Corporate Responsibility Reporting

BITC Guidance

Corporate Responsibility (CR) can help develop trust, build business, boost morale, create opportunities and reduce risks. And it has never been more important for companies to be communicating with their stakeholders to demonstrate leadership, their values and vision, successes and failures in CR.

In particular, transparency about what you do and why you choose to do it, is a fundamental principle of responsible business. Many companies are choosing to demonstrate transparency through a CR reporting. In 2008, 88% of FTSE100 companies published non-financial information.¹

Why report?
A report provides valuable and impartial information to allow stakeholders, including investors, to assess a company’s CR strategy and their current and future performance. It can also be an important tool to engage employees and external stakeholders in your CR activities. If done well, a CR report can enhance reputation and build trust in a business.

Other benefits of reporting include
- driving improvement and culture change within the organisation;
- rewarding staff for involvement in, and support for, your CR programmes;

What constitutes a ‘report’?
A report should be a consolidated view of management and performance on corporate responsibility issues that allows a year-on-year comparison.

This means that a report should reference the year or reporting period and contain statements of policy, objectives, targets and performance against those. This could be a hard copy or electronic report available on your website.

In the last few years, reporting practice has been moving towards a portfolio approach depending on the different stakeholder groups, for example:

- Web-based reporting to save resources and disclose more detailed information;
- Integrating CR information in the annual report
- a summary document for interested parties;
- employee or customer targeted reports;
- individual corporate responsibility reports on particular issues e.g. environmental report.

What is the relevant legislation?
The Companies Act 2006 requires Directors of quoted companies to report on environmental matters, the company’s employees and social/community issues, to the extent necessary for an understanding of the business.

More information?


¹ According to CorporateRegister.com, figure sourced from http://www.sustainabilityreporting.eu/viewreport.php?id=45
What should be in a CR report?

1. Corporate context
This puts the company and its corporate responsibility performance into context and would include an overview of the reporting organisations structure and operations, major products or services, geographic locations etc.

There should also be a review and explanation of main trends and factors contributing to the development and performance of the business during the financial year, as well as those factors which are likely to affect future performance.

2. Key risks and opportunities
How the company has identified the key social and environmental issues, how the company is managing those issues and what is the link of those key issues with the core business activities.

We feel it is important for companies to report the link between key social & environmental issues for education, awareness and transparency. Their issues must be material and link with their core business activities.

3. Stakeholder engagement
Including how the issues and concerns of stakeholders are considered and dealt with. Engaging with stakeholders is an essential part of responsible business practice, bearing in mind the following:

- publishing a report is not a substitute for stakeholder engagement;
- the report provides a means to demonstrate that the company has taken account of stakeholders views;
- reporting should summarise the stakeholder engagement process and how stakeholders shape the companies priorities in given areas;
- the corporate responsibility practitioners role is to bring in stakeholders to inform or influence the business; and
- there are a range of existing stakeholder engagement processes the corporate responsibility practitioner can utilise, for e.g. customer and employee surveys.

4. Performance
Performance is demonstrated by key performance indicators (KPIs) and information on performance should include both achievement and under-achievement.

Guidance on reporting KPIs
- KPI’s should cover both process (management KPIs) and impact;
- KPIs are only truly KPIs if they provide critical performance information;
- KPIs should be linked to business goals and objectives; and
- performance against targets provides a basis for reviewing overall performance.

Report assurance
The report should provide an account of how the company assures quality. In particular key performance data should be assured.

Many companies choose to do this through external or internal assurance processes. External standards such as GRI and AA1000 provide a framework to test for completeness and materiality. (see ‘more information’ section)

How does assurance add value?
- it adds credibility to the company’s reporting disclosures
- it helps companies to focus on the key issues by probing how and why a company decides to include an issue;
- by involving an independent person in the process, any tendency to spin can be tested by the assurer/ verifier;
- it provides the corporate responsibility practitioner with additional leverage internally;
Common reporting pitfalls

1. Greenwash & spin
Some CR reports have been criticised as PR spin and to avoid this reports need to be credible. Part of this requires disclosing information about what you have achieved, as well as what you have not or issues you were unable to address.

2. Information overload
CR reports can become very long and unreadable, companies need to prioritise material issues and avoid the report being a dumping ground for all the social and environmental data available.

3. Not adding value
CR reports can take a lot of time and resources to produce. Businesses need to be clear about how their reports are adding value to the business and avoid them taking precedence over actual delivery of CR programmes.

4. Year-on-year comparability
For reports to be valuable to stakeholders they need to be able to compare performance over-time. Reports should include KPIs and measures allowing comparability without precluding the introduction of new issues and performance information.

5. Forward-looking
Many CR reports fail to include all important forward looking information. CR reports should always aim to provide commitments for the year ahead as well as long term goals.

Some useful references

ACCA – information on annual sustainability reporting awards and criteria on completeness, credibility and communication
www.accaglobal.com/publicinterest/activities/subjects/sustainability/awards/

Accountability AA1000 - standards to promote accountability, responsibility and sustainability
www.accountability21.net/aa1000series

Accounting for Sustainability - campaign and guidance to better integrate sustainability and financial performance reporting
www.accountingsustainability.org/home/

Black Sun - best practice case studies, news and research on latest trends from reporting consultancy
www.blacksunplc.com/corporate/work/work.jsp

BITC CR Index - voluntary benchmark of corporate responsibility governance and mgmnt
www.bitc.org.uk/cr_strategy_and_integration/cr_index/index.html

European Sustainability Reporting Ass. – trends and developments in sustainability reporting around Europe
www.sustainabilityreporting.eu/index.htm

Ethical Corporation - conferences exploring best practice in CR and business ethics
www.ethicalcorp.com/conferences/

Global Reporting Initiative – global sustainability reporting guidelines www.globalreporting.org/Home

SustainAbility – global reporters programme from strategy consultancy and thin-tank
www.sustainability.com/researchandadvocacy/globalreporters.asp?id=1486

BITC reporting publications:

- A Director’s Guide to CR Reporting
  www.bitc.org.uk/document.rm?id=4446
- Taking Shape – the future of CR comms
- Indicators that Count
  www.bitc.org.uk/document.rm?id=2089
- The Global Reporting Initiative Briefing
  www.bitc.org.uk/document.rm?id=8454
- Integrating Trends 2007
  www.bitc.org.uk/resources/publications/peer_learning.html