

Producing a Sustainability Report

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Introduction

Your company is being asked to provide voluntary reporting to their stakeholders, investors and the supply chain. As the SH&E professionals for your firm you've stepped up to take on sustainability reporting. This session is for you if you will have to speak internally and externally about the metrics associated with sustainability. At the end of this session you'll have an understanding of the elements of reporting, measurements, and how to create a framework for on-going monitoring. If your company has yet to tackle reporting this session will provide insights for you to bring to your executive team.

Putting together a successful sustainability report relies on teamwork, support from the top of the company, ample feedback and a healthy dose of introspection. A successful sustainability report also presents an opportunity for the SH&E professional to "showcase" the occupational safety, health and environmental efforts, and obtain recognition and support. To be successful, we have assembled here about seven phases to producing a Corporate Sustainability report.

Phase 1: Gain Executive Support and Commitment

For company executives who haven't bought into the need for sustainability reporting, the first step is presenting a business case to the company's upper echelon of management. Executives should see the value in creating a benchmarking program that reveals hidden risks and opportunities. For executives, such revelation helps to drive decisions that reduce liability to the company while increasing value in the marketplace. Executives should understand that sustainability reporting often improves employee morale and retention, and serves as a way to attract top talent. Additionally, the benefits from enhancing

customer and investor loyalty and encouraging stakeholder engagement should be emphasized. Companies that have good sustainability reporting programs often have improved access to capital from individual and institutional investors.

You may see this as reporting however, your CEO and board will be looking at it through the lens of strategy, risk and opportunity.

Phase 2: Select a Cross-Functional Team

Sustainability reporting has many facets to it. It is important to present the company's stewardship regarding occupational safety, health and environmental elements. Parties involved in sustainability reporting should include safety, health and environmental (SH&E), legal counsel, corporate/investor relations, marketing/public relations, external affairs, human resources, labor relations and technology teams. When selecting the team make time to look at the reporting being done by each area. If this is the first time for your company you'll want to give the team familiarity to work they are already producing.

Phase 3: Determine a Reporting Strategy

Whether a company chooses to publish a sustainability report once a year, once every two years or even quarterly, a company must determine a regular cycle for reporting. Selection of a timeframe may depend on the organization's motive for transparency, as sustainability reporting factors such as safety, health and environment are graded and publically reported. The company may want to ensure continued favorability frequently or show progress over the long-term. If a company has a Web presence for its sustainability program, it should be updated regularly throughout the year to maintain interest and keep the information fresh. Multinational companies need to consider the geography of their various business units, as well as cultural differences. There are international resources for best practices in sustainability reporting, including the Global Reporting Initiative (GRI), United National Global Impact (UNGC) and Integrated Reporting (IIRC).

You will also want to research your supply chain to identify their needs for reporting information relative to their purchases.

Phase 4: Consider Which Key Issues to Address

Companies often struggle with the key issues to address. In determining key issues of a sustainability report, companies need to consider materiality. This includes determining which issues most greatly concern stakeholders and mapping them against issues that most closely concern one's own business. After mapping the issues, a company needs to determine what degree of control it actually has over them.

Safety, health and environmental issues are just as important as economic and financial factors for reporting. As an SH&E professional, sustainability reporting offers the opportunity to draw attention, take credit, and gain support for these efforts. This thrusts the SH&E function into an integral role within the company's operation.

You can also look at risks from external sources like the World Economic Forum: Global Risks. (<http://www.weforum.org/issues/global-risks>),

Phase 5: Measure Progress over Time

A good sustainability report uses both quantitative and qualitative metrics, including existing regulated reporting, putting software systems in place to gather the data and working with consultants if necessary. The key is not to create a snapshot in time, but to show progress over the years, adding indicators that matter to stakeholders. Usually a company should have at least a year’s worth of data available for reports. An example of metrics is provided below.

Sustainability Metrics—(GRI)

E C O N O M I C	Direct Economic Impacts	Customers Suppliers Employees Providers of capital Public sector Governance	S O C I A L	Labor Practices	Employment Labor/management relations Health and safety Training and education Diversity and opportunity
	E N V I R O N M E N T A L	Environment		Materials Energy Water Biodiversity Emissions Effluents Waste Suppliers Products and services Compliance Transport Overall	Human Rights
Society					Community Bribery Political contributions Competition and pricing
Product Responsibility					Product safety Advertising Respect for privacy

The SH&E process should have measures, both leading and lagging, that should be included in the sustainability report. This is an opportunity to show progress for the key measured issues over time while thinking strategy to be used in planning and decision making for the next few years to come.

Phase 6: Solicit and Incorporate Feedback from Stakeholders and External Interests

Do this both before and after issuing the report. A company can rely on feedback from non-governmental organizations and auditing firms, as well. This allows the company to partner with stakeholders and build value in the reporting.

Phase 7: Learn From Reporting by Identifying Gaps

Companies should look at sustainability reporting not just as a way to be transparent in its business practices, but also as a way to improve their stewardship to customers and the environment simultaneously. A company also should watch and learn from its competitors. For instance, what elements are other companies in our business area reporting on? Additionally, companies should consider which environmental and sustainability issues are emerging as top of mind for regulators and the media.

For SH&E, identifying gaps is crucial for two reasons: you learn where improvements can be made and you have an opportunity for support in the process. Many times the SH&E process can plateau, resulting in SH&E professionals searching for the next thing to take the next step with the SH&E process. Sustainability reporting, with its cross-functional teams and transparency in reporting, is a way to gain insights from stakeholders on process improvement while solidifying support for it. From this, you can identify further systemic gaps and take the process further while doing something that helps the company with its sustainability efforts.

To engage stakeholders, you need engaging design. Below are 11 tips on Sustainability reporting and design:

1. Communicate through multiple formats. Consider creating different documents for investors, politicians and the general public. Some users prefer Web, some prefer print the micro site approach offers maximum control and a richer user experience than reports that are incorporated into a company's main Web site.
2. Start with a strong cover and meaningful theme. The report should show that sustainability is part of your overall strategy, not just an add-on.
3. Help readers by giving context to the report. This can come in the form of a table of contents, an index, glossary and Web links.
4. Design around strategy and materiality. Show readers how and why the sustainability reporting aspects fit into the company's business strategy.
5. Reduce frustration by using clear navigation tools, including color-coding for different sections. Most CSR reports are very dense. Some simple section dividers can really help people understand the information. For example, bullet points in text are really helpful.
6. Help readers by summarizing using simple paragraphs, with links to longer-form PDFs that detail the specifics. This is one hallmark of good design for Web Sustainability reports.
7. Include your stakeholders and outside opinion. You can gain a huge amount of credibility by including frank stakeholder opinions in the report. Third-party testimonials also are helpful. To gain feedback for future reports, offer readers ways to leave comments, whether by phone, mail, fax, e-mail or Web comment forms.
8. Choose images wisely. Images must be honest and real photography to avoid the perception of "greenwashing" or "faking it." Working with existing photography related to past events helps tell a story.
9. Don't lose your brand. Sustainability should be at the heart of the company, and therefore at the heart of the brand. Use the same language you use when marketing your brand.
10. Use information design and plain English. Good charts don't have to be boring. Be creative.
11. Harness the power of technology. Many companies are starting to use online video to communicate their success stories and strategies. Some companies are using blogs, twitter and other social networking media. Many companies are incorporating carbon footprint calculators in their sustainability reports and websites.

Summary

A good sustainability report must effectively communicate the challenges a company faces, the value that stakeholders put on the issues and how these elements line up with a company's business strategy. Conveying all the aspects and details of a company's sustainability program requires attention to proper design and communication.

Further Reading

1. *Developing an Annual Sustainability Report for Worcester Polytechnic Institute*
2. *Johnson Controls Annual Sustainability Report*
3. *Campbell's Soup Annual Sustainability Report*
4. *Invensys Sustainability Report*
5. *Sustainability Report for the National Bank of Abu Dhabi*
6. *Premier Oil Sustainability Report*

Additional Resources

National Association of Corporate Directors on Corporate Strategy and Reporting

<http://blog.nacdonline.org/2012/02/that-sustainability-show-heartland-social-chapters-jump-start-nacd%E2%80%99s-%E2%80%9Cwhy-gri%E2%80%9D-program/>

Global Reporting Initiative :

<https://www.globalreporting.org/Pages/default.aspx>

Integrated Reporting

<http://www.theiirc.org/>

Center for Safety and Health Sustainability

<http://centershs.org/>

RIO+20

<http://www.uncsd2012.org/rio20/rio20issuesbriefs.html>