- The governance section opens with the company's three CSR objectives, each supported with a scorecard.
- Progress against the UN Global Compact's 10 principles is provided with live links to further information.

ArcelorMittal

ArcelorMittal uses captivating full-page black and white photography throughout its report and does not exclude the often drab section about governance. Senior Legal Counsel Carole Wintersdorff is photographed along with a handwritten testimonial stressing the importance of rigorous ethical, business and compliance standards. The letter also notes the need for constant communication of these policies.

- Equally unconventional, the Q&A covers the challenges of implementing CSR standards along the supply chain in developing countries.
- Abundant white space and use of quick facts, pull quotes and prominent links enhance readership.

Centrica PLC

Centrica embeds top-line responsibility throughout *Our approach*, providing detailed discussion on corporate responsibility strategy, management systems, risks and policies. CEO Sam Laidlaw focuses on the company's eight business principles. CR Committee Chair Mary Francis offers a broader discussion covering 2009 governance objectives and performance as well as the review of CR issues, key performance indicators (KPIs) and strategy.

- The discussion of 11 external and internal policies follows a consistent narrative: introduction, purpose, scope, policy, responsibilities, monitoring and review.



“Listening and responding to our stakeholders – the people who affect our business or who are affected by it – is a core part of our sustainability management. Their feedback helps us understand their expectations, enables us to prioritize issues effectively and informs our sustainability strategy.”

Vodafone Group PLC
2010 Sustainability Report

STAKEHOLDER ENGAGEMENT:

MAKING CONNECTIONS

Stakeholders include employees, customers, governments, communities, suppliers, non-governmental organizations and anyone else affected by a business. A CSR report can truly excel by addressing real, tough questions posed by these stakeholder groups in a forthright and candid manner.

WHAT STAKEHOLDERS NEED:

Essentially, a CSR report is a dialogue between a company and its stakeholders. To be effective, your report should explain how often, with whom and through what activities you engage with those stakeholders. Equally important, your report should explain how their feedback is being incorporated into CSR policies and initiatives. Reporting on stakeholder feedback offers particularly valuable insight into your CSR performance for stakeholders who are not engaged in the process.

QUICK TIPS:

- Describe your major stakeholder groups and report on your approaches to engagement, such as surveys, focus groups and community panels.
- If your stakeholders are asking tough questions, publish them and provide honest answers.
- Provide stakeholder contact information.
- Report the full scope of results of your engagement. Don't be afraid to reveal unflattering feedback from your stakeholders.

WHAT WE FOUND:

For many decades the relationship between stakeholders and companies tended to focus on disagreements, such as protests against unfair labour practices or unwanted pipelines. CSR reporting has expanded the breadth of relationships between a company and its stakeholders to include many different voices in a more constructive dialogue intended to improve the company's activities.

88% identified major stakeholder groups

97% described specific stakeholder engagement methods

59% provided the results of stakeholder engagement

Vodafone PLC

Vodafone presents a host of expert and stakeholder views throughout the company's PDF report, each presented in a consistent visual approach that includes the speaker's photo. Commentary is thought-provoking and often challenging. Vodafone's response and discussions are placed beside the issues raised by stakeholders.

- A list of stakeholders and engagement practices contains interactive links to further discussion.
- The reader is referred to Vodafone's web portal *CR Dialogues*, which explores a variety of subjects, such as e-waste and privacy, to which a number of external stakeholders contribute.

Marks and Spencer Group PLC

Marks & Spencer enlisted feedback from a variety of non-governmental organizations on the main components of *Plan A* – a series of 180 targets to reach by 2015. In a section appropriately entitled *Listening and taking action*, a table organizes the results of the consultations with plain-language column heads. Across six focus issues, 22 recommendations are given with responses from Marks & Spencer.

- A diagram documents the company's main stakeholder groups with engagement pathways.
- *Forum for the Future* provides an external/expert view on Marks & Spencer's progress.

ING Groep N.V.

ING Groep publishes a series of interviews in which external and internal stakeholders discuss and provide testament to ING's initiatives. The section also covers issues faced by the global financial sector. Stakeholder voices introduce each section/focus area of the report.

- ING's online report takes advantage of the web's capabilities to provide roll-over details of stakeholder group identification, reasons for engagement and outcomes.
- The company's online forum *Join the discussion* invites viewers to rate their agreement with the views of members of the stakeholder committee on various CSR topics.



“Many people have different views as to what makes for effective assurance, but I believe it comes down to two fundamental things: knowledgeable people and a sound process.”

Mel Wilson

Associate Partner, Sustainability Reporting and Assurance Practice, PricewaterhouseCoopers LLP

ASSURANCE:

BUILDING TRUST

CSR reports are more credible when audited and verified by experts in the field. While some companies retain sustainability consultants or accounting firms to provide assurance, others use stakeholder review panels instead of or to support a formal audit. A few conduct internal audits to confirm the accuracy of their claims.

WHAT STAKEHOLDERS NEED:

For the assurance to be credible, stakeholders need to know who reviewed your report, which pieces of information were included in the review, the assurance methodology and any assurance guidelines that were followed. Among the standard guidelines are AccountAbility's AA1000 Assurance Standard and the ISAE 3000. Stakeholder review panels might be less rigorous, but they tend to share the concerns and interests of your readers and, potentially, provide a more intimate perspective.

QUICK TIPS:

- Make sure to identify the scope of the information in your report that has been assured.
- Consider using an auditor who will use accepted assurance standards such as AA1000 or ISAE 3000.
- Make the assurance report more meaningful by providing the auditor's comments on your report's strengths and weaknesses.
- Don't avoid assurance for fear that you'll be criticized. Assurance builds trust through oversight.
- Stakeholder assurance statements can represent significant value, but they should be supported by professional assurance.

WHAT WE FOUND:

According to the Merriam-Webster Dictionary, assurance is a declaration intended to instill confidence. Yet only 31% of the reports in our survey contained assurance reports, and only 27% of the companies using the GRI guidelines declared a “+” on their application level, indicating that the report was externally assured.

20% of Canadian companies provided assurance reports compared to 65% of non-North American companies

61% of assurance reports were written by accounting firms

43% of assurance reports provided recommendations for improvement

**British American Tobacco
PLC**

British American Tobacco threads credibility from beginning to end by integrating auditors' comments throughout the report. It also provides a detailed assurance statement outlining its step-by-step process, conclusions and recommendations. BAT's response to the statement *Learning from the assurance process* creates a continuous dialogue.

- Auditors' comments are given a distinct, prominent treatment.
- The company's response is structured in accordance with AA1000 principles for comparability.
- Use of plain-language questions and subheads along with bulleted copy focuses the information.

Vodafone Group PLC

Vodafone provides a comprehensive external auditor's assurance statement in accordance with both the ISEA 3000 and AA1000 assurance principles. The report begins with a table identifying the information that has been assured and to what level. There is a description of the standards used, work performed, responsibilities, conclusions and recommendations for future reporting.

- Links to the company's website provide more details on how Vodafone applies AccountAbility's AA1000 principles.
- Colour panels help separate key elements of content while plain-language subheads and bulleted copy enhance readability.

Nexen Inc.

Nexen takes a double approach to assurance, enlisting both an auditor and a stakeholder panel to review the report. The stakeholder panel reviews the report at various stages of production and identifies areas that could be improved. Guided by the AA1000 assurance principles, the review focuses on three key areas: responsiveness to the group's previous observations, recommendations for next year and recommendations for responding to strategic challenges.

- Photos and bios of the panel strengthen credibility.
- Complementing the stakeholder review is an auditor's statement in accordance with ISAE 3000 assurance principles.

[illegible]

“The issues we face today – rebuilding the economy, addressing climate change, conserving natural resources – all require integrated solutions. Sustainability helps us recognize linkages, address impacts and seize opportunities that might be missed with more traditional, “linear” approaches to problem-solving.”

Jim Rogers

Chairman, President and CEO, Duke Energy Corporation
2009 | 2010 Sustainability Report

**REPORTING
ON THE ISSUES:**

FOCUSED ON THE IMPACT

Dividing your CSR report by issue theme – such as economic, environmental and social performance – can improve readability, but it must also improve understanding. Stakeholders want to know how your company performed in the areas that had – or could have – the most impact on your operations or on them.

WHAT STAKEHOLDERS NEED:

If it does nothing else, a CSR report should identify and report on the issues that are most important to the company and its stakeholders. Performance should be discussed in a meaningful way, covering risks and challenges as well as achievements and opportunities, past performance along with expectations for the future. Back up your discussions with hard numbers that have been collected with a consistent methodology over time. Finally, make it interesting by using a variety of communication devices and tactics to keep the reader informed and engaged.

QUICK TIPS:

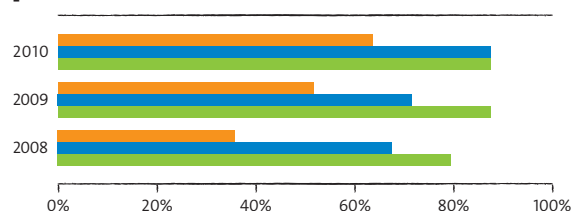
- Identify and explain trends in your environment and your performance.
- Include a thorough discussion of risks and opportunities.
- Don't confuse the reader by discussing too many issues. Focus your discussion on those issues that could have the most impact on your business and/or are of the most significance to stakeholders.
- Develop a consistent approach to discussing each issue. For example, the discussion could cover a profile of the issue, corporate philosophy, advocacy, progress and performance.

WHAT WE FOUND:

Most Canadian reports have discussed environmental performance since we began these surveys. In 2010, the breadth of issues discussed in Canadian CSR reports expanded significantly: 64% reported on supply chain management, policies and initiatives; 52% reported on their performance on reducing water use; 76% discussed human rights; and 93% discussed waste.

■ Canada ■ U.S. ■ Europe, Japan & Australia

% of companies that report on supply chain policies and initiatives



As CSR reporting in Canada matures, it is approaching the same breadth of issues covered in reports from other countries.

Ford Motor Company

Ford provides an impossible-to-miss signpost to its discussion of *Material Issues*. Each section covers objectives, targets, challenges, risks, opportunities and performance. The abundant use of diagrams, tables and graphs supports the discussions. There are also scorecards in each section, case studies and detailed performance data.

- Ford offers an excellent presentation of six-year performance data. Viewers can toggle between graphs and tables.
- Clear navigation, numerous sidebar links and downloads make the wealth of information manageable.
- External and internal expert perspectives provide context for each issue.

Duke Energy Corporation

Duke Energy structures its report around the five pillars of the company's sustainability plan. There is a consistent narrative for each, with an overview of challenges, opportunities and progress. Q&As with management introduce each pillar and address relevant topics, such as the opportunities and obstacles associated with renewable energy, the impact of public policy on Duke and upcoming regulations on GHG emissions.

- Large numerical pointers link discussion to the company's sustainability strategy.
- Prominent pointers to web-exclusive content including case studies, videos and multimedia presentations.

Nike, Inc.

Nike's 2010 CSR report covers three years, providing extensive information across five focus areas through videos, graphs, diagrams and case studies. Performance against five-year targets are presented in a consolidated spread and integrated into the discussion throughout the report. Each section provides a consistent narrative: overview, strategy, initiatives, performance and next steps.

- An interactive map allows the reader to explore the company's global contract manufacturing network.
- The report on workers and factories is particularly transparent.
- The striking design incorporates Nike's distinctive branding.

“By following the GHG Protocol Corporate Standard reporting requirements, users adopt a comprehensive standard with the necessary detail and transparency for credible public reporting.”

The Greenhouse Gas Protocol

World Business Council for Sustainable Development
and World Resources Institute

CLIMATE CHANGE:

STEADY AND SUBSTANTIAL IMPROVEMENT

Climate change is one of the few issues to capture the attention of regulators, who are becoming increasingly demanding and vigilant about disclosure. Official and public attention is driving two trends: more meaningful and consistent carbon accounting, and more thorough discussion of reduction and mitigation strategies.

WHAT STAKEHOLDERS NEED:

Your CSR report should detail your company's impact on climate change – and the potential impact of climate change on your long-term performance. Your stakeholders will also expect a thorough discussion of strategies to mitigate risks and capture opportunities. Thorough reporters report against the three greenhouse gas (GHG) indicators in the GRI G3 guidelines by region and operation:

- Total direct and indirect GHG emissions by weight;
- Other relevant indirect GHG emissions by weight; and
- Initiatives to reduce GHG emissions and reductions achieved.

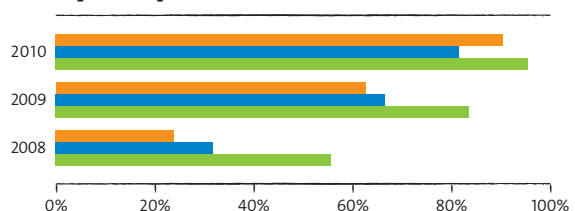
QUICK TIPS:

- To make your performance comparable to other reporters follow the WBCSD/WRI GHG protocol to report emissions.
- Discuss all your mitigation strategies, including energy efficiency, renewable energy initiatives and emissions trading.
- Don't provide only half the information readers need and expect. Make sure to report both absolute and relative GHG emissions data.

WHAT WE FOUND:

Although the outcome of the December 2009 Copenhagen Climate Conference disappointed many, our survey indicates a steady improvement in reporting on GHG emissions. Many companies now report both Scope 1 and Scope 2 emissions, reporting them in terms of absolute GHG emissions and GHG emission intensities. More and more companies are also reporting GHG reduction targets.

% of companies that report Scope 2 emissions



Companies around the world are gradually extending their responsibility for GHG emissions to include indirect emissions.



British Land PLC

As one of the U.K.'s largest property development and investment companies, British Land takes an exceptionally thorough approach to its discussion of climate change. The general overview of strategy and performance published online is supplemented by a separate *GHG Emissions Report* that links the dialogue to the Carbon Disclosure Project's questions.

- The *GHG Emissions Report* covers strategy, risks, opportunities, GHG boundaries and initiatives.
- A diagram illustrating the company's carbon footprint places the data in context.



Hewlett-Packard Development Company

While the IT industry accounts for only 2% of GHG emissions worldwide, more than one billion people use HP technology every day, which provides the company with a wide arena to mitigate climate change and reduce energy use.

- HP's *Global Citizenship* report provides detailed discussion on strategy, reduction initiatives and performance throughout its manufacturing operations, supply chain and product transportation.
- HP details performance against 2009 objectives, sets future targets and provides five-year tables, including Scope 1, 2 and 3 GHG emissions data.



Coca-Cola Enterprises Inc.

Coca-Cola Enterprises publishes a well-rounded, detailed section on climate change, leading off with a quantitative reduction target followed by comprehensive discussion on risk, climate strategy, operational and product footprint and reduction initiatives.

- Stakeholder commentary supports the discussion.
- Colourful graphs and a global map place performance in a geographic context.
- Photography supports discussion on initiatives and commitments.

“The inclusion of stakeholder perspectives provides important outside viewpoints against which GE’s complex footprint can be more effectively benchmarked.”

General Electric Company

2009 Citizenship Report,
A Letter from the Expert Advisory Panel

**CASE STUDIES
AND TESTIMONIALS:**

MAKING IT REAL

Case studies and testimonials can demonstrate your commitment to CSR and transparency, and effectively illustrate your strategy in action – as well as the impact of your initiatives. To be credible, your stories and outside commentary should be balanced, reporting on disappointments as well as achievements.

WHAT STAKEHOLDERS NEED:

Stakeholders need to hear from other stakeholders, not just the company’s voice. Testimonials not only reassure stakeholders that the CSR report is more than self-congratulatory spin, they bring attention to issues that might otherwise remain buried. Many of the best reports publish comments from experts, individual stakeholders and/or formal stakeholder groups. Others provide case studies that illustrate how the company is doing what it claims to be doing. Many companies provide both.

QUICK TIPS:

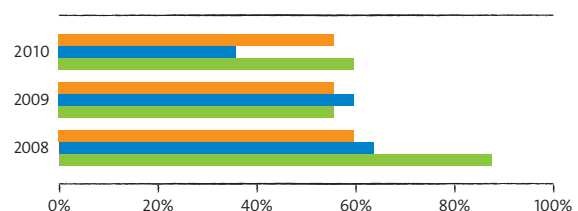
- In designing your report, consider a visual treatment that will distinguish case studies and testimonials.
- Include a mix of internal and external stakeholders to show balance and consistency in your sustainability vision, efforts and impact.
- Don’t be tempted to rewrite or edit testimonials to make them sound more articulate. The speaker’s own words will have greater credibility and impact.
- Provide balance by including comments on weaknesses or setbacks as well as accomplishments.

WHAT WE FOUND:

Canadian CSR reports have always been particularly generous in their use of case studies and testimonials. Companies such as Enbridge Inc., Loblaw Companies Limited, Manulife Financial Corporation, PotashCorp, Suncor Energy Inc. and TD Bank Financial Group have illustrated their strategies, achievements and challenges through the voices of their stakeholders and concrete examples.

■ Canada ■ U.S. ■ Europe, Japan & Australia

**% of reports containing testimonials
and/or case studies**



Despite the effectiveness of testimonials and case studies, their use in CSR reports has declined everywhere except in Canada.



Enbridge Inc.

The seven-page section *It's all about people* consists entirely of full-page case studies demonstrating the company's strong community commitment. Each is set against captivating photography and contains testimonials and impact statements. Case studies cover a variety of efforts and locations, such as hurricane relief in Louisiana, the Red Cross Manitoba Flood Relief Concert and the Winter Warmth Program to help people in financial difficulty heat their homes.

- Striking photography provides background and context to the stories.
- Bold headings pique interest.



General Electric Company

GE provides a wealth of case studies, external commentary, testimonials and support articles. *Features* include in-depth case studies with stakeholder interviews. Unedited first-person *Perspectives* from customers, employees and experts examine key issues and dilemmas faced by multinational businesses. *Action Points* are shorter stories that highlight specific initiatives.

- Feature case studies are intensely visual, with photos, videos, pull quotes and abundant links to further discussion.
- Section is divided into 10 topics, easily navigated with the ability to filter by topic or type.
- Icons identify the type of story.



Exxon Mobil Corporation

ExxonMobil illustrates initiatives in action with the mix of small *Up Close* stories and full-page feature-length case studies. Each case study defines priorities, provides background to the issues, describes initiatives in place and explains results. Testimonials accompany many of the feature essays, enhancing credibility and supporting the company's strategy in each key area, such as sustaining freshwater availability, developing algae as a biofuel, managing worker fatigue, advancing economic opportunities for women and engaging aboriginal communities in Canada.

- The mix of small and full-page case studies provides variety in design and detail.
- Case studies are colour-coded to identify the issues they illustrate.

“An effective use of visuals can add clarity to your content and capture your audience’s attention. It’s not just window dressing – ensure that the imagery in your report conveys a message and relates directly to the text.”

Kevin Ward

Creative Director, Craib Design & Communications

VISUALS AND DESIGN:

A PICTURE SHOULD BE WORTH 1,000 WORDS

Good graphic elements – photographs, illustrations, diagrams, graphs and maps – can convey complex stories and be more influential than massive amounts of text. They can also be very effective at capturing the reader’s attention and piquing curiosity. Never waste that opportunity on an image that doesn’t convey an important message.

WHAT STAKEHOLDERS NEED:

To be more meaningful than a thousand words, your “pictures” should support your CSR discussion, not simply make your report look pretty. If they aren’t meaningful, they’re just wallpaper. Of course, there are many kinds of information that can be more effectively delivered visually than through words – corporate structures, technological processes, the profile of a mine, geographic footprint, timelines, even stakeholder impact. Such devices can also entice a reader into a discussion that might otherwise be overlooked.

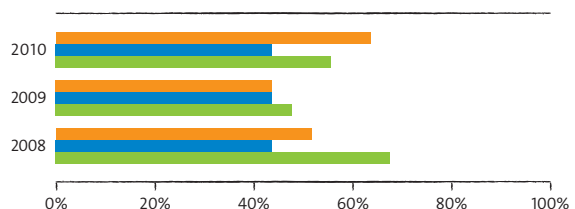
QUICK TIPS:

- Report readers are usually scanners – flipping through pages, reading the headlines and glancing at pictures and graphs. Design your report to capture their attention and draw them into the text.
- Use diagrams and illustrations to clarify complex operations or to describe your business structure.
- Every image should convey a message that is meaningful and related to CSR; otherwise it is merely a distraction.
- Use captions to explain and contextualize photos, illustrations and graphs.

WHAT WE FOUND:

Most CSR reports have higher production values with a richer use of colour, photographs, illustrations, graphs and schematics than annual reports, which are becoming very modest in comparison. This reflects their broader readership, including many different stakeholder groups, from employees and customers to suppliers and potential partners.

% of reports that contain activity maps



■ Canada ■ U.S. ■ Europe, Japan & Australia

The use of activity maps to illustrate a company’s scope of activities and geographic footprint is steadily climbing in Canada.



Total S.A.

Total focuses on 10 questions posed by stakeholders who are introduced on the cover and featured throughout the report. Frank and often challenging questions are boldly presented against strikingly contemplative portraiture. Questions such as “How can Total satisfy rapidly growing energy needs despite rising carbon constraints?”, “Can the business model adapt to carbon at 25, 75 and 100 euros per ton?” and “What can I say when people call Total a polluter?” are answered succinctly and generously supported with metrics and objectives.

- Highly visual approach provokes thought and piques curiosity at a glance.
- Bold typography and numerical references add power to the design and carry the 10 question theme.



Adidas AG

Adidas introduces its online report with a high-impact video that summarizes the seven top issues raised by stakeholders. “I heard that...” starts the presentation, followed by a series of energetic and challenging sports images. Answers are equally frank. The presentation concludes with an invitation to find out more.

- This enticing introduction supports the report’s theme: *TEAM TALK*.
- Both the visuals and the text speak to the company’s core values: performance, passion, integrity and diversity.
- The video introduction makes full use of the web’s capabilities and Adidas’ creative sports-savvy expertise.



IAMGOLD Corporation

IAMGOLD’s people-driven report is an engaging mix of captivating full-page photography and a host of vignette-sized photos. Both employees and stakeholders are featured in the company’s operations and communities. The report is particularly effective at highlighting key information with call-out facts and metrics, case studies and initiatives, some of which serve as a backdrop to trend lines and tables. All photos are captioned and serve to strengthen the messages being delivered.

- Abundant white space and a variety of visual devices help guide the reader through this highly visual report.
- Full-bleed photography creates pauses between key sections.

PERFORMANCE: MEASURING WHAT MATTERS MOST



DIRECT ENERGY CONSUMPTION
TOTAL WATER WITHDRAWAL
COMMUNITY INVESTMENT
CUSTOMER SATISFACTION
WASTE TO LANDFILL
DIRECT GHG EMISSIONS
RECORDABLE INJURY FREQUENCY
EMPLOYEE SATISFACTION
DISCHARGES TO WATER
TRAINING AND EDUCATION
CUSTOMER HEALTH AND SAFETY
INDIRECT GHG EMISSIONS
SUPPLY CHAIN SPEND
BUSINESS TRAVEL BY AIR
FINES FOR NON-COMPLIANCE
IMPACTS ON BIODIVERSITY
WASTE RECYCLED
AVERAGE HOURS OF TRAINING
EMPLOYEE TURNOVER

ECONOMIC VALUE GENERATED
 CUSTOMER PRIVACY
 SIGNIFICANT SPILLS
 PRODUCT SAFETY
 COMPLAINT RESOLUTION RATES
 EMISSION REDUCTION CREDITS
 HUMAN RIGHTS VIOLATIONS
 SUPPLIER AUDITS
 VIDEO CONFERENCING USE
 ACCIDENT SEVERITY RATE
 AIR QUALITY NOTIFICATIONS
 TAXES PAID TO GOVERNMENTS
 OCCUPATIONAL ILLNESSES
 AVERAGE MINIMUM WAGE
 WORKFORCE DIVERSITY
 MARKET CAPITALIZATION
 SICKNESS ABSENCE
 NON-COMPLIANCE DISMISSALS
 WHISTLEBLOWING CASES
 WOMEN IN MANAGEMENT
 CHARITABLE DONATIONS
 CONTRIBUTION TO COMMUNITIES
 SIGNIFICANT AIR EMISSIONS
 COMPENSATION OF BOARD MEMBERS
 DIVIDENDS PER SHARE
 COMMUNITY COMPLAINTS
 GOODS AND SERVICES PURCHASED
 HAZARDOUS WASTES
 EXTERNAL TRAINING HOURS
 CASH FLOW FROM OPERATIONS
 PAPER CONSUMPTION
 RECYCLED WATER CONSUMPTION
 WORKPLACE INSPECTIONS
 TEMPORARY EMPLOYEES
 SUBSIDIES RECEIVED
 NOISE EXPOSURE LIMIT
 NET WORKING CAPITAL
 LAND USE AND RECOVERY
 SALARIES AND BENEFITS
 OPERATING COSTS
 ALLOCATION OF FUNDING
 DISABLING INJURY SEVERITY
 OPERATING INCOME
 SOCIAL SECURITY CONTRIBUTIONS
 MALE/FEMALE SALARY RATIO
 PERMANENT EMPLOYEES
 DIVIDENDS PAID BY CARE
 OWNERSHIP CONCENTRATION
 RETURN ON EQUITY

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“Our current commitments cover issues relating to each of our five values. They have been developed by reviewing our previous targets and activity, together with the outputs of our materiality process and customer research.”

J Sainsbury PLC

Corporate Responsibility Report 2009

OBJECTIVES AND TARGETS:

WHAT GETS MEASURED, GETS DONE

The most meaningful objectives are quantifiable, comparable metrics used to measure performance on specific issues. The best reports provide hard numbers supported with graphs, tables and specific commentary that give substance to the broader discussions.

WHAT STAKEHOLDERS NEED:

Targets that are specific, measurable and placed within a fixed time horizon are significantly more meaningful than general statements of good intent. Your report should also explain why your goals are important and discuss strategies for achieving them. The most thorough reports will explain how performance is measured, report on the progress toward achieving each target and provide reasons for shortfalls. With the publication of each report, new goals should be established and established goals confirmed.

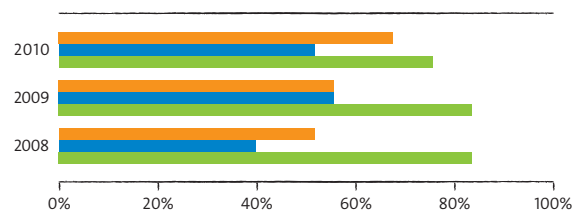
QUICK TIPS:

- Targets should also be absolute, not just relative. After all, a company might be able to achieve relative targets while absolute performance is actually worse.
- Emphasize the objectives related to your company's most significant issues.
- Demonstrate the effectiveness of actions and strategies by reporting on your progress against objectives.
- Benchmark your performance against your peers.
- Consider establishing targets beyond one year. This demonstrates long-term commitment to sustainability.

WHAT WE FOUND:

CSR reports tend to be intensely focused on establishing goals, often in cooperation with stakeholders, and reporting against those goals year after year. We found that 65% of the reports in our survey published a summary of objectives on a dedicated page or spread; 27% of those objectives were quantified; and 88% of the scorecards contained future targets.

% of reports that publish objectives in scorecards



■ Canada ■ U.S. ■ Europe, Japan & Australia

Scorecards are a key component of non-North American reports; there has been a steady increase in their use in Canada.



Wm Morrison Supermarkets PLC

Morrison's CSR program is called *Today: Taking Good Care for Tomorrow*. The report has three double-page scorecards that summarize the company's progress against three-year goals. *Achieved Today* is a list of targets and a detailed report on performance over the past year. *Targets for Tomorrow* contains specific targets with a description of the programs and initiatives that will allow the company to achieve them.

- Scorecards provide an effective visual break between each of the three sections.
- Recent progress and next steps are clearly defined.
- Intuitive symbols allow readers to see progress being achieved.



Baxter International Inc.

Baxter's 2009 *Priorities Report* – a summary document – is structured around the company's nine priorities and 18 goals for 2015. A summary table lists the 2015 goals, colour-coded into three key areas followed by a page-by-page presentation on each of the 18 goals, complete with updates on progress. A combination of graphs, performance indicators, highlights, pictures and testimonials effectively supports the discussion.

- Colour is used to segment the nine priorities.
- There is a comprehensive guide to the full online report.
- An icon indicates which pieces of information have been verified.



J Sainsbury PLC

Sainsbury's highly visual report begins with a gatefold on the front cover documenting the company's key commitments. These commitments are repeated throughout the report along with sidebars called *Next Steps*, which place the current year's commitments and future targets in the context of a discussion. The report dedicates eight pages to tracking the company's progress on 89 targets established for 2009. Most are quantified with progress symbols.

- Traffic-light colour coding provides clear indications of the progress made on each target. A gold star indicates the target was exceeded or met ahead of schedule.

“Stakeholders using the report should be able to compare information reported on economic, environmental, and social performance against the organization's past performance, its objectives, and, to the degree possible, against the performance of other organizations.”

Global Reporting Initiative

G3 Guidelines, Defining Report Quality, Comparability

**UNDERSTANDING
PERFORMANCE:**

THROUGH MANAGEMENT'S EYES

The best CSR reports explain the company's performance with the same diligence that the company uses to report financial and operating performance. Both reports should avoid corporate spin. The challenge is to help readers make sense of the performance, rather than inundating them with minutiae.

WHAT STAKEHOLDERS NEED:

Just as companies are encouraged to report on operating and financial performance as seen through management's eyes, stakeholders should be able to judge a company's CSR performance using the same critical metrics used by management and directors to assess progress against key strategies. Every company will have its own priorities driven by its unique circumstances, and stakeholders should be able to understand those priorities, why the measures presented are critical and how performance is being tracked.

QUICK TIPS:

- Place the discussion of performance within the framework of your strategic intentions and market trends.
- Provide enough information for readers to understand the trend as well as the absolute performance.
- Distinguish between performance indicators that are useful in understanding performance and those that are deemed to be key performance indicators (KPIs).
- Avoid dumping all your performance data into exhaustive tables at the back of your report. Identify and integrate KPIs into broader discussions and provide a summary table for easy comparison.

WHAT WE FOUND:

Reporting on performance through management's eyes is commonplace in annual reports and is now being extended to CSR as well. The intent is to help the reader understand how a company has performed through a discussion that integrates historical and prospective information. The concept can be a challenge to implement for companies that are new to CSR, but the discussions will become richer as reporting matures.

55% provided summary performance tables or graphs

24% of Canadian companies identify which performance indicators are key compared to 44% of non-North American companies

69% provided a GRI index table

Intel Corporation

Intel provides a succinct snapshot of performance over three pages within the company's PDF report. First, *Key Challenges and Opportunities* provides insight into the company's major issues, such as climate change, water use, education, labour standards and supply chain responsibility. Then, a five-year KPI table followed by a high-level summary of company-wide goals with live links take the reader to more detailed performance.

- Scorecards summarize progress against 2012 goals at the end of each section.
- Graphs and tables are captioned to explain performance.
- An interactive table of contents is always available, making linking to other areas easy.

British Land PLC

British Land takes a two-level approach to explaining performance. The online report keeps the reader at a bird's-eye view, providing a succinct discussion of approach and performance supported with key metrics, performance graphs and case studies.

- Within each subsection, the reader can access more detailed performance available as downloadable PDFs. The company also publishes mid-year and annual targets with commentary, progress indicators and future targets.
- British Land makes use of the web's ability to present information in a sequential order by using "fly-out" navigation for each subcategory.

Mountain Equipment Co-op

Mountain Equipment Co-op issues an interim report to update stakeholders mid-reporting cycle. This slim document provides a detailed report on progress against the company's nine key performance indicators. A KPI dashboard shows at a glance how the company has performed since the last report with an easy-to-understand symbol system.

- Graphs with targets accompany each discussion.
- The discussion for each KPI begins with a plain-language lead-in question, followed by an explanation of approach, performance, highlights and challenges.
- Case studies provide further evidence of progress.

ACCESSIBILITY: OPENING A WINDOW TO THE WORLD



ISSUE-SPECIFIC SUPPLEMENTARY PUBLICATIONS
 ENHANCED FUNCTIONALITY NOTATION AND BOOKMARKING
 AUDIO WITH DOWNLOADABLE TRANSCRIPTS RELATED
 EXCLUSIVE CONTENT ANIMATED PROCESS DIAGRAMS
 PODCASTS SOCIAL MEDIA BLOGS FLASH ANIMATION VIDEO COMMENTARY
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 INFORMATION HYPERLINKS ONLINE GRAPHS
 SUMMARY REPORTS NEWS RELEASES
 STAKEHOLDER DEDICATED
 FEEDBACK SEARCH RELATED CONTENT
 GLOSSARY
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“Your CSR website is your company's fastest and most effective tool for communicating with your stakeholders, whether through blogs or other social media channels. The use of video and interactivity can engage your viewers and enhance their online experience.”

Courtney Craib

Partner, Craib Design & Communications

WEBSITES:

EXPAND, EXPLAIN, EXCITE

CSR is complex and CSR reports can seldom accommodate all of the information or messages that a company would like to deliver to its stakeholders. Web-based reporting can not only expand, explain and excite, it can offset the financial and environmental impacts of printing reports.

WHAT STAKEHOLDERS NEED:

Corporate social responsibility is an interactive endeavour that requires constant communication with stakeholders. Your website should not only build upon the information provided in your print or PDF report, it should take full advantage of the medium's capabilities by including interactive features such as micro-sites, games and blogs as well as easy-to-use feedback tools. Make it easy for your stakeholders to find the information they need by building plenty of web references in your print report and live links to your PDF report.

QUICK TIPS:

- Post your CSR report in both HTML and PDF.
- Make your CSR site easily accessible from your corporate home page.
- Don't treat your website like a bulletin board by simply posting your CSR print report. Provide more detail and excite the reader with animation and other web tools that can help make sense of complicated CSR issues.
- Provide a dedicated search function specific to the CSR report itself.

WHAT WE FOUND:

The role of a website in CSR reporting is to engage, and many companies are using web tools to go beyond reporting on their own performance and initiatives. They're challenging readers and stakeholders to examine their own attitudes and performance on social responsibility, usually through games that are fun and thought-provoking.

24%

of companies use social media such as Facebook or Twitter

28%

of U.S. companies have blogs

28%

of Canadian companies have micro-sites dedicated to CSR

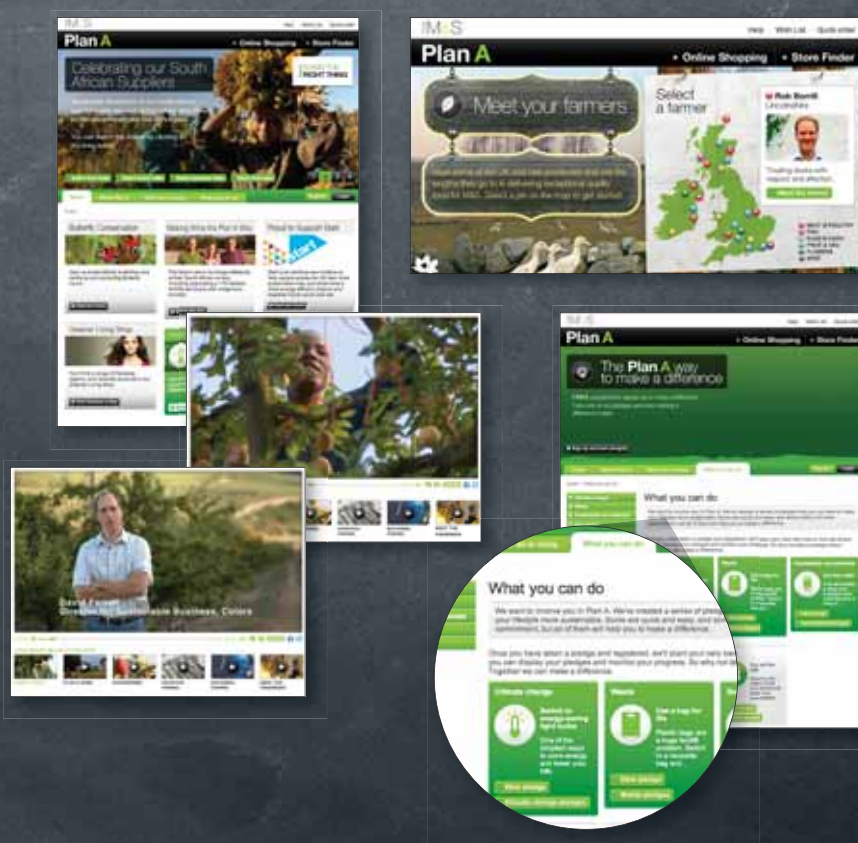


Allianz SE

As a financial service provider, Allianz has a vested interest in risk. The *Allianz Knowledge Partnersite* focuses on the company's most material issues: climate change, energy, microfinance, demographic change, and safety and health. Exhaustive yet engaging, each of the five sections contains a multitude of subsections, each filled with videos, Q&As with thought leaders, interactive multimedia, animation and lots of links. You can bookmark the site, share content and follow discussions on the company's Facebook and Twitter pages.

Notable features:

- *CEO2: The Climate Game* challenges the reader to run a successful company while reducing CO₂;
- *Take Action* is filled with 45 sometimes shocking facts and tips;
- A variety of eCards, ranging from *Did You Know* fact cards to interactive *Quiz eCards* such as *Confess your Climate Sins*.



Marks and Spencer Group PLC

Marks & Spencer supplements its print report for *Plan A* with a dedicated *Plan A* website. This content-rich site is structured around three themes: 1) *About the Plan* describes each commitment and outlines the company's various partnerships and joint initiatives; 2) *What we're doing* provides details on progress and the initiatives in place; and 3) *What you can do* sets forth an interactive pledging program to help customers make their own commitments to sustainable practices.

- Throughout the site are case studies, videos, multimedia presentations and interactive features.
- Videos of suppliers in South Africa provide insight into sustainable farming and the environmental and societal impacts of these partnerships.
- Viewers can make personal pledges under the five pillars of *Plan A*.
- An interactive map invites viewers to explore the profiles of farmers who are suppliers to Marks & Spencer.

“How important is social, environmental or economic responsibility to you? Do you think you can balance all of them in your everyday life? Find out by answering the following questions...”

Stora Enso OYJ R

Global Responsibility website, *Test Yourself*

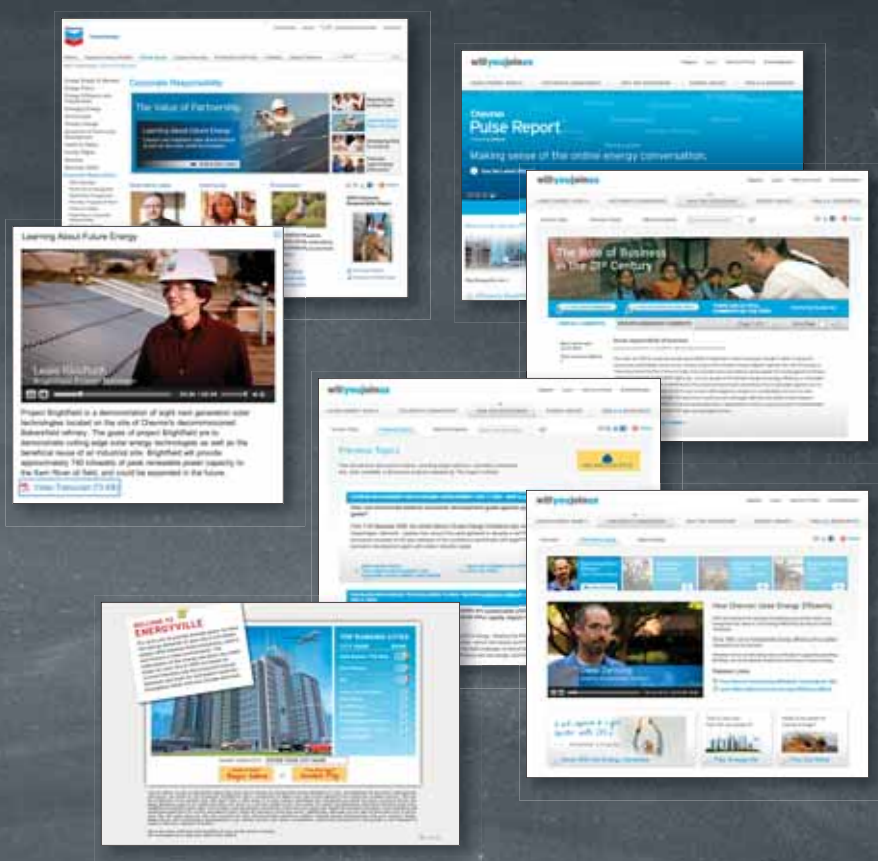
WEBSITES:

Stora Enso OYJ R

Stora Enso's *Hard talk about Global Responsibility* opens with questions such as “Using paper = cutting down rainforests: True or False?”. Questions are posed on a backdrop of captivating photography and answered by one of five external stakeholders: a consumer activist, a packaging environmental specialist, a forest owner, an environmentalist and a sustainability manager, as well as Stora Enso's CEO. The website is an interactive and multimedia gem.

- Multiple-choice questions set against full-screen imagery challenge the reader's values in day-to-day life.
- *Design a plantation* game illustrates the obstacles, thought and science that go into responsible forestry.
- The site concludes with a very candid discussion between Jouko Karvinen, CEO of Stora Enso, and Greenpeace campaigner Sini Harkki.
- Clever use of an illustrated microphone throughout the report consistently encourages the reader to go to the company's Facebook page on global responsibility topics.





Chevron Corporation

The *Global Issues* section on Chevron's corporate website has the company's corporate responsibility report in HTML and PDF as well as case studies, videos, multimedia presentations and a wealth of information on energy supply and demand. Chevron's micro-site at www.willyoujoinus.com is dedicated to global energy issues and the company's own initiatives to reduce energy use and diminish its footprint.

- Chevron's blog *Join the Discussion* covers topics such as how economies can balance economic development against carbon reduction goals. The Aspen Institute provides a thorough analysis of the discussions.
- *Energyville* is an interactive game in which the player's objective is to meet his or her own city's energy demands in the most cost-effective, secure and environmentally friendly way.
- *Chevron Pulse Report* tracks and analyzes over seven million online conversations about energy issues.



SAP AG

SAP's online sustainability report offers an exceptional interactive experience that includes five videos, a performance dashboard, interactive graphs, maps, a materiality matrix and a strategy table. The *Take a Tour* video guides readers through the report and provides commentary on key features, SAP's sustainability strategy and changes to the report itself.

- The materiality matrix rates issues by area of impact, comparable by year, defines key issues and offers expert commentary on each. The *Tell Us What's Important* feature allows readers to create their own materiality matrix and submit it to the company for comparison to the community average.
- SAP takes stakeholder feedback a step further with a blog-like sidebar that remains constant throughout the report, encouraging and posting unedited feedback.
- A performance summary dashboard lets readers explore each KPI with interactive maps, graphs, discussion and stakeholder comments.

“With an intent to create greater transparency through open dialogue... bloggers will share an “inside look” at Intel’s CSR strategy and address key opportunities and challenges... This blog will offer an opportunity to dialog directly with Intel’s CSR Leaders – please join us in this community.”

Intel Corporation
CSR@Intel Blog

INTEGRATED COMMUNICATION:

REACHING FAR AND WIDE

Unlike annual reports, CSR reports are intended for a much wider audience, from the suppliers who provide your company with its raw materials to the authorities who have to manage post-consumption waste and many stakeholders in between, including employees, customers and the local and global communities in which your company operates.

WHAT STAKEHOLDERS NEED:

Different stakeholders require different amounts of information. Some want a quick snapshot and others want to drill down into specific issues. There are even those who just want to be entertained while learning. To accommodate these different needs, companies are experimenting with formats such as summary reports, interactive PDFs that essentially work as websites, supporting reports on specific issues, micro-sites, social media and blogs.

QUICK TIPS:

- Know what your stakeholders want. Ask questions about format, timeliness and functionality.
- Make the CSR section of your website the home base from which the supporting publications or features can be accessed.
- Create a consistent look and feel to all elements of communication to create a CSR brand.
- Embrace the technology available. Interactivity is critical.
- Don't duplicate information; use the components of your information to create a CSR package.

WHAT WE FOUND:

We found ourselves utterly captivated. Not always, but often the sheer volume and inventiveness of the CSR information produced by some companies kept us turning from document to document and page to page as we learned about the company, the world, the issues and ourselves. Our own commitment to being responsible was reinforced as our awareness of our own personal responsibility – not just the impact of the corporations around us – could not be ignored.

31%

produced a separate summary of the full report

48%

provided links throughout the PDF report to more information

33%

integrated video into the CSR report; 78% of the videos describe CSR initiatives or provide case studies or testimonials



Full PDF report



SAM reporting portal



Supplementary reports



Sustainable development website



SABMiller PLC

SABMiller is one of the world's largest brewers, operating in six continents. The company's scale and impact is thoroughly described through an extensive suite of CSR communications. Every component is focused on the company's 10 sustainability priorities. Full print and HTML sustainability reports are provided along with supplementary publications on the individual priorities as well as individual issues.

- A web-based Sustainable Assessment Matrix (SAM) reporting portal allows the reader to see how the group and its subsidiaries have performed against the 10 priorities.
- In the HTML report, each of the 10 priorities is introduced with a video case study followed by a consistent editorial approach. Other features include a full library of case studies and videos as well as links to the company's blog, where viewers can sort posts by topic.
- Supplementary publications provide more information on key issues such as water footprint, AIDS/HIV and economic development in Uganda.



Full and summary interactive PDF reports



CR website



CSR blog



HTML report

Intel Corporation

Intel's reporting suite consists of a full interactive PDF report with a supporting summary online report, 12-page summary print report, full CR website and a blog dedicated to CSR.

- The intuitive web-like navigation, roll-overs and a host of links make the PDF report specifically designed to be read on-screen. Intel also posts a summary report.
- The online report acts as a central home to the PDF report, with a build-your-own-report feature and several videos of CSR initiatives.
- CSR@Intel is the company's dedicated CSR blog, with current posts, four years of archives, a *meet the bloggers* section and plenty of sidebar links to recent comments, related links, recent tags and the ability to share through social networks.
- The CR website is equally robust, with case studies and videos.

“First reports are often developed while a company is still refining its sustainability strategy and reporting processes. With that said, many of the first-time reports that we reviewed showed strong breadth and depth of their respective CSR issues.”

Peter Johnson

Director, Sustainable Business Solutions
PricewaterhouseCoopers LLP

NEW REPORTERS:

TAKING THAT FIRST STEP

CSR reporting can be far more complex than traditional financial and operating disclosure, if only because it comprises information that most companies have never previously collected and for which they lack systems to collect. For this reason, it often requires an enterprise-wide change in culture, which must in turn be supported from the very top.

WHAT REPORTERS NEED:

There are many steps to building your first CSR report:

1. Build the business case.
2. Research your peers and engage with your stakeholders.
3. Look at external guides: the GRI guidelines, UN Global Compact principles and standards published by your own industry.
4. Establish a materiality process to decide what must go into your report and how to structure it.
5. Find out who can provide the data you need and start collecting as early as possible.
6. Start writing!

QUICK TIPS:

- Don't wait until your report is perfect before publishing. CSR reporting is a process; it's the journey that counts.
- Look at the GRI reporting process; it's a great place for new reporters to start.
- Share the work with your colleagues. If you involve them early in the process they will be more willing to help.
- Once you're done, let everyone know it's available.

WHAT WE FOUND:

All of the first-time reports in our survey were Canadian. This was not by intention; it was simply the result of our methodology for selecting reports to be surveyed. They tended to not use the bells and whistles – video or interactive tables – but their content was solid. Only 17% of companies linked the CSR report to the annual report through design or theme and only 67% used the GRI guidelines – but improvements will come next year.

67%

had scorecards; 100% of those scorecards set future targets

83%

used the term “sustainability”
(40% of all Canadian reporters)

67%

used the GRI guidelines
(84% of all Canadian reporters)

McCain Foods Limited

McCain uses a particularly apt theme for its first CSR report: *Our Journey*. The theme is introduced on the cover with an image of a freshly unearthed potato and sets up a series of hand-drawn footprints, line work and drawings that guide the reader through the report. The report is structured around the company's three priorities; each is introduced by management and linked to the company's vision of *Good Food. Better Life.*

- The at-a-glance provides the reader with a comprehensive picture of the company through a "potato map", key operating facts, product lines, economic contribution and impact on society.
- Commitment to measuring and tracking CO₂ beyond Scope 1 is supported by a pilot project.

Agnico-Eagle Mines Limited

Agnico-Eagle links its first CSR report to its annual report through both visuals and theme. The report's theme – *today, tomorrow, together* – is explained on page one. Messages from the CEO and COO provide top-level commitment to the company's CSR agenda. Priorities are clearly stated with a firm commitment to reporting on those goals next year.

- The report divides the company's KPIs into three themes: corporate, Towards Sustainable Mining and GRI indicators.
- Generous use of white space, bold lead-in copy and subheads add to the visual impact of the report.
- A current year KPI summary table is provided at the back of the report, dissected by mine and consolidated data.

NovaGold Resources Inc.

NovaGold faced two challenges in preparing its first report: the early stage of development at its mines and in the company's CSR measurement processes. It launches the report with a straightforward discussion of *What's included, What's not included* and *Reporting goals for 2010*, which includes a commitment to establish a structured materiality process, data collection procedures and performance indicators.

- NovaGold explains the company's objectives, responsibilities and value creation at each stage of the mining process – from discovery to mine closure.
- The stakeholder engagement discussion commits to establishing a more formal stakeholder engagement program in the future.

WHO WE SURVEYED

We compiled the names of all the companies listed in five Standard & Poor's indices: the S&P/TSX Composite, S&P 500, Europe 350, Global 100 and Australia's S&P/ASX 100. To this list we added companies from the private and government sectors to ensure we could illustrate our report with as wide a selection of best practices as possible. From our lists we selected print and HTML reports from 25 companies in Canada, 25 in the United States and 25 in Europe, Japan and Australia. Below are the 75 companies that were surveyed or identified for a best practice (indicated by •).

- Adidas AG
- Advanced Micro Devices
- Agnico-Eagle Mines Limited
- Allianz SE
- Anglo American PLC
- ANZ Banking Group
- A.P. Moller - Maersk A/S
- Applied Materials Inc.
- ArcelorMittal
- Barrick Gold Corporation
- Baxter International Inc.
- Bayer AG
- BG Group PLC
- BMO Financial Group
- Bombardier Inc.
- British American Tobacco PLC
- British Land PLC
- British Sky Broadcasting
- Campbell Soup Company
- Canadian Tire Corporation, Limited
- Catalyst Paper Corporation
- Centrica PLC
- Chevron Corporation
- Cisco Systems, Inc.
- Citigroup Inc.
- Coca-Cola Enterprises Inc.
- Consolidated Edison Inc.
- CSR Limited
- CVS Caremark Corporation
- Daimler AG
- Dominion Resources Inc.
- Duke Energy Corporation
- Ecolab Inc.
- Enbridge Inc.
- Exxon Mobil Corporation
- First Quantum Minerals Ltd.
- Ford Motor Company
- Gas Natural SDG SA
- General Electric Company
- Gildan Activewear Inc.
- Goodyear Tire & Rubber Company
- Henkel AG & Co. KGaA
- Hewlett-Packard Development Company
- H.J. Heinz Company
- Holmen AB B
- Hydro-Québec
- IAMGOLD Corporation
- ING Groep N.V.
- Inmet Mining Corporation
- Intel Corporation
- InterContinental Hotels Group PLC
- J Sainsbury PLC
- JP Morgan Chase & Co.
- Kellogg Company
- Kimberly-Clark
- Linde AG
- Loblaws Companies Limited
- Lowe's Companies Inc.
- Manulife Financial Corporation
- Marks and Spencer Group PLC
- McCain Foods Limited
- Merck KGaA
- Methanex Corporation
- Metlife Inc.
- Millipore Corporation
- Mountain Equipment Co-op
- National Bank of Canada
- New Gold Inc.
- Nexen Inc.
- Nike, Inc.
- NovaGold Resources Inc.
- Office Depot Inc.
- Origin Energy Ltd
- Panasonic Corporation
- Pinnacle West Capital Corporation
- PotashCorp
- Progress Energy Inc.
- Red Back Mining
- Red Electrica Corporation SA
- Rentokil Initial
- Royal Bank of Canada
- Royal Dutch Shell PLC
- RWE AG
- SABMiller PLC
- SAP AG
- Sara Lee Corp.
- Scotiabank
- Snam Rete Gas SpA
- Sobeys Inc.
- Spectra Energy Corporation
- Stora Enso OYJ R
- Suncor Energy Inc.
- Swiss Reinsurance Company Ltd.
- Talisman Energy Inc.
- TD Bank Financial Group
- The Co-operators
- Total S.A.
- Toyota Motor Corporation
- Transcontinental Inc.
- Unilever NV
- Verizon Communications
- Vodafone Group PLC
- Wal-Mart Stores, Inc.
- Wm Morrison Supermarkets PLC
- Wolters Kluwer NV
- Xerox Corporation

(Right)

George Benedik

Designer, Craib Design & Communications



GLOSSARY:

AccountAbility Principles Standard (AA1000)

A set of guidelines issued by AccountAbility for providing assurance on publicly available information, particularly CSR reports. More information can be found at www.accountability21.net.

Assurance

The process of confirming that reported performance information has been prepared in accordance with specified criteria and is free of material errors, omissions and misrepresentations.

Climate change

Changes in global climate patterns caused by human-produced greenhouse gas emissions. Also known as global warming.

Corporate Social Responsibility (CSR)

A company's commitment to operating in a socially, economically and environmentally sustainable manner, while recognizing the interests of its stakeholders.

CSR report

Corporate social responsibility report is the term used by 23% of the companies in our survey to refer to reports that detail the environmental, social and economic impacts of a company's operations. Other terms include sustainability report, corporate responsibility report and corporate citizenship report.

GHG

Greenhouse gas. A number of anthropogenic and naturally occurring gases whose presence in the atmosphere traps energy radiated by the Earth. Primary GHGs, aside from water vapour, include the following six gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

GRI

Global Reporting Initiative. An international network of business, civil society, labour and professional institutions whose vision is to create a common framework for CSR reporting. More information can be found at www.globalreporting.org.

GRI G3 Guidelines

The most recent set of standards and guidelines for CSR reporting published by the GRI.

International Standard for Assurance Engagements (ISAE 3000)

A standard published by the International Federation of Accountants for providing assurance on non-financial information. More information can be found at www.ifac.org.

KPI

Key performance indicator. Quantifiable, comparable metrics used to measure performance on specific issues of high importance.

Materiality

Defined by the GRI as "the threshold at which an issue or indicator becomes sufficiently important that it should be reported. Beyond this threshold, not all material topics will be of equal importance and the emphasis within a report should reflect the relative priority of these material topics and indicators." The GRI also specifies that "materiality for sustainability reporting is not limited only to those sustainability topics that have a significant financial impact on the organization. Determining materiality for a sustainability report also includes considering economic, environmental, and social impacts that cross a threshold in affecting the ability to meet the needs of the present without compromising the needs of future generations."

NGO

Non-governmental organization. A non-profit group or association unaffiliated with government, often associated with promoting causes such as humanitarian issues and development.

Stakeholder

Any group or individual who can affect or is affected by the achievement of an organization's objectives. A company's stakeholders can include its employees, customers, suppliers, governments, shareholders, NGOs and members of the communities in which it operates.

Sustainable development

Generally defined by the UN and other organizations as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

UN Global Compact Principles

A set of 10 business principles, published by the United Nations, to which companies can voluntarily ascribe. The principles, drawn from various UN documents, address human rights, labour standards, anti-corruption and the environment. More information can be found at www.unglobalcompact.org.

WBCSD/WRI GHG Protocol

The WBCSD/WRI GHG Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify and manage greenhouse gas emissions. The GHG Protocol Initiative, a decade-long partnership between the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), is working with businesses, governments and environmental groups around the world to build a new generation of credible and effective programs for tackling climate change. More information can be found at www.ghgprotocol.org.

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Toronto corporate photographer Brian Pieters specializes in annual report and industrial studio and location photography and video. An award-winning digital commercial photographer, he has travelled internationally for over 20 years, shooting advertising, corporate and video assignments for a prestigious client roster that includes General Electric, Scotiabank, Dupont, Tim Hortons and Bell Canada.

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