CSR TRENDS 2008
our 2nd comprehensive survey of sustainability report trends, benchmarks and best practices
Child poverty, climate change, AIDS, biodiversity, the competition for talent, water and food scarcity – 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. To effectively meet this much expanded responsibility and transparency, companies need to know how others are responding. CSR TRENDS is a snapshot of benchmarks and best practices in sustainability reporting from around the world. We hope you find it useful.
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Craib Design & Communications
Craib is a dynamic team of professional designers, strategists, researchers and writers. Our sole business for more than 30 years has been corporate communication. We’ve worked with a diverse range of organizations from prominent TSX 300 companies to small, private firms and crown corporations helping our clients to deliver powerful messages through compelling design.

Our approach is based on listening to and understanding our clients’ key issues and communications objectives. We put effective, content-driven communication first.

This year marks the second edition of our CSR TRENDS survey and the fifth year of our AR TRENDS survey. Our experience in compiling these reports, as well as our wealth of experience in tailoring communications material to our clients’ needs, leaves us in an exceptionally strong position to work with you to create a CSR report that is an effective communication tool.

Canadian Business for Social Responsibility
Founded in 1995, Canadian Business for Social Responsibility (CBSR) is a non-profit, member-led organization whose mission is to advance the Canadian corporate agenda around social and environmental responsibility. CBSR provides its members, many of Canada’s corporate leaders, with networking and learning opportunities, and customized advisory services as they formulate powerful business decisions that improve performance and contribute to a better world.

CBSR has a strong understanding of emerging best practices in the full spectrum of CSR activity, in a range of industry sectors. Areas of expertise include CSR strategy development, CSR assessment, stakeholder engagement, reporting, and communications, climate change and environmental sustainability. Meeting our members where they are in their CSR journey, we provide an inclusive network and candid counsel with a clear understanding of business needs. To learn more, visit www.cbsr.ca.

A rose by any other name...
This survey looked at what we’re calling corporate social responsibility (CSR) reports. They’re also called other things – sustainability reports, corporate citizenship reports or social responsibility reports, to name a few. We’ve chosen the term corporate social responsibility because the objective of every one of these reports is the same: to explain and evaluate the impacts – both positive and negative – of a company’s activities.

Many companies now produce their annual reports and CSR reports in conjunction. While the annual report covers operating and financial performance, a CSR report details the company’s performance against specific environmental, economic and social goals and metrics. It also reports on the role sustainability plays in overall strategic direction.

who did the research and how
Why the survey was done

The CSR TRENDS survey process
The process of conducting AR TRENDS and CSR TRENDS begins in late March each year as most companies in North America begin issuing their annual reports. We ordered annual and CSR reports from more than 680 companies on the TSX/S&P Composite, the FTSE 350 and Standard & Poor’s 500, Global 100, EURO 350, Africa, Australia, Middle East and Japan/Korea indexes.

We received 250 CSR reports from around the world. Using an impartial methodology, we selected 25 from Canada, 25 from the U.S. and 25 from outside North America to compile our benchmarks. Each report was reviewed for close to 90 primary and dozens of secondary content and design components that we believe define a CSR report. These components fall into six broad categories:

- Production values, including the environmental quality of the paper;
- Design, including the use of typography, graphs, diagrams, illustrations and photographs to enhance the communication effectiveness of the content;
- Report structure;
- More than 30 elements of content, including corporate profile, report scope, determination of materiality, message(s) to stakeholders, case studies and testimonials, governance and management systems, stakeholder engagement and assurance reports;
- CSR performance, including objectives, timelines and performance indicators.

We also reviewed the web treatment of CSR reporting by each of the 75 companies to survey more than 30 content and functional elements.

There were 12 employees at Craib and CBSR involved in surveying the reports, devoting an average of two hours to a Canadian or U.S. report and close to three hours to non-North American reports. The quality of many reports made it obvious that reporting on sustainability has become a complex endeavour that matches – if not exceeds – the effort and expense that has traditionally been invested in annual reports on financial performance.

Why we do this survey
We believe that non-financial reporting is more than a key component of being a responsible company. It has become an integral part of every company’s relationship with employees, suppliers, customers, investors and communities. To be truly meaningful, reporting on corporate responsibility/sustainability performance must be communicated with clarity, candor and effective design.

This survey doesn’t attempt to evaluate the accuracy of the information being reported in the documents that we surveyed or a company’s compliance with any regulation. Instead, we’ve looked at how effectively companies have been able to communicate their strategies and performance. It was undertaken to develop insight – ours and yours – into those approaches that are most effective in telling a CSR story.
A confusing diversity of approaches

Most companies divide their issues into three broad categories — economic, environmental and social, although the treatment of some issues, such as philanthropy, is not consistent. Beyond this, there is a confusing diversity of approaches that makes it daunting for any but the most seasoned CSR report reader to quickly understand how well many companies are actually performing vis-à-vis their own goals or in comparison to their peers.

There is a tendency to carpet-bomb with data, but emerging practices are improving readability. Many companies guide the reader through the density of numbers with performance scorecards and other devices to distinguish the most material information. And the delivery of information is intensely visual, particularly in reports from Europe and Japan, with an average 84 graphs, diagrams, illustrations, schematics and photographs in each report to explain and support the text.

what we found

Percentage of companies that publish CSR objectives

Not only did more non-North American companies in our survey publish objectives, they were more likely to report progress against goals.

Percentage of companies that discuss stakeholder engagement in a separate section

Non-North American companies placed more emphasis on stakeholder engagement, providing an explanation of their initiatives as well as the results.
The most striking – and disturbing – facts

As you consider our benchmarks throughout this report, please keep in mind that we draw our conclusions – and our averages – from the 75 reports that we surveyed. Despite the relatively small sample size, we have identified some striking facts about CSR reports:

- Non-North American reports are substantially more comprehensive with more detailed information on more issues:
  - 84% published sustainability objectives in a dedicated page or scorecard – with an average 28 objectives – compared to 52% of Canadian reports (15 objectives) and 40% of U.S. reports (14 objectives).
  - 80% reported on their performance against defined objectives compared to 36% of Canadian reports and 24% of U.S. reports.
  - 72% publish dedicated stakeholder engagement discussions compared to 48% of Canadian and 32% of U.S. reports.
  - 40% explain the materiality determination process compared to 16% of Canadian and 24% of U.S. reports.
  - 68% provide assurance reports compared to 36% of Canadian reports and 16% of U.S. reports.

- The Global Reporting Initiative (GRI) dominates as the source of third-party guidance, particularly among non-North American reporters (84%). The GRI is used by 60% of Canadian and 66% of U.S. reporters.

- CSR reports tend to feature more company voices than annual financial reports. Along with a message from the CEO, on average 20% published a message from the Chairman of the Board, a CSR executive or other members of the management team. Within this average were substantial differences with only 12% of U.S. and Canadian reports, but 52% of non-North American reports publishing more than one message.

- Canadian companies were less likely than non-Canadian companies to report on CSR performance beyond the company’s immediate operations. This applied to identifying indirect emissions as well as product responsibility and supply chain management.

Our review of CSR material on websites revealed a similar variance in thoroughness. For example, 48% of non-North American companies publish their CSR report in both PDF and HTML compared to only 28% of Canadian companies.
Ten years ago, CSR reports were produced by a small group of early adopters. Today, in response to demands for transparency on corporate action on social issues and climate change, many companies are reporting on CSR.

In our reporting consultancy, CBSR now sees companies in two stages of development. The first have never reported and want to know where to start. The second have been reporting for some time, and need to gain both greater readership and a sharper focus on key issues.

Enhancing credibility with stakeholders, raising staff awareness, attracting investment, managing risk and change – the benefits of CSR reporting make it a growing practice today. Establishing a CSR reporting process takes commitment and a systematic approach.

special report: establishing your CSR reporting process

Robyn Hall, Communications Manager
Jenna Feldman, CSR Advisor
Canadian Business for Social Responsibility

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The foundational steps and principles of good reporting apply to both.

As the first-time reporter dives in, they must understand that the reporting process will touch on every aspect of company operations. Strong reports are tools for improvement of social and environmental performance. The reporting process must be a catalyst for goal setting in an organization, and then with the goals publicly stated, the report drives the firm to reach the targets.

Ultimately, the report is only as good as the operational performance it highlights. Reports with impact show concrete actions taken and improvements made, in all aspects of a company’s CSR activities.

Assess your CSR position
Discover what you are already doing. Look at all areas of your CSR performance and identify strengths, weaknesses and gaps. Take advantage of assessment tools, such as CBSR’s “GoodCompany Guidelines”, which allow companies to get an overview of their activities in the areas of community, employees, customers, suppliers, environment, and shareholders.

Identify and engage with stakeholders
Who has the greatest influence on and interest in your company? Undertake a mapping exercise to identify your primary stakeholders. Then consult with those groups to find out how you are perceived externally and which issues are material to them. You should address those issues in your reporting. Also find out how they want to receive the information – not everyone wants to read a long paper report.

Develop a communications plan
Develop an overall plan. Define audiences and channels (web, print, interactive content, video), and ensure there will be a mechanism for feedback. There is a trend towards shorter, targeted reports to different stakeholder groups (customers, employees), with additional information available on the web. Be sure to integrate the look and feel of the CSR report with the company’s overall communications.
New reporters must also be aware that the report will become a cornerstone of open and transparent communication with communities, employees, shareholders, suppliers and other stakeholders. Best practice reporters know their stakeholders and consult with them prior to writing. Materiality matters! By understanding what means the most to these groups, the report can then be tailored to meet their needs.

It’s not just novices, though, who need to ensure their report is an effective tool for stakeholder engagement. One of the common pitfalls for longer-term reporters is a lack of rigour in identifying stakeholders and addressing their issues. “Know your audience” is the principle to remember here, to ensure that a report is highly relevant and that it gets read.

We see two other related areas of potential improvement for CSR reporters. The first is transparency. Readers want to see an honest and forthright discussion of the business and CSR context, and the challenges a company faces. How strongly is CSR embedded? What are the benefits of CSR to the company and where is the fit with overall corporate strategy?

The second is around the scope, size and presentation of the report. As some CSR reports grow to book-sized tomes, companies should be wary of creating a “data dump” of information. Companies must choose relevant issues carefully, using stakeholder knowledge. There is also value in looking at different ways of communicating information: web-based, short format, and more. Being strategic and targeted will improve readability and readership.

In the end, for first-timers or experienced reporters, the foundation remains the same: know your audience, set targets and goals, be consistent for year-over-year comparability, and be honest about your business context, risks and opportunities.

“At Loblaw Companies we are committed to socially responsible corporate citizenship. To date, we have focused our efforts on improving the environmental sustainability of our business model, expanding the healthy choices available to our customers and their families, and becoming one of Canada’s preferred employers. Our first Loblaw Corporate Social Responsibility Report is an invaluable tool for articulating our priorities and measuring our progress.”
Galen G. Weston
Executive Chairman
Loblaw Companies Limited

“Increasingly, companies are starting to distinguish between “producing a CSR report” and “doing CSR reporting.” In future, I think we’ll see more emphasis on stakeholder-specific CSR communications and marketing, with tactics like personalized on-line reporting, issue-specific white papers, and consumer-facing collateral being added to the CSR-reporting arsenal.”

Lynn Patterson
Director, Corporate Responsibility
Royal Bank of Canada

“Sustainability reporting is one of the anchors that enables us to succeed as a high performance organization. It is an integral element in our strategy. The process provides the hindsight, insight and foresight to understand stakeholder expectations, make decisions that position us to meet their needs, and marshal our resources effectively to help meet evolving global challenges.”

Wayne Brownlee
Chief Financial Officer
PotashCorp

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**Measure and report on performance**

Measure and manage. Choose the material issues on which you will report and develop Key Performance Indicators by which to judge your performance over time. Decide whether to align with a reporting framework such as the Global Reporting Initiative (GRI). Select a data management approach and gather the data from across the company. Determine whether you will have your data assured by a third party.

**Draft and distribute your report**

Reach your audiences. Prepare your report with a theme and logical flow that focuses on the issues most relevant to your stakeholders and describes the actions taken to support any statements you make. Then consider reviews by your internal CSR Committee, and stakeholders, along with assurance, if you choose to engage a third-party verifier. Distribute and market the report according to your communications plan.

**Continuous improvement**

Improve the process. After ensuring the report has been read, gather feedback from readers. Then begin planning for next year, incorporating all your learnings. And don’t be afraid to ask for help – there are several organizations you can access, including CBSR, to make sure you don’t have to go it alone.
OUTSTANDING REPORT: TESCO PLC

The information in the Tesco report is comprehensive, candid and well organized while the design of each page makes it particularly accessible to readers. The focus is on Tesco’s position, progress and promises on seven key issues. Every discussion is layered with pullouts, sidebars, graphs and photographs.

Top marks for:

☑ Tesco has created a scorecard for each issue in which it uses symbols to identify progress that is below target, close to target, on target or above target;
☑ Within each scorecard, Tesco provides the web address where readers can find detailed quantitative information that tracks progress on each KPI;
☑ Every discussion of the company’s promises begins with “In 2008, we will”, followed by a bullet list of initiatives.

section 1: establishing the focus of the company and report
More than the weekly shop
Corporate Responsibility Review 2008

Five a day

Online information

7,000 graduates with brand of great volunteering.

Cover
Environment
Our suppliers
CSR reports don’t sell on the newsstands or in bookstores, but it’s still critical to “sell” readership. A strong cover theme and design can set the tone for the report and/or convey a key message while encouraging the potential reader to open the report and learn more about your company.

**BEST PRACTICES**

**DO** make sure your cover is well supported inside your report.

**DON’T** forget the back cover. It provides a good opportunity to reinforce the cover message or deliver other significant messages or information.

**DO** create a visual or thematic link to the cover of your annual report.

**BENCHMARKS**

- **73%** had a cover theme or message.
- **99%** published an image on the front cover.
- **73%** linked the CSR report with the annual report through theme or design.

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**What stakeholders need...**

An effective CSR report cover should engage and entice the reader with a meaningful design and message that accurately reflects the company’s priorities and/or performance. The message should be succinct and relevant. Don’t waste the reader’s time on platitudes; they deserve – and are beginning to expect – more. Many companies visually link the covers of their CSR and annual reports, which emphasizes the link between CSR, operating and financial strategies and goals. However, a CSR report cover should focus on the company’s specific CSR priorities. A good cover will also differentiate your company from your peers by focusing on your advantages, priorities or accomplishments.
DUKE ENERGY CORPORATION

Duke Energy’s CSR and annual reports share a common theme: “Building bridges to a low-carbon future”. This theme effectively emphasizes that sustainability has become integral to the company’s operating and financial strategies.

- Both illustrations convey the nature of Duke Energy’s business while depicting teamwork and progression.
- The cover theme is reinforced in the message to stakeholders and a two-page spread titled “2030 Challenge”. On this spread Duke Energy answers the critical question: Can Duke Energy cut its carbon dioxide (CO2) emissions in half between 2006 and 2030?

ADIDAS GROUP

The adidas cover visual effectively supports the report’s theme statement – “Giving 110%: Our efforts to be a responsible business in 2007” – by creating a sense of strenuous effort and challenge.

- The image of an athlete straining to perform also conveys the nature of adidas’ business – sporting goods.
- The editorial format gives adidas’ four key issues immediate visibility while drawing the reader into the report.
- The visual theme on the cover is sustained throughout the report with images of athletes playing soccer, tennis, golf and football.

FRIENDS PROVIDENT PLC

The Friends Provident cover uses bold headlines from various news publications to draw the reader into the core issues of trust, confidence, responsible investment, financial capability and climate change.

- The bold, intensely graphic style of the cover is continued throughout the report.
- A list of the headlines used on the covers is published on the inside back cover with the date and a web link that takes the reader to the full article.
The meaning of the term “report scope” is evolving. We have used a broader definition – as did many companies in our survey – to refer to the discussion that explains the context and breadth of coverage in the CSR report.

### Report Scope – Materiality: Placing Your Information in Perspective

**What stakeholders need...**

CSR reports are very different from company to company, reflecting the uniqueness of the businesses and industry issues. For this reason, it’s important to not only identify the key issues addressed in the report, but also explain the process used to determine the issues that are most significant to the company and stakeholders as well as the content of the report itself. This concept of materiality encourages companies to focus on the most relevant information. The report scope should also identify your stakeholders and explain your report’s parameters, including reporting period, the date of the most recent previous report and reporting cycle.

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### Best Practices

**DO** describe any guidelines used in report preparation such as the Global Reporting Initiative Guidelines, the UN Global Compact principles, AccountAbility’s AA1000 Assurance Standard principles or other industry-specific guidelines.

**DON’T** weight all issues equally. Report on your company’s particular issues in an approach that makes your priorities obvious.

**DO** include a contact for questions regarding the report or its context.

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### Benchmarks

76% published a separate report scope.

71% of companies used the GRI Guidelines when preparing their reports.

20% of companies use the UN Global Compact principles as guidance when preparing their reports.
FORD MOTOR COMPANY
Ford provides a comprehensive yet easy-to-understand description of its three-step process for identifying and establishing sustainability priorities.

- A visual materiality matrix lists six areas of focus and rates specific issues by degree of influence and/or control.
- Ford asked Ceres, an independent coalition of investors, environmental and public interest organizations, to review its materiality matrix and provide feedback and recommendations for improvements.
- Ford defines materiality as it relates to sustainability reporting as opposed to financial reporting. Ford emphasizes the importance of this definition by placing it in a callout.

NESTLÉ S.A.
“Creating Shared Value” is Nestlé’s first consolidated sustainability report. The company used the methodology of CSR consultants SustainAbility to establish issue priorities, including those raised by various stakeholders. This process led to the identification of five key issues that are listed along with page references for more information within the report.

- A diagram illustrates how Nestlé’s actions at each stage of its value chain create value for the company as well as the communities in which the company operates.
- Nestlé provides “Look closer @ nestle.com” boxes to draw attention to supporting videos and slideshow material available on the company’s website.

VODAFONE GROUP PLC
Vodafone places emphasis on materiality by using the inside front cover to identify the company’s key issues. The table format makes it easy for the reader to find information by:

- Clearly identifying the issues as well as the key stakeholders affected;
- Providing a synopsis of Vodafone’s response to the issue and a page reference for a more detailed description of initiatives;
- Summarizing the company’s performance on each issue.

More best practices
BHP Billiton Limited and plc / Holcim Ltd. / Koninklijke Philips Electronics N.V. / Royal Dutch Shell plc
Effective CSR practices and reporting must be placed within the context of a company’s business activities, geographic footprint, operating performance, financial strength and corporate goals. This allows stakeholders to understand the context in which the CSR policies and strategies have been developed as well as how CSR impacts operating and financial strategies.

organizational profile: telling the reader what you do

What stakeholders need...
An organizational profile should provide the context for your company’s CSR strategy, initiatives and performance by describing what your company does. Along with a description, many companies provide schematic diagrams, organization charts, maps and photographs. It’s also useful to explain economic and competitive trends that could affect the company’s short- and long-term performance. This allows stakeholders to understand the context in which the CSR policies and strategies have been developed as well as how CSR impacts operating and financial strategies. A good CSR report will explain what a company is doing today and will be doing tomorrow – in all spheres of corporate activity – to ensure a company’s economic, environmental and social sustainability.

BEST PRACTICES

DO provide detail on your brands, products and/or services as well as the scale of the company such as number of employees, net sales or market capitalization.

DON’T assume knowledge of your company or industry. Operating risks and industry-specific terms should be thoroughly explained.

DON’T be bland. Use a visually diverse approach with charts, photos, lists, maps and illustrations to give the reader a bird’s-eye view in a simple and engaging way.

BENCHMARKS

92% published a corporate organizational profile.

35% placed the corporate organizational profile on the inside front cover, page one or page two.

75% described their CSR strategy, policy and/or vision.
Hydro-Québec provides a particularly thorough organizational profile by combining key facts and figures for each area of activity along with 2007 CSR highlights for that area of its business. The corporate profile is made visually engaging by using photography in the description of each operating segment.

- Hydro-Québec uses a symbol throughout the report, including this profile, to indicate that figures have been verified by Intertek Group plc, an international provider of quality and safety services including audits and certification.
- A full-page map identifies the location of the company’s generating stations and infrastructure supported by a table with key production facts.

Westpac’s organizational profile explains “Who we are” by providing a breadth of information that includes key financial and operating statistics, graphs, a regional profile as well as a table of employee, customer and branch reach.

- A sidebar introduces the “Six Degrees of Sustainability... the heart of our report. They help us communicate what we believe in, where we are going and how we are building value for our business and the wider community.”
- As part of its profile, Westpac poses a series of questions such as: What do we believe? Why do we do it? What are we doing? and How did we do? This is essentially the structure of the report, with each question answered with information placed in a sustainability context.

Domingating the RWE profile is a series of tables integrated to create a diagram that illustrates RWE’s value chain while providing key facts about each operating segment.

- A map identifies the countries in which RWE operates along with key data on employees, revenues and investments in each country.
- Along with the profile is a candid discussion of RWE’s key challenges, including climate change, competitive environment, Germany’s aging talent pool and the need to win society’s trust.
- A gatefold on the inside front cover provides readers with “Good news, and not so good news: 2006/2007”.

More best practices
BritVic plc / Gaz de France Group / Tesco plc / Vodafone Group plc
OUTSTANDING REPORT: VODAFONE GROUP PLC

Vodafone places materiality front and centre in a table on the inside front cover that lists the 12 key issues most material to its business. The table identifies the main stakeholders affected. Vodafone’s response and the page within the report where readers can find more information. A list of material developments introduces each discussion, which is divided into three topics: “We said...”, “We have...” and “We will...”.

Top marks for:

☑ Thorough discussions of stakeholder engagement;
☑ Detailed objectives and commitments summarized in a three-page spread;
☑ An exceptionally comprehensive assurance statement;
☑ Views from experts on each key issue.
Material Issues: Our response

We provide more detail about our overall commitment to corporate responsibility and our progress in meeting our goals within this section of the report. As in previous reports, we also include case studies that illustrate the impact of our efforts to date.

CSR TRENDS 2008

The potential of communications

Cover

How we manage corporate responsibility

Views from experts on key issues
message to stakeholders: providing insight into management’s priorities and expectations

What stakeholders need...

The letter should discuss achievements and explain the company’s issues, priorities and challenges within a corporate and CSR strategic framework. It should discuss key events and results – including disappointments – placing them in perspective. Don’t be too democratic. It’s not necessary to mention every business segment; this message should focus on the most significant information. The letter should explain what the company is doing to improve performance and establish reasonable expectations for the coming year. Be specific wherever possible. Like a lawyer in a courtroom, you’re trying to convince your readers that the company has the determination and ability to fulfill its CSR commitments. To do so, evidence is critical.

An effective message to stakeholders should convince all those affected by the company’s operations that their concerns are understood and being addressed. The best letters are candid and strategic. Ideally, they will also carry the voice of the individual who places his or her signature at the bottom.

BEST PRACTICES

**DO** describe the trends, risks and opportunities in CSR and explain their significance to the company.

**DON’T** ignore the challenges. A successful financial year can still be a troubling one for sustainability. Identify the challenges and how they’ll be addressed.

**DO** provide an outlook on challenges and anticipated performance.

BENCHMARKS

- **746** average number of words in the message to stakeholders.
- **61%** began the message to stakeholders on page one or two.
- **20%** published additional messages from the Chairman of the Board, CSR executive or other member of management.
TELUS CORPORATION

The letter from President and CEO Darren Entwistle provides a solid overview of the company’s financial performance, strategy and strengths with a candid discussion of the company’s challenges.

- Entwistle candidly discusses the gaps discovered in the company’s environmental management system and steps taken to eliminate those gaps.
- He discusses the establishment of six new CSR priorities for the year ahead.
- The letter incorporates TELUS’ well-branded imagery to visually evoke communication and teamwork.

GROUPE DANONE

The message to stakeholders in the Danone CSR report is in a question and answer format. Highly visual as well as engagingly conversational in its language, the message focused on the divestment of Danone’s biscuit business and acquisition of Numico. Danone CEO Franck Riboud explains how these actions fit with the company’s overall mission “of bringing health through food to as many people as possible”.

- The letter covers eight pages. Text layering, photography, graphs and metrics keep key messages prominent and create visual variety across the pages.
- The questions tend to be challenging, for example “What about prospects for 2008? Some of the headwinds you mentioned – commodity prices, for example – are likely to persist.”

DUKE ENERGY CORPORATION

Chairman, President and CEO Jim Rogers emphasizes climate change in his message. He not only accepts Duke’s corporate responsibility and role in creating and executing public policy, he says “global climate change is the most pressing and complex issue we are facing”, one that challenges “our humanity”. Mr. Rogers goes on to:

- Make the bold commitment to cut Duke’s CO₂ emissions by 50% by 2030;
- Discuss initiatives to reduce Duke Energy’s footprint and curtail demand for electricity;
- Address other key issues including talent attraction, safety, governance and community support.

More best practices
Anglo American plc / Catalyst Paper Corporation / Westpac Banking Corporation
governance and management systems: explaining the decision-making framework

What stakeholders need...
Committing to sustainability and corporate social responsibility means adherence to a set of external and self-imposed standards of performance as well as the policies, procedures, systems and structures that ensure those standards are met. This framework can include:

- Codes of conduct for employees, management, directors and suppliers;
- External economic, environmental and social charters, principles or guidelines to which the company subscribes;
- Governance structure and responsibilities;
- Corporate and community committees;
- Processes for identifying and mitigating risks;
- Environmental and social management systems;
- Integration of triple bottom line into decision-making.

A thorough CSR report will describe every element of a company’s CSR framework, the extent to which each element has been implemented, recent changes and anticipated improvements.

Producing a CSR report ingrains sustainability into a company’s corporate culture through its operating and governance structures. Good CSR reports explain how the tenets of CSR and sustainability manifest themselves through the company’s codes and policies, a dedicated sustainability committee and adherence to external charters or principles.

BEST PRACTICES

DO identify the individuals who are responsible and accountable for CSR issues within the company and where they fit into the governance structure.

DO describe the systems and processes in place or being implemented to manage environmental, social and economic issues and risks.

DON’T leave the reader wanting. If only a summary is given in some areas, give clear direction to the website or annual report for more detailed information.

BENCHMARKS

77% contained a section on corporate governance and management systems and policies.

41% directed readers to the website for more information on corporate governance.

40% reported on risk management.
BMO FINANCIAL GROUP

Within its explanation of its CSR framework, BMO provides diagrams of its corporate governance structure as well as its “FirstPrinciples”, the company’s Code of Conduct. BMO also explains the priorities and current developments within its corporate governance structure.

- BMO provides a solid discussion of its whistleblowing, privacy and customer complaints policies and procedures.
- Pull quotes draw the readers’ attention to key messages.
- Callout boxes draw attention to external recognition for BMO’s governance framework.

XEROX CORPORATION

Under a section titled “Conduct: Conducting Our Business with Integrity and Transparency”, Xerox describes its governance structure, code of conduct, corporate ethics, human rights and supply chain and distribution channel policies. The report on the Xerox ethics program and activities includes a table of ethical conduct violations as well as an overview of incoming ethics case activities, making it particularly transparent.

- Xerox provides a particularly thorough description of risk management within the Board of Directors.
- The discussion of investor relations provides unusually detailed information on the company’s IR interactions with investors as well as a pie chart illustrating the company’s investors by investment style.

HOLCIM LTD.

Holcim provides a diagram that explains the roles and responsibilities of the various committees as an integrated approach. A second diagram – “Working Within Triple Bottom Line” – anchors the paramount objective – “Creation of Value” – on the company’s strategies, mindsets and people.

- Third-party commentary enhances the credibility of Holcim’s framework.
- A thorough discussion of its materiality process along with a matrix illustrates how global stakeholder feedback aligns with the company’s priorities.
- The discussion includes a progress report on the implementation of ISO management system standards.

More best practices
BG Group plc / Enbridge Inc. / The Co-operators / Vodafone Group plc / Xstrata plc
Stakeholders include employees, customers, governments, communities, suppliers, actually anyone affected by a business and its operations. A CSR report can truly excel by addressing tough questions posed by these stakeholder groups in a forthright, candid manner. Openness with stakeholders can also provide a company with valuable insight to shape its programs and strategies.

**BEST PRACTICES**

**DO** list your major stakeholder groups and report on the approaches taken to engage each group.

**DON’T** hold back – if your stakeholders are asking tough questions, publish them and provide honest answers.

**DO** provide clear company contact information for stakeholders.

**BENCHMARKS**

- **51%** provided a separate section on stakeholder engagement.
- **91%** described specific stakeholder engagement methods.
- **64%** provided results or responses gained from stakeholder engagement initiatives.
EDF GROUP

EDF publishes a highly visual spread that identifies the company’s nine stakeholder groups. It documents the expectations of each group, the primary vehicles for communication and EDF’s most significant achievements within each group in 2007.

• Each year, EDF invites the EDF Sustainable Development Panel to comment on the company’s CSR strategy and performance and express its opinion on the relative significance of the company’s issues.
• In a discussion titled “Stakeholder Dialogue”, EDF discusses its endeavours to build a constructive dialogue with stakeholders in every country in which it operates.

HYDRO-QUÉBEC

Hydro-Québec reports on its “Relations with Stakeholders” in a succinct one-page grid that identifies key stakeholders, the main collaborative mechanisms used to interact with each stakeholder group, examples of engagement practices and 2007 objectives and results.

• Within the summary results of this engagement, Hydro-Québec includes page references guiding the reader to more information within the report.

BROWN-FORMAN CORPORATION

In keeping with the theme of its report – “Our Long-term Perspective” – Brown-Forman asks outside experts to comment on the concept of “a long-term perspective” as it relates to CSR and Brown-Forman’s responsibilities, strategy and performance.

• Four essays by stakeholders raise questions and offer objective commentary on some of the company’s issues, such as product responsibility, climate change and employee diversity and inclusion.

More best practices
General Electric Company / Motorola Inc. / Vodafone Group plc / Westpac Banking Corporation
Assurance is fundamental to credibility. Companies that have their CSR reports verified by sustainability consultants or accounting firms demonstrate both openness and sincerity. Many companies build upon this assurance – or replace formal third-party confirmation of accuracy – with stakeholder reviews. These steps are essential to building stakeholder confidence.

**What stakeholders need...**

Assurance adds another level of credibility by providing an opinion of the company’s CSR report. This is particularly true if the assurance is provided through an external process. Stakeholders will want to know who reviewed your report. External auditors examine a variety of performance measures, management processes and strategy against guidelines such as AccountAbility’s AA1000 Assurance Standard or the ISAE 3000. The assurance statement should explain the scope of the review as well as the assurance methodology. Stakeholder review panels can be used to provide a more informal review of the report, either alone or in conjunction with a formal auditor.

**BEST PRACTICES**

**DO** explain what information in the report has been verified for accuracy – and what has not.

**DO** consider using an external auditor who can review your results using accepted guidelines such as AA1000 or ISAE 3000.

**DO** provide your reader with objective commentary on the report strengths and opportunities for improvement.

**BENCHMARKS**

40% provided an assurance report.

37% of assurance reports are done by accounting firms or CSR consultancies.

24% of assurance reports provide meaningful commentary on the report’s strengths and/or weaknesses.
VODAFONE GROUP PLC

Vodafone provides a comprehensive assurance statement from Deloitte & Touche. This statement includes a solid description of the scope of the assurance (what was covered) and an explanation of the AA1000 principles of Completeness, Materiality and Responsiveness that were used to review the report.

• The assurance statement includes comments on improvements made to the 2007 report versus the 2006 report as well as recommendations for improvements in future reports.

IMPERIAL TOBACCO GROUP PLC

Imperial Tobacco invited two independent experts to comment on the company’s 2007 CSR report. Their comments covered the report’s structure and scope as well as the company’s governance and management systems, materiality processes, transparency and comparability of data.

• “Can we trust Imperial?” is a question posed by one reviewer. This reviewer challenged Imperial Tobacco on the economic impact of tobacco farming and the influence of the industry and product in developing countries where the company operates. The reviewer also challenged Imperial Tobacco to expand smoker engagement and set more aggressive environmental targets.

• Imperial Tobacco also employed CSR consultants, SGS United Kingdom Limited, to conduct an independent assurance review.

NEXEN INC.

Nexen takes a three-prong approach to assurance. PricewaterhouseCoopers provides assurance of the 2007 performance information and indicators using ISAE 3000 principles. An expert/stakeholder advisory group using AA1000 principles provided extensive commentary on each issue of the report as well as suggestions for improvement in future reports.

• Of particular interest is Nexen’s response to the comments made in 2006 by a group of individuals representing Nexen’s many stakeholder groups. This group had made 10 recommendations for improvements and Nexen addressed each one of them.

More best practices
BG Group plc / Holcim Ltd. / Royal Dutch Shell plc
Westpac publishes a “Stakeholder Impact Report” in a unique magazine style that focuses on “Securing the Future”. The report is visually stunning with a design approach that creates the look and feel of a newsmagazine. The air of third-party credibility that this creates is supported by contributions from nine “thought leaders” who provide their perspectives on Westpac’s key issues.

Top marks for:
✓ An editorial contents page that visually captures the reader’s attention;
✓ “Our Customer Charter” built upon feedback from customers;
✓ A performance snapshot that aligns the CSR KPIs with the company’s operating and financial strategies.
What do we believe?

Cover

Philosophy: What do we believe?

Issues: What are their concerns?
Your readers want to know how your company performed in the areas that had – or could have – the most impact on your operations, stakeholders or the communities in which you operate. The establishment of materiality is often explained in the report scope; the actual discussion of these most relevant issues is the heart of any CSR report.

**reporting on the issues:**
what counts needs to be counted

**What stakeholders need...**
A CSR report should not only identify and report on the issues that are most important to the company and its stakeholders, it should explain performance in a meaningful way, avoiding a tactic that has been dubbed “GRI carpet bombing.” This discussion should include a discussion of risks as well as opportunities, historical 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.

**BEST PRACTICES**

**DON'T** overwhelm the reader with too many issues. Establish the pillars of your CSR strategy and explain how they impact your operating and financial strategies.

**DO** identify trends in your performance.

**DO** include commentary on the management of risks and opportunities.

**BENCHMARKS**

- **95%** provided information on community investment, donations and/or philanthropy.
- **93%** had a separate section on environmental performance.
- **61%** provided information on their supply chain.
JOHNSON & JOHNSON INC.

Johnson & Johnson’s report begins with a comprehensive discussion of the key issues affecting the company, followed by a succinct presentation of a wider net of other corporate responsibility topics.

- The key issues are discussed in a Q&A format with questions posed to members of management. These issues include improving access to healthcare, the nursing shortage, healthcare compliance, ethical research, product responsibility, climate change and supply chain management.
- By using the Q&A format readers can easily scan for topics of interest within an issue. The format also lends itself to a more direct discussion.
- The report expands upon specific issues through broad discussions of the company’s business, workplace, environmental initiatives and charitable giving practices.
- “Beyond the Data” presents 18 case studies to illustrate sustainability at Johnson & Johnson.

AIR FRANCE-KLM

This report is dominated by a chapter titled “Addressing key issues.” In this chapter, the company discusses five issues introduced on an illustrative spread that correlates each issue with an activity. The following spreads discuss each issue by providing:

- A scorecard with quantified objectives, progress and targets;
- Definitions to ensure the reader understands the key words;
- A review of stakeholder engagement;
- Internal and third-party commentary;
- Case studies;
- Graphs;
- Drawings, schematics and diagrams that illustrate the company’s impact and sustainability initiatives.
FORTIS N.V.

The Fortis report is structured around three strategic issues – sustainable supply chains, climate change and social inclusion. The reader is given detailed instructions on where to find other issues in the company’s on-line CSR report. Within the printed report, the discussion of each issue covers:

- Performance – with objectives, results and targets;
- Spheres of influence;
- Case studies;
- Stakeholder commentary;
- “The dilemma” – a discussion that answers a tough question such as “Can financial institutions be held to account for their clients’ emissions?”.

MOTOROLA INC.

Motorola takes a balanced approach that covers a range of key issues, including supply chain, environmental and social impact, the environmental impact of its products, the socio-economic impact of mobile technology and employment at Motorola. The discussion of employment covers diversity, well-being and development.

- The report on each issue is divided into four sections: a profile of the issue, Motorola’s approach, performance and objectives and targets.
- There is balanced third-party commentary and case studies in each section.
- Motorola offers particularly transparent supply chain disclosure with detailed on-site supplier audit results, setbacks and Verité’s assessment of Motorola’s supply chain program. Verité is an independent non-profit organization that monitors international labour rights abuses in off-shore production sites.
BAYER AG

Bayer’s CSR report identifies four “focus issues” – climate change, procurement management, access to medicines, and corporate compliance – providing the reader with extensive information on objectives, strategies and activities.

- These “focus issues” are followed by a performance report that provides an overview of all other facts and figures relevant to the sustainability management of the Group.
- Bayer uses a variety of levels of communication, such as testimonials and third-party commentary, case studies, graphs and diagrams.
- Web links are numbered and easily cross-referenced on a specific links page within their website.

BENCHMARKS

Percentage of companies that provide environmental targets

Effective reporting on the issues requires establishing targets against which performance can be measured, yet only 56% of Canadian companies provided environmental targets.

More best practices
Westpac Banking Corporation / Vodafone Group plc
Climate change is not only the dominant issue in CSR reporting, it has become a mainstream political, economic and business issue. This is driving three emerging trends: more meaningful emissions data, more thorough discussions of concrete mitigation strategies and more consistent carbon accounting along with independent verification.

**BEST PRACTICES**

**DO** follow the WBCSD/WRI GHG Protocol to measure and report greenhouse gas emissions. This makes it possible to compare your performance to the performance of other companies.

**DO** provide both absolute (total emissions) and relative (emissions per unit of activity or output) greenhouse gas emissions data.

**DO** discuss all of your mitigation strategies including energy efficiency, renewable energy initiatives, emissions trading, carbon offsets and transportation initiatives.

**BENCHMARKS**

- **57%** include a specific climate change section or sub-section.
- **81%** provide quantitative as well as qualitative data on greenhouse gas emissions.
- **65%** report on mitigation measures to curtail emissions, such as offsets or carbon capture and storage.

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**What stakeholders need...**

Stakeholders need to understand both the significance of climate change to the sustainability of a company’s earnings as well as the strategies and tactics being used to mitigate risks and capture opportunities. The most thorough reporters provide information on the three specific indicators in the GRI G3 guidelines:

- Total direct and indirect greenhouse gas emissions by weight (G3 EN16);
- Other relevant indirect greenhouse gas emissions by weight (G3 EN17);
- Initiatives to reduce greenhouse gas emissions and reductions achieved (G3 EN18).

For full transparency, leading reporters provide emissions data by region and by operation.
British Sky explains how it can “both act and inspire” by using its media capabilities to run ad campaigns to encourage people to save energy as they sleep. It has also launched www.jointhebiggerpicture.com where it provides tips, information, incentives and a carbon calculator to make it easier for individuals to reduce their carbon footprint.

- British Sky employees can earn credits for environmental activities that can be redeemed for rewards.
- It publishes a three-year table documenting direct and indirect CO₂ emissions verified by a separate environmental assurance statement.

HSBC HOLDINGS PLC

Climate change is the second issue identified by HSBC in its 2007 CSR report. HSBC poses the question “Why should climate change concern HSBC?” and answers it thoroughly, explaining why it is a strategic challenge to the “world’s local bank.”

- Ceres, an independent coalition of investors, environmental and public interest organizations, provides excellent commentary on HSBC’s climate change strategy, with suggestions for strengthening the company’s policies and performance.
- HSBC uses a grid to publish the results of its survey of attitudes toward climate change held by 9,000 people across nine markets.
- The report explains HSBC’s Global Climate Change Index, which was created to help investors make climate change related investments.

TESCO PLC

Tesco dedicates eight pages of its report to climate change using a candid editorial format. The discussion covers Tesco’s:

- **Position**: a description of their climate change strategy;
- **Progress**: performance through energy reduction initiatives in the company’s stores and by working with private and public research institutes as well as by empowering customers through such projects as carbon footprint product labeling, making environmentally friendly products affordable and raising awareness through advertising and promotion;
- **Promise**: setting goals for 2008.

The climate change discussion is supported with charts, graphs, photographs and initiative callouts. A KPI table documenting objectives, targets and progress table guides the reader to the web for more information.
Testimonials, expert commentary and case studies can improve credibility and foster an honest, beneficial dialogue with stakeholders. But, reproducing only glowing praise can cause readers to question the truthfulness of the comments. Provide balance in the testimonials by including comments on weaknesses or setbacks as well as accomplishments.

**BEST PRACTICES**

**DO** include a mix of internal and external stakeholders to show balance and consistency in your sustainability vision, efforts and impact.

**DON’T** have testimonials rewritten by a communications professional. The speaker’s own words will have greater credibility and impact.

**DON’T** blend case studies and testimonials into the body of the text. Treating them as sidebars will draw more attention.

**BENCHMARKS**

68% provided testimonials and/or commentary from stakeholders.

36% of testimonials/commentaries were from NGOs.

77% provided case studies.

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**What stakeholders need...**

Stakeholders need to hear from other stakeholders, not just from the company’s management and employees. Testimonials not only reassure stakeholders that their voices are being heard, they bring to their attention issues that might otherwise remain buried. To accomplish this, many of the best reports publish commentary 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. Testimonials and case studies should be balanced, reporting on achievements as well as disappointments. In designing your report, consider developing a visual treatment for case studies and testimonials that will distinguish this information as distinct from the company’s information.
BAXTER INTERNATIONAL INC.

Baxter uses case studies to support the discussion of its CSR priorities and goals. The case studies are visually linked to the summary of the priorities with colour and call-outs. Each case study defines the priority, documents the background to the issue, describes the actions taken, identifies the stakeholders involved and provides results. For more detail, readers are encouraged to read expanded case studies on-line.

ENBRIDGE INC.

Enbridge publishes an eight-page foldout case study on the Waupisoo Pipeline. This infrastructure development will link Alberta oil sands to upgraders and refineries in Edmonton.

- A map identifies locations where Enbridge has taken environmental, economic and/or social steps to mitigate the impact of the project.
- A timeline visually maps the project from conception to implementation.
- Photographs document the pipeline’s planning and progress.

POTASHCORP

Supporting the report’s theme of “yesterday, today and tomorrow”, PotashCorp showcases generations of stakeholders throughout its summary report. Each section contains striking full-page portrait photography of families of stakeholders including investors, customers, farmers, suppliers and members of the community. Stakeholder impact statements or testimonials support these photographs along with comments woven throughout the text.

More best practices

General Electric Company / Group Carrefour / J Sainsbury plc / Verizon Communications / Xstrata plc
report readers are typically scanners – flipping through the pages, reading the headlines and pullouts and glancing at the photographs and graphs. good graphic elements such as photographs, illustrations, diagrams, graphs or maps can improve a report’s ability to effectively communicate key messages.

what stakeholders need...
blocks and blocks of dense text can not only be daunting for many readers, the lack of visual relief diminishes the accessibility of your information. there are also 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 – along with meaningful headlines and pull quotes – can also entice a reader into a discussion that might otherwise be overlooked. every graphic element should be used to complement and support your strategic argument, not simply fill space. if they are not meaningful, they are just wallpaper.

best practices

**do** use diagrams and illustrations to clarify complex operations or to describe your business structure.

**do** use captions to explain photos, illustrations and graphs.

**don’t** use photographs as wallpaper – every image should convey a message meaningful and related to csr or it is merely a distraction.

benchmarks

55% provided an activities map that illustrates where company operations are located.

16 average number of graphs in a report.

40 average number of photographs.
AIR FRANCE-KLM

Air France-KLM uses several different visual devices to detail various kinds of information. For example, revenue distribution by stakeholder group as well as expenses are illustrated with schematics. An illustration identifies the company’s various environmental and social impacts from the arrival of passengers and airplanes at an airport to the selection of suppliers.

- Commentary is supported with graphs to explain both actions taken to reduce impact as well as results.
- A similar approach is used to illustrate safety initiatives.

FRIENDS PROVIDENT PLC

From cover to cover Friends Provident uses creative, thought-provoking imagery to explain, excite and expand on its issues of trust and confidence, what makes a responsible investment, financial capability, climate change, people and community.

- The company even publishes a crossword puzzle with a CSR theme on the inside back cover of the report. The answers are found on the company’s website, which effectively pushes readers to the Internet where more CSR information can be found.

CATERPILLAR INC.

Caterpillar saturates its report with captivating full-page photography providing a canvas for each of the company’s 20 highlighted initiatives.

- The theme of the report is “Shape”, which it illustrates with a bird’s eye view of crosswalks, a close up of a human hand, and the gnarled branches of a tree. Caterpillar explained the images as illustrative of its commitment to fully integrating economic, social and environmental dimensions into its corporate strategy.
section 4:

The quality of performance reporting is the ultimate measure of a CSR report.

OUTSTANDING REPORT: ENBRIDGE INC.

The Enbridge Corporate Social Responsibility Report is focused on measuring performance. At the heart of this measurement is feedback from the Employee CSR Advisory Committee, the Corporate Disclosure Committee and a number of external sources, including an external CSR Advisory Group.

Top marks for:

✓ A summary of performance on KPIs in a scorecard in which “Challenges” are openly discussed;
✓ An eight-page review of the Waupisoo Pipeline with a map and timeline identifying CSR initiatives related to the project;
✓ Scorecards for every CSR issue documenting performance in 2005 and 2006 as well as targets and challenges.
What stakeholders need...

Targets that are specific, measurable, achievable, realistic and placed within a specific time horizon are significantly more meaningful to stakeholders than broad statements of good intent. In addition, targets should be absolute, not just relative. After all, a company might be able to achieve relative targets while absolute performance is actually worse. In addition to providing targets and strategies for achieving those targets, the most thorough reports explain the processes for monitoring performance, the progress made toward achieving each target as well as the reasons for disappointments. With the publication of each report, new goals should be established or established goals confirmed.

objectives and targets:
what gets measured gets managed

A goal that can’t be quantified is just wishful thinking. The best CSR reports establish goals against which progress can be measured and monitored. A thorough CSR report will not only identify the company’s goals – and explain why they are important – it will discuss the strategies for achieving the goals as well as challenges.

BEST PRACTICES

**DO** emphasize objectives related to your company’s most significant issues.

**DO** report your progress against quantified objectives. This makes it possible to demonstrate the effectiveness of actions and strategies.

**DON’T** be afraid to set targets beyond one year. This demonstrates long-term commitment to sustainability.

**DO** benchmark your performance against your peers.

BENCHMARKS

59% published a sustainability objectives section.

47% reported on progress against sustainability objectives.

47% set future targets against sustainability objectives.
LAND SECURITIES GROUP PLC

Land Securities provides a scorecard to document progress against 2007 targets and a grid to list the 2008/9/10 targets. It portrays progress visually on the scorecard with a circle divided into quarters: the more quarters filled in with colour, the more progress made on that target.

- Most of the company’s 42 future targets are quantified with both one and two year goals.
- Targets are categorized by workstream, but checkmarks indicate other workstreams that will be affected.

ENBRIDGE INC.

Enbridge’s message from the President and Chair – “Measuring our Performance” – is followed immediately by a summary scorecard colour-coded to each performance section. The scorecard is divided into four columns: “What we said in our 2006 CSR report”, “What we did”, “Challenges”, and “More info”.

- There are more detailed scorecards within the discussion of each issue with columns for information on objectives, 2005 results, 2006 results, targets and challenges.
- The information in the scorecards and discussions is supplemented with graphs and tables.

J SAINSBURY PLC

Sainsbury’s devotes nine pages to reporting its progress against the 2007/2008 targets and seven pages to establishing new targets. This is one of the most extensive reports against quantified targets received for CSR TRENDS 2008.

- Sainsbury’s uses symbols that allow the reader to see at a glance how well Sainsbury’s has performed against targets: a gold star for targets exceeded or met ahead of schedule along with green, orange and red circles for targets met or on track, almost or partially met and, finally, not met.
- These spreads are followed by detailed discussions of each issue. Future targets are interspersed throughout the text to place the objective in context.

More best practices
Motorola Inc. / Xstrata plc
Key Performance Indicators (KPIs) are the metrics that are most critical to understanding a company’s performance. While too many reports simply dump quantities of performance data into the last few pages of their reports, effective CSR reports identify KPIs and provide commentary that makes the raw number-crunching meaningful.

What stakeholders need...

Stakeholders should be able to measure a company’s performance using the same critical measures that are used by management and directors to assess progress against key strategies. While KPIs will reflect the industry in which the company operates – for example, a retail company might focus on same store sales growth – every company will have its own priorities driven by its unique strategies. The report should explain why these measures are particularly critical. Stakeholders should be able to understand how performance is being measured, particularly any limitations in the reliability of the data. KPI metrics should be consistent, verifiable, comparative and accurate. Using internationally recognized reporting guidelines to track performance entrenches both consistency and comparability.

**BEST PRACTICES**

**DO** provide enough data for readers to understand the trend as well as absolute performance.

**DO** distinguish between performance measures that are useful to understanding performance and those that are deemed to be KPIs.

**DON’T** dump all your performance data into exhaustive tables at the back of your report. Identify and integrate KPIs into broader discussions.

**BENCHMARKS**

- **49%** provided KPI summary tables or graphs.
- **36** average number of items in KPI table and/or group of graphs.
- **40%** provided a GRI index table.
WESTPAC BANKING CORPORATION

Westpac provides a performance snapshot at the front of the report in which it correlates its 14 KPIs with the relevant strategic priorities. This information is supplemented at the back of the report with dozens of statistics in “factpacs” on financial, employees, customers, environment, social and supplier indicators. Spread over 12 pages, these fact sheets are followed by performance data by region and line of business.

• The “factpacs” combine tables and graphs that illustrate both absolute performance as well as trends.

ROYAL DUTCH SHELL PLC

Royal Dutch Shell provides 10 years of data, illustrating both absolute performance as well as trends. The company clearly identifies the key indicators with a small blue circle and differentiates between data collected through the company’s financial system versus an internal survey completed by senior Shell representatives in each country – data which it candidly states is not as accurate.

• Shell provides a comprehensive discussion of the inherent limitations to the accuracy, precision and completeness of its environmental and social data.
STARBUCkS CORPORATION

Starbucks provides key performance indicators in a scorecard format that measures progress against performance in previous years. The grid provides a summary of what was promised and an explanation of what the company actually accomplished. Progress on each target is rated with a symbol indicating it was achieved, progress was made or it was not achieved. A column indicates where more information is available.

GROUPE CARREFOUR

Carrefour provides data and comments on key performance indicators in three formats:

- In colour-coded graphs that illustrate performance for 2006 by issue, geographic region (often by country) and store format;
- A grid that provides key indicators by store format along with a definition of the indicator and comments;
- Colour-coded graphs that document progression of performance over the past four years. All of the progressions presented are for like-for-like business units.

key performance indicators: (Cont’d)
BENCHMARKS

Percentage of companies that provide a KPI summary table

Many companies guide readers through the density of data common in CSR reports by providing KPI tables identifying the most important measures of performance.
OuTSTANDINg REPORTINg: gENERAL ELECTRIC COmPANy

The GE website is rich with functionality and content. The navigation is intuitive, making content easy to find. The “ecomagination” micro site is packed with innovative ways to explore GE’s CSR commitment, including an interactive map containing video presentations on various topics from wind energy to clean coal technology. The “explore” section contains nine micro sites, including one for kids.

Top marks for:

✓ Extensive use of video and interactivity in the HTML CSR report as well as the “ecomagination” micro site;
✓ A rollover feature on performance tables allows viewers to immediately view information in graphs that visually display performance trends;
✓ An interactive materiality matrix that identifies key issues.

www.ge.com
Good citizenship is integral to our success.

And as we continue to thrive, we recognize the critical role our business plays in global citizenship. Our commitment to responsible business practices is reflected in our ongoing efforts to reduce our environmental impact and support communities around the world.

In this report, we present our progress in key areas: governance, diversity & engagement, performance, and materiality. We hope you will find this information informative and inspiring.

Thank you for your continued support and engagement in our efforts to create a better world for all. Together, we can make a difference.

GE Citizenship
Corporate social responsibility is an interactive endeavour, requiring constant communication with stakeholders. Therefore, almost every company that produces a CSR print report also has dedicated CSR web pages. These sites often offer substantially more information than the printed report. Many also take full advantage of the medium’s capabilities by including interactive features and easy-to-use feedback tools.

**BEST PRACTICES**

**DO** put up your CSR report in both HTML and PDF formats.

**DON’T** just repeat your printed CSR report, provide more detail and excite the user with animation and other Web tools that can help make sense of complicated CSR issues.

**DO** make your CSR site easily accessible from your corporate home page.

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**What stakeholders need...**

The complexity of CSR issues means that CSR reports seldom offer quick, at-a-glance readability. At the same time, there is broad interest in your company’s CSR efforts throughout diverse stakeholder groups. As a result, your corporate website should have a link on your home page to the CSR section of your site where you make comprehensive detailed information available. Because this information can span many pages, you can make it easier for stakeholders to find the specific information they need by weaving web references into your printed report. To ensure your printed report does not become excessively large, you can also use your websites to report on less material issues.

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**BENCHMARKS**

- 73% of printed reports guide readers throughout the report to the company’s website for more information.
- 91% of websites contain additional information beyond the published CSR report.
- 13% of websites contain an on-line survey for CSR report feedback.
**POTASHCORP**

Functionality features:
- “My shortcuts” allows users to bookmark pages for their next visit;
- Variable text size;
- The ability to print or email individual pages;
- A rollover highlighter for both rows and columns of tables;
- A download centre by report section;
- Easy-to-use navigation with plenty of hyperlinks;
- The ability to search by keyword.

CSR content of note:
- Each report section contains case studies, many with personal testimonials;
- Extensive stakeholder engagement section providing initiatives and results;
- Scorecards on performance for each CSR issue;
- A “Story Library” provides a quick index to all case studies.

www.potashcorp.com

**CHEVRON CORPORATION**

Functionality features:
- Each page focuses the reader on key messages through text and subheads that can be clicked to reveal more detailed information on specific topics;
- The ability to print or email individual pages;
- “Discover More” links guide readers to related information.

CSR content of note:
- Climate change pages cover Chevron’s seven principles for addressing climate change, frequently asked questions and a video Q&A with CEO Dave O’Reilly;
- Four “Human Energy Stories” include video, commentary and interactive Flash illustrations to educate users on topics and initiatives such as geothermal energy, ultradeepwater drilling, and the company’s HIV/AIDS program;
- “Priorities, Progress & Plans” reports on eight issues in scorecards that document established objectives and new targets;
- Chevron’s “Energyville Game” is a great interactive game that illustrates the challenges inherent in powering a city economically and safely.

www.chevron.com
**ENBRIDGE INC.**

Functionality features:

- An interactive timeline and map allows the reader to review the social, environmental or economic initiatives related to the Waupisoo Pipeline by clicking or dragging on a slider that moves through time from the launch of the project in June 2005 to recent events;
- An index of references provides easy access to the web links identified in the printed report.

CSR content of note:

- A comprehensive discussion of the Waupisoo Pipeline, engagement with local communities and history of the region;
- Scorecards document the company’s performance in each CSR domain.

www.enbridge.com

**AVIVA PLC**

Functionality features:

- The ability to write notes that can be saved within the online CSR report for downloading or later review;
- A print basket that allows readers to collect individual pages for later printing as well as a “create-your-own-report” capability;
- An alphabetical index as well as a search function.

CSR content of note:

- Video interviews with key individuals on issues related to customers, environment, people, supplies and communities;
- An extensive library of case studies;
- Comprehensive reports by region.

www.aviva.com
ROYAL DUTCH SHELL PLC

Functionality features:

- User-friendly toolkit that makes it easy for users to navigate and capture information. For example, the tools on each page include the capability to create a PDF, email or print each page; a feedback form; a search function and a list of popular searches;
- The site provides users with the ability to create charts, enlarge existing charts, download tables in Excel and compare the current year’s data to previous years;
- A rollover highlighter for horizontal reference within tables.

CSR content of note:

- Shell provides third-party commentary and case studies throughout the CSR pages;
- Two future energy scenarios;
- A “Real Energy World” micro site that includes a variety of interactive features such as a mini-drama related to the development and progress of gas-to-liquid technology (GTL) with an interactive timeline, maps and a video on the launch of GTL for Airbus.

www.shell.com
realenergy.shell.com

BENCHMARKS

Percentage of companies that post the report in HTML and PDF

Providing the CSR report in both PDF and HTML is a courtesy to users that makes the document easier to read on-line and/or print.
J SAINSBURY PLC

Functionality features:
• Easy-to-use navigation that integrates textual and visual cues;
• Extensive use of video content;
• Easy access to related content through sidebars, highlights and targets.

CSR content of note:
• A Flash introduction of the company’s five key CSR issues;
• A video introduction from CEO Justin King;
• An interactive virtual tour highlighting products and initiatives from packaging that can be composed to fair trade bananas and apprenticeship programs for bakers;
• Frequently asked questions in each area;
• Engaging videos and case studies;
• Glossary.

www.j-sainsburys.co.uk

BAYER AG

Functionality features:
• The ability to bookmark a page;
• A print and download manager;
• Easy access to the web links identified in the printed report;
• A horizontal and vertical rollover highlighter on tables.

CSR content of note:
• A “Focus issues” tab in the navigation menu identifies the most significant issues;
• A photo essay looks at how children perceive climate change;
• Extensive use of video and podcasts;
• The Bayer Climate Program micro site covering the company’s climate change policy, initiatives, innovations and specific news related to climate change.

www.bayer.com
NESTLÉ S.A.

Functionality features:
• The ability to print or email each page;
• A PDF of the CSR report available for download in four languages;
• Good use of video and interactivity;
• A comprehensive index and search function;
• The KPI tables are available in Excel;
• Pop-up questions provide ongoing stakeholder engagement.

CSR content of note:
• A seven-minute video combines an interview with Chairman Peter Brabeck-Letmathe with commentary and visuals that explain the “Creating Shared Value” theme of the report;
• “In Action” provides 12 case studies illustrating Nestlé’s initiatives, ranging from energy efficient coffee production in Mongolia to programs aimed at helping parents establish healthy eating habits in their children. The case studies are available in video, audio and text format with interviews, on-site filming, third-party commentary and testimonials;
• Thorough discussions of initiatives related to supply chain and agriculture, nutrition, health and wellness and marketing and communications.

www.nestle.com

FORD MOTOR COMPANY

Functionality features:
• Navigating the site employs effective use of both visuals and text;
• Use of Flash and video content;
• Sidebars draw attention to highlights, targets and related content;
• Performance data can be viewed as tables or graphs.

CSR content of note:
• A download centre contains reports from SustainAbility, Business in the Community, The Carbon Disclosure Project and SAM;
• The main navigation menu includes a link to an interactive materiality matrix and information on Ford’s CSR initiatives with case studies and data on performance;
• “Greener Miles” provides multiple pages on Ford’s efforts to reduce the environmental impact of its products and manufacturing activities.
• Each section has a sidebar called “Voices” with links to third-party and internal commentary.

www.ford.com

More best practices
www.bp.com /
www.jointhebiggerpicture.com /
www.britishland.com
We began by ordering reports from 680 companies from around the world. We received more than 250 CSR reports from which we selected 25 Canadian, 25 U.S. and 25 from Europe, Australia and Asia to be surveyed for benchmarks. Every report that we received was reviewed in our search for CSR reporting best practices. We also surveyed the 75 CSR websites of the companies included in our benchmarking survey. Below are the 100 companies that were surveyed or identified for a best practice.

who we surveyed

- adidas Group
- Aegon N.V.
- Air France-KLM
- Alterna Savings
- Ameren Corporation
- American International Group, Inc.
- Anglo American plc
- Assa Abloy AB
- Aviva plc
- BMO Financial Group
- Baxter International Inc.
- Bayer AG
- Barrick Gold Corporation
- BG Group plc
- BHP Billiton Limited and plc
- BMW Group
- BP plc
- British Land Company plc
- British Sky Broadcasting Group plc
- BritVic plc
- Brown-Forman Corp.
- Canada Post
- Cascades Inc.
- Catalyst Paper Corporation
- Caterpillar Inc.
- Chevron Corporation
- Consolidated Edison, Inc.
- Denso Group
- Devon Energy Corporation
- Duke Energy Corporation
- Ecolab Inc.
- EDF Group
- Enbridge Inc.
- EnCana Corporation
- Forest Products Association of Canada
- Ford Motor Company
- Fortis N.V.
- Freeport-McMoRan Copper & Gold, Inc.
- Friends Provident plc
- Gaz de France Group
- General Electric Company
- Gildan Activewear Inc.
- Golden Star Resources Ltd.
- Grainger (W.W.) Inc.
- Group Danone
- Group Carrefour
- Halliburton Company
- Heinz Company (H.J.)
- Holcim Ltd.
- HSBC Holdings plc
- HudBay Minerals Inc.
- Husky Energy Inc.
- Hydro-Québec
- Imperial Tobacco Group plc
- J.C. Penney Company Inc.
- J Sainsbury plc
- Johnson & Johnson Inc.
- JPMorgan Chase & Co.
- Kesko Oyj
- Kinross Gold Corporation
- Koninklijke Philips Electronics N.V.
- Land Securities Group
- The Linde Group
- Man Group plc
- Monsanto Company
- Motorola Inc.
- NAL Oil & Gas Trust
- National Bank of Canada
- Nestle S.A.
- Nexen Inc.
- NSK Ltd.
- Ontario Power Generation Inc.
- Orkla ASA
- PotashCorp
- ProLogis
- RWE AG
- Svenska Cellulosa AB
- Scotiabank
- Royal Dutch Shell plc
- Starbucks Corporation
- State Street Corporation
- Sun Life Financial Inc.
- Syngenta AG
- Talisman Energy Inc.
- Toronto-Dominion Bank (The)
- TELUS Corporation
- Tesco plc
- The Co-operators
- The Linde Group
- Toshiba Corporation
- United Health Group Inc.
- UnitedHealth Group Inc.
- Verizon Communications
- Vodafone Group plc
- Volkswagen AG
- Wesfarmers Limited
- Westpac Banking Corporation
- Wm Morrison Supermarkets plc
- Woodside Petroleum Ltd.
- Xerox Corporation
- Xstrata plc

* indicates CSR reports chosen as best practices
glossary of terms

AccountAbility AA1000 Assurance Standard
A set of assurance guidelines published by AccountAbility, setting parameters and benchmarks for providing effective, accurate assurance of CSR reports. More information can be found at www.accountability21.net.

Assurance
The process of auditing the quantitative results of a CSR report to ensure they are an accurate representation of the company’s performance. Assurance statements can also provide recommendations on reporting techniques.

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

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 25% 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.

EHS
Environment, Health and Safety.

GHG
Greenhouse Gas. A number of anthropologically produced 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.

GRI Indicators
Specific performance indicators in the areas of environmental, social and economic performance, against which companies using the G3 Guidelines should benchmark themselves. Indicators can be either Core or Additional, depending on their level of materiality.

ISAE 3000
An assurance framework published by the International Federation of Accountants. More information can be found at www.ifac.org.

KPI
Key Performance Indicator. Quantifiable, comparable metrics used to measure performance on specific issues.

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
A person or group that is affected, either positively or negatively, by a company’s operations, even if they have no financial connection to the company. 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 others 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 Greenhouse Gas Protocol
The Greenhouse Gas Protocol (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 Resources Institute and the World Business Council for Sustainable Development, 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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AR TRENDS 2008 is a complementary resource to CSR TRENDS. It is Craib’s fifth annual review of trends, benchmarks and best practices in annual reports.