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Sustainability Reporting

at Thule AB Sweden

Master thesis
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This thesis has been written as a part of the degree project course in the Masters program “Sustainable Business Leadership” at the School of Economics and Management, Lund University.

The course was based on the methodology of action learning and self-managed learning. The students were all assigned to an in-company project, having a role as consultants. This project constituted the main part of the course. As a minor part the students were responsible for organizing several learning events addressing relevant issues related to the in-company projects. The students continuously documented their learning in learning journals and participated in tutorials on these journals.

The assessments of the students were done partly on the written thesis, partly on the consultancy process and report to the client company, partly on performance in learning events and partly on ability to document and discuss the students’ individual learning and development.

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There are not so many studies have been conducted in the area of sustainability reporting, and we are grateful for being among those firsts. However, it also puts a lot of pressure and responsibilities on us. With that respect we put our best efforts in order to achieve all the project goals and make the results as much reliable as possible. We would also like to give a special thank to our supervisors Stein Kleppestø, Christine Blomqvist and Jenny Appenrodt for their guidance, support, patience and the learning opportunity they organized for us. We also wanted to thank all of our colleagues, who have been with us during the whole project and shared their experience and learning. Thank you guys, without your help this project would not be possible to be performed. In addition, we are very grateful to the companies that participated in our project and provided use with all the necessary information. Thank you!

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Abstract:

In the modern business environment, there is growing number of companies placing weight on sustainability-related issues, such as waste management, local communities, use of resources etc. At the same time such stakeholders as investors, consumers, employees and communities are increasingly interested in understanding company's efforts and progresses in the area of sustainability. With that respect, sustainability reporting emerging as a very important tool, which allows companies to increase transparency and accountability of their businesses, while also helps them to improve sustainability performance.

This study has been base on the leading sports and utility transportation company, named Thule. The purpose of this study was to identify if there was a need for Thule in sustainability reporting and how the perspective report might look like. In order to achieve these goals, we conducted online survey, phone and personal interviews among 21 different size, business sector and location companies all around the world. Based on the conducted research and considering the current trends, perspective benefits and Thule's future plans, we identified the set of reasons for Thule to start the reporting on its sustainability performance. The research also allowed us, to suggest a general view of how the perspective report could look like, as well as to give some general suggestions on what sort of perspective challenges Thule might be faced with when starting the reporting. In addition, the companies experience that has been collected during the study combined with the suggestions from 3 professional consultants, allowed us to define some general aspects of the reporting process and consequently, to give some general recommendations on the process of organization of the reporting. Finally, due to the fact that most of the presented information in this report is pretty much general, we assume that the results of the study might be useful and applicable at least for most of the Thule similar size and Sweden based companies.

Key words: sustainability report, sustainability reporting trends, sustainability reporting challenges, sustainability reporting, sustainability report content

Glossary

CSR	Corporate social responsibility
CR	Corporate responsibility
GRI	Global Reporting Initiative
G3	Global reporting indicative guideline vision 3.0
NGO	Non-government organization
G250	The global fortune 250
N100	100 largest companies in 22 countries
ACCA	Association of Chartered Certified Accountants
ISO	The International Organization for Standardization
IAASB	International Auditing and Assurance Standards Board
ICCA	Institute for Corporate Culture Affairs
ESG	Environment, Social and Governance
N70	70 largest companies
ICT	Information and communication technologies
DMA	Disclosures of Management Approach

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1. Introduction

The following chapter presents the background to the thesis and to Thule Company. It gives an explanation to the purpose of the report and states the research questions which further provide the foundation upon where the studies are based. The chapter also includes the critic of the report and explains the scope of this thesis.

1.1 Background & Purpose

During the last 10 years the number of companies that incorporate economic, social and environmental information into their public reports increased (KPMG, 2008). One of the main reasons for that, according to the KPMG survey, is the potential business value that can be generated from enhanced stakeholder relationships. More specifically, investors, consumers, employees and communities are showing the increasing interest in understanding company performance in terms of sustainability related issues (KPMG & Group of 100).

Thule is the world leader in sports and utility transportation, has over 30 manufacture and sales locations worldwide with approximately 3100 employees. Currently, the company is owned by a private equity firm named Nordic Capital and they are the third private equity firm owning the company. Due to the fact that a private equity firm funds its acquisitions mostly by debts, consequently, it faced up with liability to meet very aggressive financial covenants during the autumn 2008 period, which is characterized by the economic downturn. This situation led to the company's refinancing in December 2008, which further led to the reduction of the amount of debts in the balance sheet of the company. Currently, a private equity firm is looking for the rapid value increase of the company. Till now, sustainability has not been taken into consideration with regard to the multiple EBITDA increase. Therefore, no management work has been carried out (Appenrodt, 2010)

With regard to the goal for an IPO end of 2012 is when Thule would become a listed company, Thule now starting to prepare the plan where annual sustainability reporting is a one part. The purpose of this project is:

- To identify if there is a need in annual sustainability reporting for Thule;
- And what should it look like.

1.2 Scope

The report starts with the information about corporate sustainability and current sustainability reporting situation worldwide. We also make a special focus on the sustainability reporting situation particularly in Sweden, because of the fact that Thule is a Swedish company. Being more specific, we disclose the information about the global trends and current legislative regulations regarding the reporting in Sweden. In the report, we also disclose the information about other company's reporting

experience, with aim to give a general view of what the perspective sustainability reporting process and the final report might look like. More specifically based on our research, we present the data on such questions as the reporting challenges, the reporting process organization, and reporting content.

Continuing on the report content and the organization of the reporting process, we find it is important to mention that due to the lack of the information on Thule's sustainability performance and the time limits we cannot give exact information and recommendations on how the Thule's report and reporting process should like, which content should be included, how many employees should be involved, etc. However, we do give some general recommendations of what Thule should be aware of in both reporting process and the report. In addition, we would like to add that both the report content and the reporting process should be specifically designed according to the company's situation and interests. Therefore, in our case we find it not possible to give any specific information and recommendations.

1.3 Research methodology

During the research we used different types of research methods in the primary data collection process. More specifically, we conducted email surveys, personal and phone interviews. The logic behind the choice of those methods was that such combination could provide us with a better credibility a reliability of the collected data.

Being more specific, in the email surveys we used the embedded type of questionnaire, the main advantage of which is that it makes easier for the respondent to respond to the researcher and requires less expertise (Bell & Bryman, 2007). Another reason for using email surveys was the response rate. More specifically, according to the Moreo's study, the online administrated surveys have much higher response rate than post or fax (26% versus 44%) (Moreo et al., 2001), and in addition in our case it was the most economically efficient way.

Nowadays, phone interviews are commonly used in many research projects, due to the fact that they combine the low cost of the postal surveys with the interactivity of the face-to-face interviews (Jackson et al., 2008). Some other big advantages of the phone interviews over personal interviews are that they are administrated quicker and are easier supervised than face-to-face interviews. In addition to that, via phone interviews the personal characteristics of the interviewer are not visible, which reduces the likelihood of the respondent's answer to be affected by the interviewer (Bell & Bryman, 2007).

Within our research we also employed 2 semi-structured personal interviews. Semi-structured interviews allow new questions to be brought up during the interview in respond to what the interviewee says (Bell & Bryman, 2007). Such types of interviews allowed us to get a broader perspective on our researched topic. More

specifically, such interviews gave us a more detailed understanding of sustainability reporting issues.

Due to the specifics of the research topic, before starting the interviews, we tried to approach people who are responsible or at least connected to the sustainability reporting process in their companies. Consequently, the participants of our research were diverse – CEOs, Environmental managers, CSR managers, Public Affairs officers, etc.

1.4 Critics

In this section we would like to give a critique to our research, discussing its validity and reliability. Before we start we would like to give a brief overview of what reliability and validity mean.

In any research project, two issues of trustworthiness demand attention: validity and reliability. Reliability is the degree to which the findings are independent of accidental circumstances of the research, and validity is the degree to which the finding is interpreted in a correct way (Miller & Kirk, 1986). Validity can be divided into internal and external validity. Internal validity is the consideration of whether the independent variables are responsible for the results obtained; external validity is the degree to which the conclusions of the study could be generalized to other persons, at other times in other places (Terao et al., 2009). According to Kvale, the poor measurements, the researcher's experience, the research methods all could weaken the validity of the research (Kvale, 2009). With regard to the validity and reliability, we would like to outline the following strengths and weaknesses of our research:

1.4.1 Strengths

- The use of multiple data collection sources,
- Constant comparison of our results with the results of other previously conducted studies
- The diversity of covered business sectors. Our research covered a range of different size, location and business sector companies, including Swedish similar size to Thule companies, which improves the applicability of the results of our research
- All the interview questions had been pretested and discussed with sustainability consultant expert, in order to ensure the clearness and correctness of the addressed questions

1.4.2 Weaknesses

- The amount of Thule similar size interviewed companies planned to be higher (Initially they were 10). Consequently, only 6 of them managed to be interviewed.
- Due to the set of assumptions, the results of our research can be biased. More specifically, we assume the truthfulness of all the answers that have been given by all our participants. All the incomplete answers, also may bias the results. In addition, in

the analysis we used only the main findings, disregarding some small details that had been mentioned by only one or two participants. (Benefits of the sustainability reporting, for instance)

- Not all the information that has been used in our research was up to date, due its unavailability. Global sustainability reporting trends for instance was dated year 2009
- Only one or maximum two participants have been interviewed within each participated company and not all of them were those who were responsible for the sustainability reporting processes. Therefore, our research may include the risk of personal factors (different range of responsibilities and familiarity), which may further affect the validity of the results

2. Sustainability reporting concepts, trends, benefits and the content of Thule's perspective report

The aim of this section is to disclose the information regarding global and local trends as well as the perspective benefits that Thule can get from the sustainability reporting. Consequently we will suggest the perspective report's content.

2.1 Key concepts of sustainability & sustainability reporting

Before the start of our discussion on the needs in sustainability reporting for Thule, we would like to give a brief overview of what actually corporate sustainability and sustainability reporting mean. We intentionally do not give the general definition and explanation of sustainability concept, due to the fact that we find it more relevant to explain the meaning of 'sustainability' from corporate perspective.

2.1.1 Corporate Sustainability

Corporate sustainability can be considered as a new and evolving paradigm, due to the fact that it is an alternative to the traditional growth and profit maximization model. Corporate sustainability requires corporation to pursue societal goals, particularly those relating to sustainable development – social justice, environmental protection and economic development, while it still recognizes that corporate growth and profitability are important (Wilson, 2003). The concept of corporate sustainability based on the elements that are coming from four more established concepts: sustainable development, corporate social responsibility, stakeholder theory and corporate accountability theory (Wilson, 2003). Sustainability has become a fundamental principle of smart management, one that's all too easy to ignore or take for granted in a world where the economic bottom line is often treated as the only measure of success (Savitz & Weber, 2006).

2.1.2 Sustainable Development

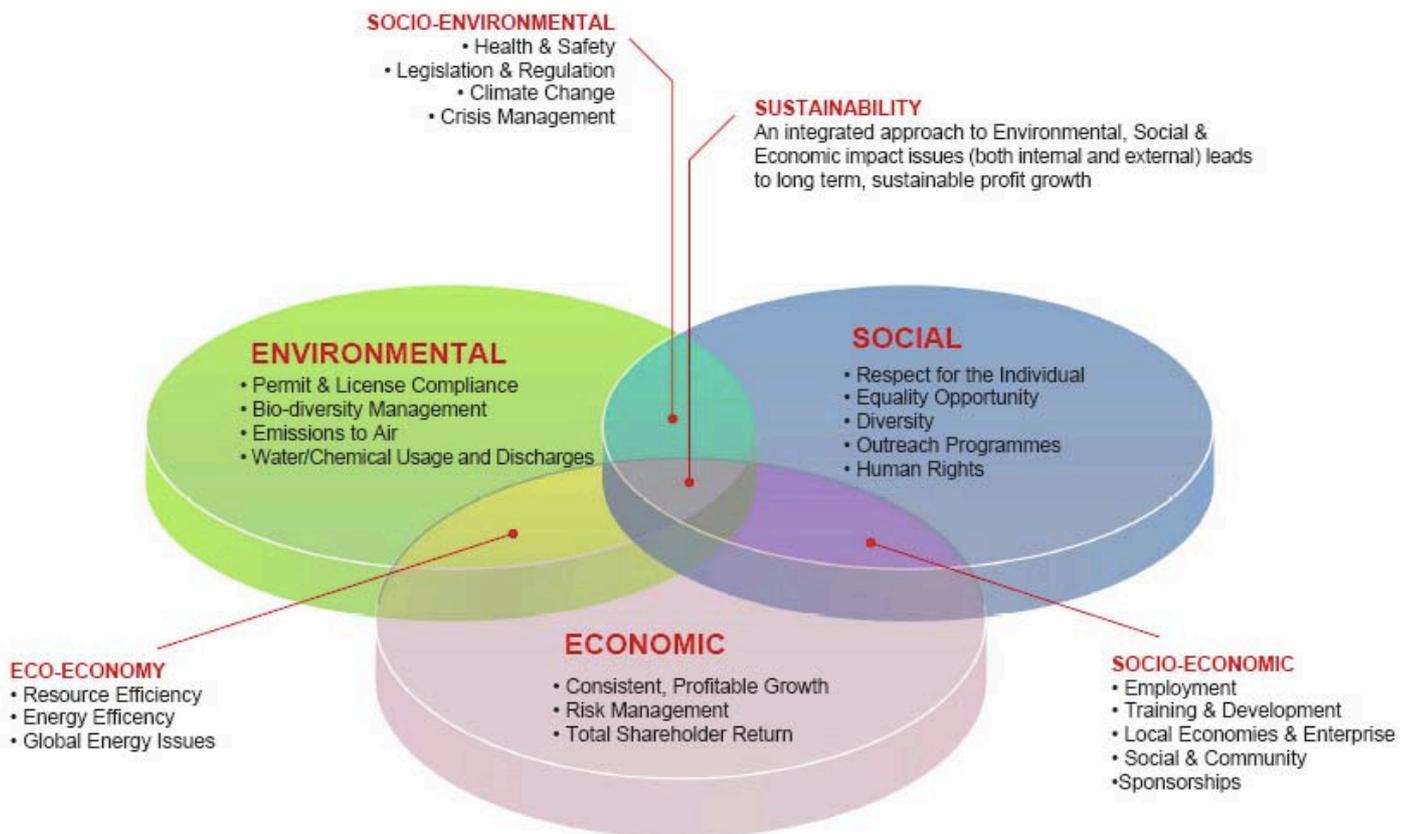
According to the Brundtland Commission (1987), sustainable development could be defined as development that *“Meets the needs of the present without compromising the ability of future generations to meet their own needs.”*

The concept of sustainable development has a double contribution to corporate sustainability. Firstly, it helps to define the areas that companies should focus on: environmental, social, and economic performance. Secondly, it defines a common societal objective for corporations, civil society and governments to work toward social, ecological and economic sustainability (Wilson, 2003).

According to the United Nations 2005 World Summit Outcome Document the definition of sustainable development relies on the three ‘interdependent and mutually reinforcing pillars’, which are economic development, social progress and environmental protection (see. Figure 2.1). The core principle of the sustainable development concept is that all these ‘three pillars’ – society, environment and economy need to be considered together (Strange & Bayley, 2008).

More specifically, the graph reflects the nature and the main idea of sustainable development. Basically, the concept suggests that our life is accompanied by economics as much as it is accompanied by the environment and the society we live in and growing up. Simply to say, economics provides us with all the necessary tools which allow us to get the goods and services which are crucial in order to survive and sustain in the modern world. It is obvious, that economic growth allows humanity to improve living range through creating new financial opportunities. On the other hand, economic growth in many cases accompanies by the other, no less valuable, problem – environmental degradation. One of the most obvious examples is the problem of climate change, which affects not only the environment, but also the whole humanity. Simply to say the sustainable development concept implies better integration of all these three dimensions: environmental, economic and social sustainability.

Figure 2.1 Key elements of sustainable development



Source: Verifysustainability.com Accessed on 10-May-2010.

2.1.3 Corporate Social Responsibility (CSR)

“If society in general believes that sustainable development is a worthwhile goal corporations have an ethical obligation to help society to move in that direction” (Wilson, 2003).

CSR concept, also known as Corporate Responsibility (CR), or Corporate Citizenship deals with the role of business in society, the fundamental premise is that besides the interests of the shareholders and own self-interests, corporate managers have an ethical obligation to consider and address the needs of society.

2.1.4 Stakeholder theory

Stakeholder theory is a strategic management concept, which aims to help corporations to develop a competitive advantage through strengthening relationships with external groups. The basic principle of stakeholder theory is that the stronger your relationships with other external parties, the easier it will be to meet your corporate business objectives and reverse.

2.1.5 Corporate Accountability

“Corporations are given a ‘license to operate’ by society in exchange for good behavior, and as such the corporations should be accountable to society for their performance.” (Wilson, 2003)

Corporate accountability theory helps to define the nature of the relationships between corporate managers and the rest of society as well as provides the rationale, as to why companies should report to society on their social, environmental and economic performance.

2.2 Sustainability reporting

“Sustainability reporting is a living process and tool, and does not begin or end with a printed or online publication. Reporting should fit into a broader process for setting organizational strategy, implementing action plans, and assessing outcomes. Reporting enables a robust assessment of the organization’s performance, and can support continuous improvement in performance over time. It also serves as a tool for engaging with stakeholders and securing useful input to organizational processes.” (GRI, Accessed on 20-May-2010)

A sustainability report aims to present a holistic picture of company activities and provide a balanced view of benefits and trade-offs among social, economic and environmental impacts (Sustreport, 2000) (See table 1.1). Sustainability reporting becomes an efficient tool for companies to communicate the identity of their brand in the context of their sustainability objectives and achievements. It is also a powerful tool to tailor company’s communication with external as well as internal stakeholders on a company’s social, environmental and economic performance and management. Sustainability reporting reflects how societal trends are affecting the company, and how the company’s operations are influencing society (Sustainability reporting in Canada, 2003). Therefore, sustainability reporting can indicate a company’s motivation and willingness to position itself in a broader context.

Table 1.1 Definition of Sustainability reporting.

Economic Performance	Environmental Performance	Social Performance
Economic performance focuses on an organization’s impacts on the economic circumstances of its stakeholders and on economic systems at the local, national and global levels.	Environmental performance focuses on an organization’s impacts on living and non-living natural systems, including ecosystems, land, air and water.	Social performance focuses on an organization’s impacts on the social systems within which it operates, including impacts on its stakeholders and its own intangible assets such as reputation.

Examples of performance issues areas		
<ul style="list-style-type: none"> • Profit, Earnings & Income • Investment in Intellectual Capital • Employee Compensation • Community Development • Customer Satisfaction 	<ul style="list-style-type: none"> • Energy Inputs • Air Emissions • Greenhouse Gas Emissions • Land & Ecosystem Use • Incidents & Non-compliances 	<ul style="list-style-type: none"> • Health & Safety • Workplace Diversity • Labor Rights • Business Ethics • Indigenous Peoples

Source: GRI (2002) Sustainability Reporting Guidelines.

2.3 Global and local Trends

In this section we would like to disclose the information about the reporting trends, with aim to give a better understanding and to show the dynamic of the sustainability reporting development.

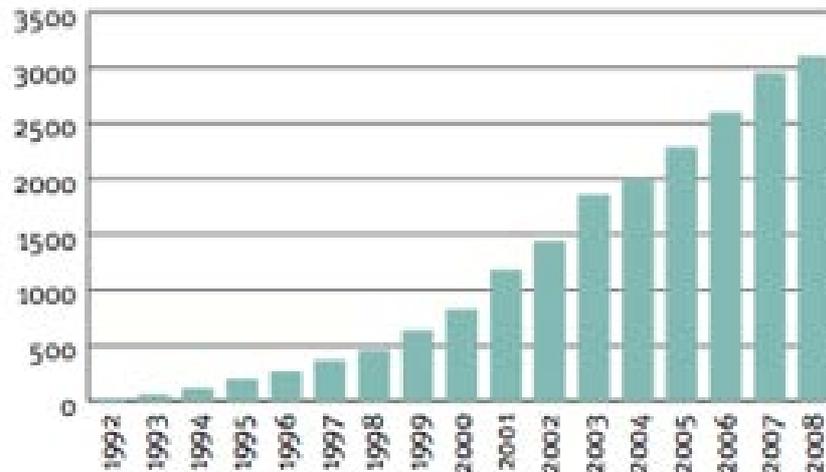
2.3.1 Stakeholder Trends

The increasing pressure and demand for sustainability reporting has come from a variety of external stakeholders, seeking information about how organizations affect the environment, the wellbeing of their employees, their suppliers, their customers and the communities in which they operate. Key stakeholders include Customers, Employees, Shareholders, Governments, Partners, Communities, Financiers, Associations, Peers and NGOs.

2.3.2 Corporate Reporting Trends

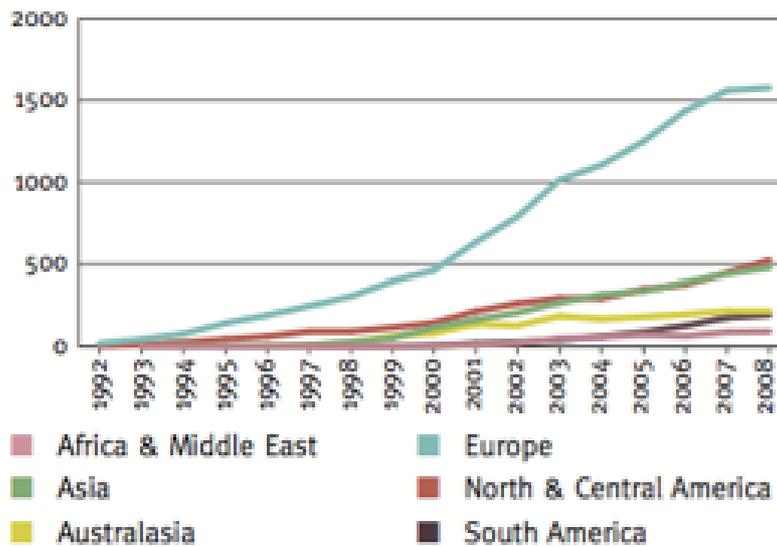
Since 1992, the number of companies reporting has grown steadily. In 2008, global CSR reports output was over 3100, see figure 2.2, 2.3 (CorporateRegister.com, 2009).

Figure 2.2: Global report output per year



Source: CorporateRegister.com 2009: 4

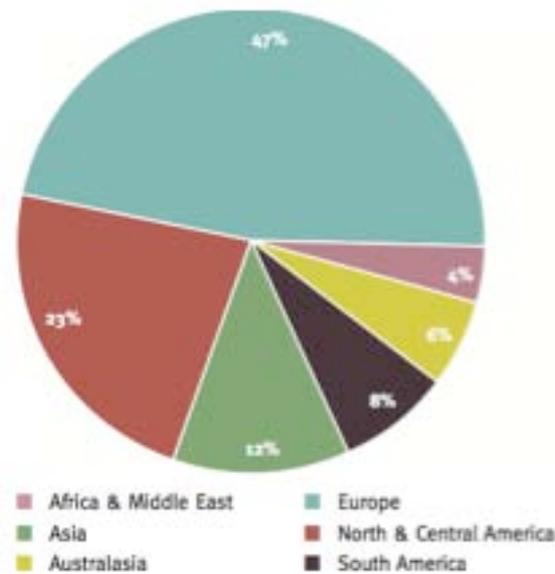
Figure 2.3: Report output per year by region



Source: CorporateRegister.com 2009: 4

In 2008 the number of companies that produced their 'first time' reports was more than 500. Around half of these reports were produced by European companies. A quarter of these reports, however, were produced by North American companies, which proves the fact that the reporting in the region is expanding, see figure 2.4 (CorporateRegister.com, 2009).

Figure 2.4: First time reporters in 2008 by region



Source: CorporateRegister.com 2009: 4

“The question is no longer “Who is reporting?” but “Who is not?” Corporate responsibility reporting is now a mainstream expectation of companies. Since more than 80% of the world’s 250 largest companies now report on corporate responsibility we can expect this trend to roll out rapidly at the country and sector levels in the coming years”

(KPMG, 2008).

According to the KPMG International Survey of Corporate Responsibility Reporting (2008), the most common reasons for reporting among both the G250 (the global fortune 250) and N100 (100 largest companies in 22 countries) are ethical considerations and innovation, while risk management fell in the G250 group. It also states that the rate of reporting among the N100 is 45% on average. Reporting helps inform decisions by governing bodies, strengthen risk management systems, and point to new opportunities for innovation in products and services.

The research of Ernst & Young (2008) highlights four positive trends in sustainability reporting, namely the:

- increased commitment to sustainability
- increased effectiveness of communication
- increased quality of reporting
- increased levels of trust and reliability

One of the most important elements for increasing the credibility and perceived status of non-financial reporting is the external assurance statement (ACCA & CorporateRegister.com, 2004). As of 2008 approximately 30% of the reports globally included an assurance statement that had been provided largely by three groups -

Accountants “Big 4” (40%), Certification Bodies (25%) and Specialist consultancies (24%)

2.3.3 Principal Global Frameworks

“Reporting is more than just a book, website, or data set. It is a continuous process that must involve and reflect the needs of its stakeholders... The challenge ahead will be to get the right information to the right stakeholders, and at the right time and in the right form.”(KPMG, 2008)

ISO 26000 Guidance Standard on Social Responsibility is currently developing by the International Organization for Standardization (ISO) and going to have an impact on corporate practice partly due to the dominant ISO’s position that has been established by the widespread use of its 14001 environmental management standard. However, this is not going to be a certification standard (KPMG, 2008).

The issue of human rights has arisen as a rapidly changing issue for businesses to watch. The UN “Norms on the Responsibilities of Transitional Corporations and Other Business Enterprises with Regard to Human Rights” has been the subject of ongoing debate between governments, business and civil society about the expectations of human rights vis-à-vis big businesses (KPMG, 2008).

There is also continuous evolution of assurance standards as a response to the constantly changing ‘landscape’ of the whole corporate responsibility practice. The IAASB standard, ISAE3000, for instance, in some countries has been iterated as a specific assurance standard for corporate responsibility reporting. Issue-specific frameworks have also been developed in response to the gaps on emerging issues. One of the key examples is the Environment, Social and Governance (ESG) framework developed by Goldman Sachs for use in the financial services. To the climate change issue, The Carbon Principles has been developed to help to guide emerging carbon markets (KPMG, 2008)

In late 2006, Global Reporting Initiative (GRI) released the third version of its Sustainability Reporting Guidelines (G3). The majority of companies that had followed the earlier version of GRI in their reporting process had moved to the G3 version by 2008. The new G3 version could help to encourage better comparability, materiality and rigor with reporting. We will discuss the G3 version’s features later in the report (GRI, 2008).

2.3.4 GRI Sustainability Guidelines

Global Reporting Initiative (GRI) produces one of the world's most prevalent frameworks for sustainability reporting. The GRI guidelines have been developed more than 10 years ago and have been applied by over 1,350 companies around the world. The framework sets out the principles and indicators that organizations can use

in order to measure and report on their environmental, economic and social performance (GRI, Accessed on 15-May-2010).

One of the main benefits from using GRI framework in sustainability reporting is that such reports can be further used to benchmark organizational performance with respect to laws, norms, codes performance standards and voluntary initiatives. In addition, GRI framework leads to demonstrate organizational commitment to sustainable development; and to compare organizational performance over time (GRI, Accessed on 15-May-2010).

While the GRI set a strong baseline for reporting considerations, it has also begun creating specialized sector supplements, in response to the unique sustainability challenges and reporting needs that are associated with the implementation processes (BSR, 2010).

2.3.5 Government Trends

In 2002 US introduced new corporate governance disclosure requirements, which required companies to disclose annually whether they have adopted a code of conduct, and if they have not, why not (Parliament of Australia, 2006).

South Africa has had a Code of Corporate Practices and Conduct since 2003. According to which, all listed companies, have to issue an annual sustainability report (Parliament of Australia, 2006).

In March 2006, the European Commission and the European business community formed a partnership to create the European Alliance for Corporate Social Responsibility (CSR), with aim to promote CSR and assist 'enterprises to integrate social and environmental considerations in their business operations (Parliament of Australia, 2006).

According to the Danish CSR action plan released in May 2008, hundreds of the largest private and state-owned companies and institutional investors in Denmark should include corporate social responsibility information in their annual financial reports starting in 2010. Similar legislation was also passed in the Netherlands (Wallace, 2010).

2.3.6 Corporate Sustainability Reporting in Sweden

According to the last KPMG survey in 2008, the number of Swedish companies in the N70 (70 largest companies) that publish a sustainability report has more than doubled since 2005. Nowadays, companies are more aware about the environmental and social impacts of their operations than several years ago. A total of 84% of the Swedish N70 companies have some form of corporate responsibility reporting. This may partially be explained by the active role of the Swedish government in the sustainability reporting and performance stimulation.

In 2002 Sweden was actually the first country to require state-owned companies to report on their sustainability performance. In 2007 the Government adopted new guidelines for external reporting (by state-owned companies) with expanded requirements for information about sustainability. According to the new guidelines, the state-owned companies obliged to present sustainability reports in accordance with the GRI guidelines which, together with other financial reports such as the annual report, interim reports and the corporate guidance report, will make up an integrated basis for assessment and follow-up (Ministry of Enterprise, Energy and Communications, 2007).

The Accounting Modernization Directive 2003/51/EC has been implemented in the Swedish Annual Accounts Act, under which financial years ending after April 2006, non-financial information including environmental and employee matters is required to be reported in the audited directors' report of listed companies (Larsson, 2008).

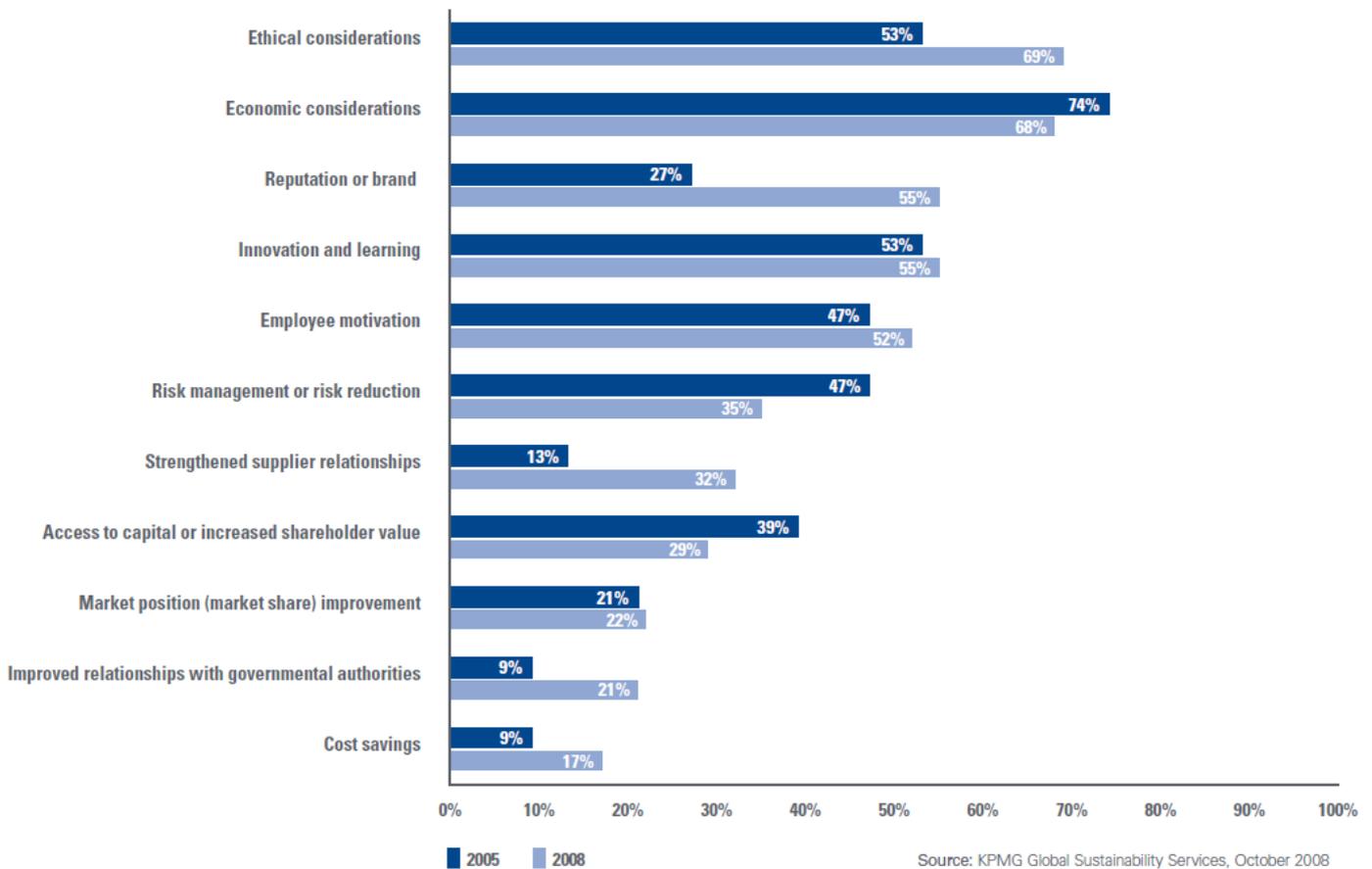
2.4 Sustainability Reporting Drivers

“The value of an enterprise is affected by the quality of its relationships with a range of internal and external stakeholders. The ability of an enterprise to communicate with its key stakeholders can be crucial to its long term success, viability and growth.” (KPMG & Group of 100, 2008)

Increasing number of companies is incorporating economic, social and environmental information into their public reports. Sustainability reporting has become the mainstream driven by the potential business value generated through enhanced stakeholder communication and reporting. Investors, consumers, employees and other stakeholders are increasingly interested in understanding the approach and performance of companies in managing economic, social and environmental aspects, including the potential for value creation.

According to the last KPMG survey that has been held within the world's largest 250 companies, the main drivers for sustainability reporting are ethical and economic considerations (see figure 2.5). The survey reveals that companies realize that they operate in a context where they play key roles in contributing to healthy societies, ecosystems and economies and that it is in their own interest to maintain and improve these areas.

Figure 2.5 Drivers for corporate responsibility reporting (G250)



The results also indicate that companies are taking challenges of our time, showing the growth in responses on brand and reputation and the high score of learning and innovation. Even though brand and reputation are difficult to quantify, the results show that companies have determined that mishandling or avoiding their environmental and social responsibilities could negatively affect their brand worth (KPMG, 2008).

Survey findings also indicate the importance of relationships that companies have with various stakeholders (consumers, employees, government, suppliers) and how these relationships can be enhanced with the reporting. Consumers and employees topped the list, becoming more important comparing to year 2005. The same dynamic can be observed with the governmental and supplier relationships, the importance of which showed more than double increase since 2005 (KPMG, 2008).

2.5 Potential benefits of Sustainability Reporting

The business value of sustainability reporting is not merely through the disclosure of sustainability information to external stakeholders, but also can help companies to measure and analyze its own performance. The reporting process can help companies to (Sustainability reporting in Canada, 2003):

- Enhance its reputation/brand by differentiating itself from competitors and gaining a competitive advantage in capital, labor and customer markets;
- Strengthen external relationships by publicly sharing information on the, environmental, social and economic performance;
- Build internal alignment and capacities of employees;
- Improve performance through more effective use of resources and cost savings.

“As the rules of the game continue to change for companies, reporting is essential for understanding and tracking social and environmental impacts so that adjustments can be made to reduce negative and increase positive impacts.”

(KPMG, 2008)

Now firmly entrenched as a common practice among the world’s biggest companies, sustainability reporting is generating value for companies in many ways. Continuing on the potential benefits that Thule can get out of the reporting, and considering the company’s background, some of the benefits could be:

- *Improvement of the company’s performance:* The reporting can lead to an improvement of internal management system through a better account of company’s operations, such as carbon emission, energy consumption of business units etc. that further can lead to innovations and increase efficiency in the resource exploitation. Consequently it may ended with cost reductions and continuous operational as well as management improvements and strengthen the risk management systems (KPMG & Group of 100, 2008).
- *Improvement of Thule’s communication with its key stakeholders,* such as customers, employees, investors, suppliers, and community groups. Demonstrating the company’s commitment to managing its social, environmental and economic impacts, Thule can increase trust and credibility among its stakeholders, which can also be critical to the company’s long-term success, viability, and growth (Sustainability reporting in Canada, 2003).
- *Differentiation of the company in the marketplace* based on its corporate responsibility strategy and commitments. Sustainability related information is increasingly being used by companies to differentiate their brands, products or services (KPMG & Group of 100, 2008). Companies such as The Body Shop, Starbucks are good examples of socially responsible market players. Giving a closer look to a car accessories manufacture, particularly to one of the Thule’s competitors – Yakima, we can observe that in 2007 the company has launched ‘Planet Payback’ a company-wide initiative that focused on offsetting the carbon footprint of all operations, products, distributions, as well as Yakima’s field marketing team. In addition, Yakima supports organizations such as Bikes Belong, American Whitewater and The Conservation Alliance in their efforts of environmental protection (Yakima, 2007).

- *Attracting of favorable financing conditions* as financial markets point the interest to ESG (environmental, social and governance) issues and demand better information on social and environmental performance (KPMG & Group of 100, 2008).
- *Attracting and retaining workers* in an era of high employee expectations and staff competition for talent.
- *Strengthening the company's brand and reputation* by providing trustworthy and robust information on tough issues. According to the GRI, SustainAbility and KPMG joint study, 9 out 10 sustainability reports readers are impacted by the information presented in those reports. Consequently, 85% of them improved company perception after reading its sustainability report.

To summarize, the points that outlined above are definitely not the only benefits that Thule can obtain from sustainability reporting. However, they obviously show that while the reporting could help Thule to manage external relationships it also would strengthen its internal systems.

2.6 Content of the perspective report, GRI G3

In this section we would like disclose some information on the Thule's possible/perspective sustainability report. We find it also important to mention, that as long as the scope of our project did not include the investigation of Thule's sustainability performance and moreover at the time of analysis such information had not been available within the company, we cannot present more than the general discloser that should be included into the report. In order to do that, we used the GRI G3 sustainability reporting guidelines.

Concerning our choice of using and recommending the GRI G3, we would like to mention that, although the GRI is not the only available sustainability reporting guidelines, based on our research, it is the only one that provides the most prevalent framework, setting out the principles and indicators that allow companies to measure and report their sustainability performance in all three aspects – environmental, economic and social. Moreover, according to our research, while all the 38 participated companies have used the GRI guidelines in their reporting, most of them also mentioned the GRI as the world standard for sustainability reporting (We will discuss the benefits and our empirical findings concerning the use of the GRI guidelines further in the next chapter). In addition to that, there was another factor that affected our choice, which we already mentioned above, that since 2007 all Swedish state-owned companies are obliged to report on their sustainability performance according to the GRI guidelines. (Ministry of Enterprise, Energy and Communications, 2007). More specifically, for us such trend indicates that promotion of using GRI at least within state-owned companies may later stimulate the dominance of the guidelines within the whole Swedish market. Considering the fact that Thule is a Sweden based company, it might be reasonable for them to consider

GRI from the beginning. In addition to all the benefits that we will discuss later, all the interviewed Swedish companies stated that they had been affected by the same logic in their decision of following GRI in the reporting process.

So, what the GRI G3 guidelines are? The G3 guidelines are actually the third version of the GRI Sustainability Reporting Framework. They outline core content for reporting and are relevant to any organization regardless of sector, size or location. Another word to say, the G3 guidelines outline a disclosure framework that organizations can voluntarily, flexibly and incrementally adopt. Such flexibility of the GRI G3 format allows companies to plot a path for continual improvement of the sustainability reporting practices (GRI, Accessed on 15-May-2010). There are three application levels of reporting recognized under the GRI G3 reporting scheme – C,B,A, (see the figure 2.6, with an example of the declared B level). More specifically, each organization, upon finalization of its report should declare the level at which they have applied the GRI Reporting framework. The main purposes of that, is to provide the readers with clarity about the extent to which the guidelines have been applied and to give the preparers the vision for incrementally expanding application of the GRI framework over time. Another word to say, the reporting criteria associated with each level reflects an increasing application of coverage of the GRI Reporting framework. It is also important to mention that at each reporting level, an organization can self-declare a “plus” if their report has been externally assured, C+,B+,A+, for instance (GRI, Accessed on 15-May-2010). (For more information visit the GRI web page)

Figure 2.6 GRI Application levels

		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared				☑			
	Third Party Checked			Report Externally Assured	☑	Report Externally Assured		Report Externally Assured
Optional	GRI Checked			Report Externally Assured		Report Externally Assured		Report Externally Assured

GRI Checked Icon						
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Source: GRI application levels, 2006: 2.

Continuing on Thule's perspective report content and considering the lack of sustainability reporting experience at Thule, we suggest that the report should be designed according to the requirements of the lowest GRI reporting level – C, and should include (GRI, 2006):

- Strategy and Profile (including strategy and analysis, organizational profile, report parameters, governance, commitments and engagement)
- Management Approach (including goals and performance, policy, organizational responsibility, training and awareness, monitoring and following up, additional contextual information)
- Performance Indicators (including Environmental: materials, energy, water, etc., Human rights: investment and procurement practices, non discrimination, security practices and etc., Product responsibility, Labour Practices and Decent Work, Society etc.) (For more detailed information see the Appendix 1)

In addition, according to GRI guideline there are four main principles for defining the report content: materiality, stakeholder inclusiveness, sustainability context, completeness; and 6 principles for ensuring report quality: balance, comparability, accuracy, timelines, clarity and reliability. We intentionally, do not give the explanation to each of these principles, due to the fact that they very explicitly and comprehensively explained by the GRI Sustainability Reporting Guidelines (for more information see the Appendix). However, we would like to add, that all the reported information should be relevant to the reporting company, it especially refers to the choice of the performance indicators, we will discuss this point later in the next chapter.

3 Empirical findings and analysis

The research was designed to examine the experience and knowledge of other company's success in sustainability reporting, with the aim to determine the way different companies work with sustainability reporting, as well as the benefits and challenges associated with the reporting. The basis for the research was the interviews that had been conducted within 21 different size, location and business sectors companies. In addition to our research we used the results from the GRI testimonies that cover 17 different size and sectors companies around the world who have the experience with the GRI reporting process. All the information was collected in the text format and was subsequently coded by reading through many of the answers and identifying the range of different aspects involved. Based on that data, we disclosed the main aspects associated with the sustainability reporting and analyzed them afterwards, with the aim to give Thule general idea about the perspective sustainability reporting process and its organization.

3.1 GRI reporting Testimonies

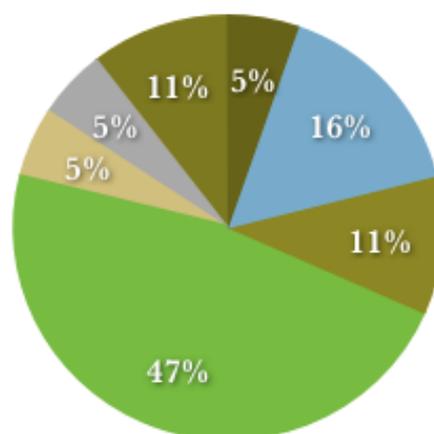
During February and March of 2008, GRI collected testimonies from companies of diverse sizes and sectors around the world who experienced using GRI guidelines in their sustainability reporting process. In these testimonies, GRI reporting practitioners - from senior executives to project coordinators reveal the value and the main challenges they encountered during the reporting process (GRI, 2008).

3.2 Online survey, phone and personal interviews

During the period from March to May 2010 we conducted online, phone and personal interviews among 10 Western European and American and 11 Nordic based companies (14 online surveys, 6 phone and 1 personal interviews). The subjects for the interviews had been selected based on the location, size and business sector characteristics. For that purpose we used the ICCA (2006)'s global CSR directory, which gathers the best sustainability reporting practices among the 500 largest companies all around the world. We also used 'AffarsData' database (2010), in order to find similar size with Thule companies, based on its 2009 revenues. Consequently, we chose 21 companies that represented 9 different business sectors (see Figure 3.1). Where 11 were Nordic (10 Swedish and 1 Finnish) and 6 of them had similar size to Thule. Such selection widened the scope of our research and ensured the validity and reliability of the results. While these interviews revealed the main benefits and challenges (particularly associated with reporting for the first time) of sustainability reporting among the interviewed companies, they also disclose the information regarding the reporting process organization, including systems and guidelines priorities.

Figure 3.1 Business sectors covered by the research

- Finance, insurance & securities
- Energy
- Automotive
- Metals, engineering & other manufacturing
- Chemicals & synthetics
- Telecommunication
- Other services

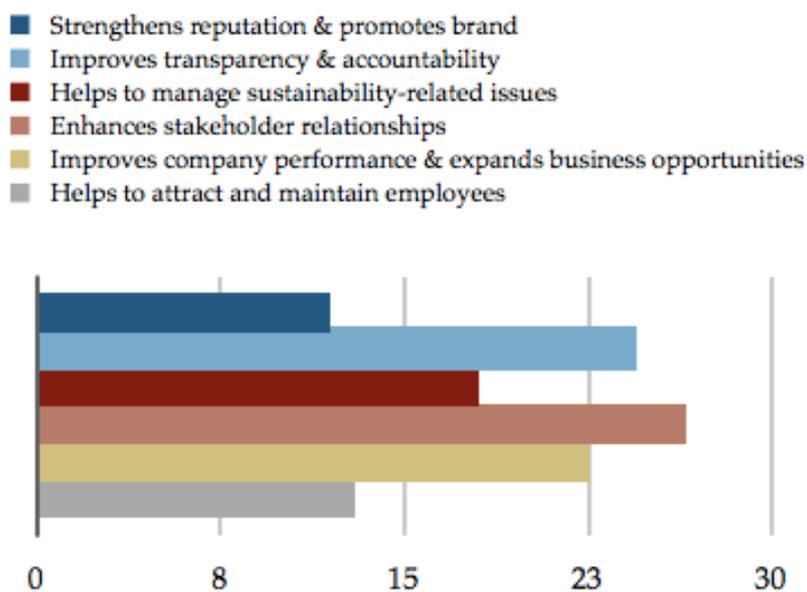


3.2.1 Sustainability reporting benefits

It is important to mention, that all of the 21 companies that we interviewed ourselves, reflected upon the benefits they received from sustainability reporting. While the results from the GRI testimonies that also had been used in our analysis, excluded the ‘benefits’ answers from 5 participated companies (the complete results are not available free of charge; see the Appendix 2 for more information). Consequently, during the analysis we had the results from 33 interviewed companies. Each of them indicated at least two benefits they experienced due to reporting. Based on that empirical data, we can conclude that there is a set of benefits that companies experienced due to reporting, which we are going to be reveal and discuss in this section.

Based on the collected data, we segregated all the ‘benefits’ that had been mentioned by the interviewed companies into 6 groups (see Figure 3.2).

Figure 3.2 sustainability reporting benefits



As presented on the graph, most of the interviewed companies indicated that sustainability reporting helps them to improve relationships with their stakeholders as well as improves their transparency and accountability (27 out of 33 and 25 out of 33 respectively). Both of these factors are actually directly connected to each other and from our perspective, such dynamics proves that one of the main reasons of the sustainability reporting for the companies is the demand from the stakeholders for such report (Customers, Investors, Governments, NGO’s etc.). Being more specific, most of the interviewed companies, such as Tele2 and Holmen for instance, noted that they constantly receive fair amount of questions on their sustainability performance from their different stakeholders. Besides the legislative regulations, such public demand came up as one of the main reasons for them to start to report.

Around 70% (23/33) of the interviewed companies indicated that sustainability reporting allows them to improve their company's performance as well as expand business opportunities. Looking behind this indicator, we can observe that even though it is really hard to define the economic benefits of sustainability reporting (most of the respondents even claimed that it is impossible), it is clear that such benefits are associated with the reporting process. The empirical study revealed that one of the main reasons for that was an opportunity to monitor the company's performance. More specifically, such opportunity let companies to monitor the performance indicators that had been out of the management scope before. Consequently, sustainability reporting not only helps to define the areas which can further be improved, but also constantly stimulates such improvements to be performed. To specify, such improvements may relate to costs reductions in energy consumption, for instance, through using more advanced technologies in the production process. 23 out of 33 interviewed companies, such as Husqvarna, Outokumpu, Holmen etc. pointed out the importance of using sustainability reporting as an internal management tool, which constantly helps them to know where they are and then to define what they could do better (see the Appendix 2 for more information).

Another benefit is directly connected to the previous one and had been mentioned by more than half of the interviewed companies (18/33), the respondents claimed that sustainability reporting helped them to manage sustainability related issues. From our perspective, the ability to manage sustainability related issues is actually one of the causes that allow companies to increase their performance and to extend their business opportunities. While coding the qualitative information we also noticed that most of the companies who pointed out that sustainability reporting helps them to manage sustainability related issues, also mentioned that the reporting positively affected their company's performance and expanded business opportunities. Based on that and given the profile of the respondents we assume that for the respondents, who did not mention this benefit, it may not have been possible comment on the effect of the reporting on the company's performance. As in the case with IKEA for instance, where the respondent was the member of sustainability team, whose scope of responsibilities might not have included the evaluation of the company's performance. Therefore, based on the empirical observation, we venture to suggest that in case we would interview employees with similar range of responsibilities we might have been able to see some sort of similar results in both of these benefits.

The last two benefits which received almost equal amount of voices, stated that sustainability reporting strengthens company reputation & promotes its brand as well as it helps to attract and maintain employees. Both of these benefits had been mentioned by 12 out of 33 and 9 out of 33 interviewed companies respectively. Looking deeper to the back side of these benefits, we would like to disclose the following observation. Most of the companies that mentioned the benefits of strengthening the reputation and brand refer to the sort of 'high sustainability risk'

companies, such as Shell, GE, E-on, etc. which have a great impact on the environment and at the same time very well experienced in the area of sustainability. The same picture we can observe with the other benefit, which is 'Helps to attract and maintain employees' benefit, where we have almost the same 'high sustainability risk' companies – Shell, E-on, GE, Holmen etc., which again are the companies greatly experienced in the area of the reporting on sustainability related issues. Based on this observation, we assume that those companies who did not mention those benefits did not necessarily not have them. More specifically, from our perspective, the 'high sustainability risk' companies due to their high levels of environmental impacts tend to attract more attention from different stakeholders (NGO's, Governments, Academicians etc.) to their sustainability performance, than the 'low sustainability risk' companies do. Based on that, we suggest that the higher sustainability risk companies might be more aware and concerned about the effect of their sustainability performance on their brands and on the ability to attract and maintain employees, which consequently led to such results.

To summarize, our research revealed that all the benefits that had been mentioned by the interviewed companies were all interconnected. Moreover, as we explained above, some limitations of the research, such as differences in the profiles of the respondents, the time limits, and other personal factors may have also affected the final results. Based on our research and observations which was conducted within 21 different size, location and business sector companies, combining with the results from the GRI testimonies, we suppose that all the interviewed companies are able to experience the same benefits, despite the size, location and business sector differences. However, the main benefits and as a result the main reasons for the reporting remain the ability of sustainability reporting to increase transparency and consequently, improve stakeholders relationships, which again proves the presence of stakeholders demand on company sustainability performance information in the market.

3.2.2 Main challenges in sustainability reporting

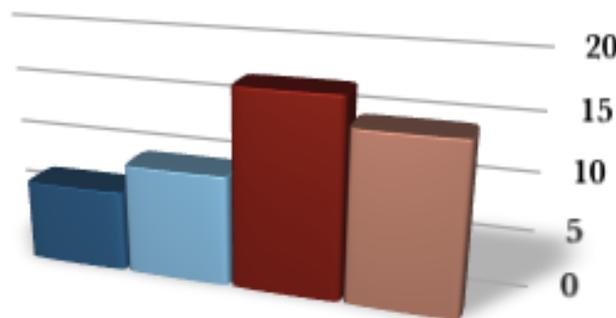
In this section we would like to present our findings about the challenges that are usually associated with the reporting process based on the 20 different in size, location, business sector and reporting experience companies that participated in our research and provided us with such information. All of the interviewed companies were asked about the main challenges that they experienced at their first time issuing sustainability reports. To our surprise, most of those challenges that had been mentioned by our respondents still remain to be topical for them, but in different context.

The majority of the interviewed companies, particularly 16 out of 20, indicated the process of data collection and its further analysis as one of the biggest challenges in the sustainability reporting (see Figure 3.3). The research also revealed that in spite of all the differences between the participated companies, the problem of data collection, analysis and particularly the quality assurance of the collected data, takes place not

only at the first time of reporting, but constantly in the reporting process. The existence of such dynamics has been explained by one of our interviewees (Mattias Ortenvik, Environmental Manager at E.ON Sweden) as the consequences of constantly changing sustainability ‘environment’ which is lack of regulations and requirements, as well as increase of company’s reporting ambitions. Both of these aspects require companies to make constant adjustments and improvements of their reports, disclosing information on additional reporting indicators that might not have been known to a company before.

Figure 3.3 main challenges of sustainability reporting

- Employee awareness about sustainability and sustainability related issues
- identifying interests of stakeholders
- data collection, analysis and quality control
- Decide the structure and the content of the report



The next challenge that was mentioned by 14 interviewed companies relates to the process of defining the structure and the content of the report. More specifically, the respondents indicated the difficulty of choosing both the data and the structure that could allow create a comprehensive report which at the same time could meet the needs of all stakeholders. Communication and environmental managers at Boliden (leading European metal company), for instance, indicated that due to the range of sustainability related work that was taking place within the company, it was pretty hard to define relevant data for the report at the first time. While for ‘Banarra Sustainability Assurance and Advice’ the challenge was to meet the needs of all the stakeholders within one report.

Another issue, which was pointed out by 9 out of 20 participated companies was actually the challenge of identifying the stakeholders needs. What is interesting here is that all of those 9 respondents also mentioned the problem of defining the report content, although all of them had already been experienced in the reporting on sustainability related issues by the time they were issuing their first sustainability report (E-ON, Vattenfall, for instance, used to do environmental reporting). Considering all these facts and the number of respondents, we do not take a risk of making any conclusions. However, giving a closer look to the reporting development in these companies, we noticed that progressing in the process of the reporting,

companies started to adjust their reporting formats to different stakeholders, which as they indicated improved their stakeholders dialogs. E-ON for instance, started the first report by including the sustainability related information into its annual financial report. Later, the report was split into a separated one. Nowadays, in addition to the 'main' separate sustainability report E-ON also issues different types of 'short' reports for its various stakeholders. For instance, for the employees, it has a separate 'Climate Balance Sheet', which aims to deliver only the relevant information and not to overload readers with the data that might be out of their interests (as of 2009, E-ON's CR reporting fulfills application level B+ of the GRI guidelines). The other example is Old mutual group, which also indicated the experience of adjustments of their report to various stakeholders, by offering different types of information online and in the printed versions. Moreover, they recently started the new 'stakeholder engagement' project, with the aim to improve the whole Corporate Responsibility (CR) strategy through a better understanding of the needs of their stakeholders (the 2009 Old mutual's report meets the requirements of the application level A+ of the GRI guidelines).

The last challenge that has been mentioned by 6 our participants, is the employee awareness. More specifically, our respondents indicated the difficulty with the quality of the reported data during the data gathering processes. Environmental coordinator at Husqvarna, for instance, indicated that at the first time of the reporting, it was difficult not only to get the correct information, but also to explain what sort of information was needed (Husqvarna has around 15000 employees)(see the Appendix 2). Similar problem had also been mentioned by the Environmental manager at Boliden, which has approximately 4400 employees. On the other hand, among those who mentioned the same challenge were the companies who had already been experienced in the environmental reporting at the time of issuing the first report, such as Vattenfall and E-ON, with around 32801 and 88000 employees respectively. However, the last two companies indicated the challenge of the employee awareness in a slightly different context. Being more specific, Vattenfall and E-ON indicated that increasing employee awareness positively affects the level of their reports. However, it was not that critical for the first time of the reporting, due to the previous experience on sustainability related issues. Based on this research, we identified that the employee awareness is a long lasting issue, which despite of the differences in size or business areas of the reporting companies may lead to either increase or decrease of the level of the reporting.

As in the case with the benefits, our research revealed that all the challenges that had been mentioned by our participants were interconnected. Being more specific, all the mentioned challenges represent the core reporting steps. Improvements of which directly affect the quality and the level of the reporting. The other important thing that came out of our research was that most of the indicated challenges are long lasting, which means they take place every time the report being issued, not only during the first one. Knowing the interests of stakeholders is critical for the successful reporting,

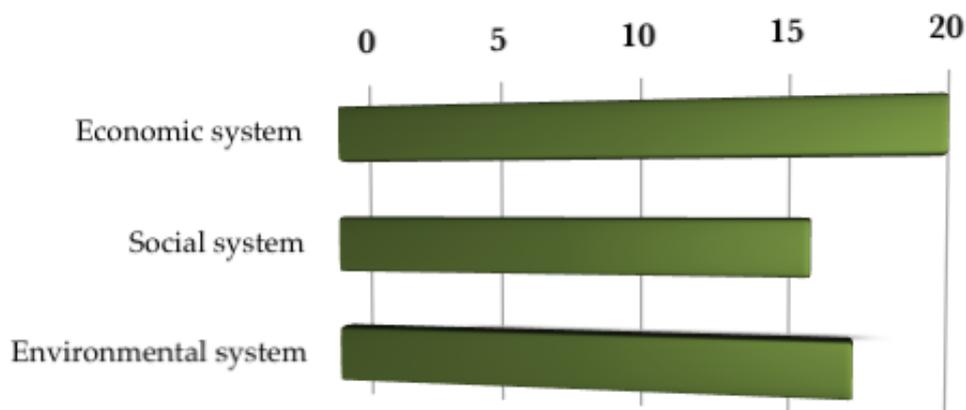
while employee awareness is one of the most commonly used tool to improve the data collection process (relevance and quality of the collected data).

Unfortunately, within our research we could not manage to receive the extensive answers on how companies solve the challenges that has been discussed above, that is why we do not have a separate section for the ‘solutions’. However, based on the general answers that we received (see Appendix 2), we can conclude that most of the responded companies managed with most of the challenges internally, without hiring professionals. However, it is important to mention that all of them were priory experienced in the reporting on sustainability related issues and had qualified staff internally. In addition, most of the respondents mentioned the importance of using the GRI guidelines, which helped them significantly in managing the reporting in general. We will discuss the GRI guidelines later in the next chapter.

3.2.3 IT systems in Sustainability reporting

In this section we would like to present our findings concerning the companies’ experience of using different software systems for data collection, processing and organization in the sustainability reporting process. Within our research we tried to identify if there are any particular trends or preferences regarding IT solutions within the companies. Having interviewed 20 different size, location, business sector companies, we figured out that there was no particular system that would be commonly used for sustainability reporting purpose. Moreover, all the respondents whether stated they use specifically designed internal sustainability reporting IT solutions (in which case we assume that they use software systems for all three types of data – economic, environmental and social, which were mentioned in the previous chapter) or that they specifically adjusted widely known systems they used to use before, such as SAP for instance, for the reporting process.

Figure 3.4 usage of IT systems in sustainability reporting



To be more specific the research revealed that all of the interviewed companies were using particular software for the financial data collection, the same that they used in the financial reporting (see figure 3.4).

The use of the environmental software systems, however, mostly refers to the companies that experienced the environmental reporting before, due to the specifics of their businesses.

Social reporting software systems were the least popular within the interviewed companies. Moreover, most of those companies who indicated the use of such systems also experienced the use of such systems before the reporting.

All of the interviewed companies also indicated that the use of specific software in the reporting process helps them to keep track of all sustainability related activities as well as to collect, consolidate and evaluate sustainability related data. In addition, the research revealed that those companies that do not use IT solutions for any types of sustainability related data, showing the interest of using them in future indicating that it would lead to increase of the sustainability performance as well as the increase of the level of the reporting. As long as the information about the systems that we received from our respondents was diverse (most of them use different specifically designed systems, which have specific internal names), we found it irrelevant to describe each case separately. However, all the collected data is available in the appendix.

3.2.4 Reporting organization

In this section we would like to disclose the information about the reporting organization among the interviewed companies. Within our research we tried to reveal if there any significant differences or similarities in the organization of sustainability reporting between the participants. Consequently, we found out that despite the interviewed companies size, business sector or reporting experience all of them followed the same structure in their reporting organization. All of the respondent companies have at least one person responsible for the whole report (most of the time environmental/CSR managers), who collects all the data from different business units and aggregates it further into the final report. In addition, all of the participants also stated that they have at least one person in each business unit for the data collection purpose (usually plant/division managers).

The research also revealed that despite the use of similar structure in the reporting organization the reporting approaches are different. We would even say that, based on our research, there is no single pattern of how sustainability reporting should be organized (how many employees should be involved, the exact workflow, etc.). Moreover, the sustainability reporting process in each participated company is pretty much unique and based mostly on the company's capacity and previous experience. Holmen, for instance, due to the specific of its business, used to report on environmental issues before starting to report on its sustainability performance. Thus, the environmental reporting worked as the base at the time of organizing the sustainability reporting process, which allowed them to manage the whole process internally. While Vattenfall for instance, which is also experienced in the

environmental reporting, has a full time consultant who is responsible for the whole sustainability reporting process (see the Appendix 2).

Concerning the number of employees, we did not receive any extensive information within our research. The main reasons for that were that the respondents did not have such information or it was just simply hard for them to evaluate. More specifically, all of the participated companies, except Vattenfall, indicated that they do not have any full time employees, particularly for the sustainability reporting purpose, which makes it difficult to say how many employees are actually involved. However, based on our observation, we can conclude that the amount of employees that are involved into the reporting process is directly dependent on the size of the company, and particularly on the number of divisions in a company.

On the aspect of the cost of sustainability reporting, no particular information was received from our respondents. Although, it can be mentioned that none of the companies even tried to calculate the costs of the reporting, some of the respondents even stated that such calculation would not be possible, and the main reason for that is that most of the companies do not have any full-time employees, specifically for the sustainability reporting process, which means that the whole reporting is managed by the assigning the responsibilities to the existing members of staff, which makes it impossible to calculate the separate cost of the report.

3.2.5 Reporting Frames

In this section we would like to present the information about the reporting frames that have been used by our respondents in the reporting process. Before we start, we would like to point out that all the 21 interviewed companies, and all the companies that participated in the GRI testimonies, which results have also been used in our project, used the GRI guidelines in their sustainability reporting processes. During our research we addressed the question to our respondents about the main reasons they follow GRI guidelines in their reporting process. Consequently, we received very interesting ‘practical’ information that we would like to present further.

First of all, it is important to mention that all our respondents could be divided into two groups: those who started to use GRI at the first time of the reporting, and those who moved to GRI later after experiencing its own reporting frames. Our research revealed that most of the companies that indicated that they used to use other reporting frames before they started to use GRI, began to report on sustainability related issues before the existence of the GRI guidelines. One of those examples could be Vattenfall, which issued its first GRI report in 2003, while before they used to follow their own – internal frame. They also stated that, since they started to use GRI guidelines, the process became much more qualitative and organized (see the Appendix). Another example could be Holmen, which started to report on sustainability related issues in 1993, where they had been the first company in Sweden who started to report on its environmental performance, see more details in

the Appendix. During our discussion Holmen's environmental manager indicated that since they started to follow GRI they increased the efficiency within the reporting process and in sustainability performance in general.

Another group of participants were actually those who started to follow GRI guidelines since their first sustainability report. Among those companies we revealed the following commonly mentioned reasons for the use of the GRI guidelines:

- GRI guidelines gives a clear view on what to report on and how to do it
- GRI is widely used and currently the best known sustainability reporting guidance
- GRI helps to structure sustainability reporting process and improves the understanding of how to deal with sustainability related issues

To be more specific, Boliden for instance, indicated that they started to use GRI due to its wide acceptance, which from their perspective assures better credibility and understanding of the report. While Tele2 started to use GRI because they expected that the GRI guidelines could become the mandatory standard for sustainability reporting, as in the case with Swedish state-owned companies, which was discussed in the previous chapter.

Another interesting advantage for the use of GRI that has been mentioned by some of our participants (E-ON, Boliden, for more details see the Appendix), relates to the sustainability indexes, such as Dow Jones Sustainability Index and Nordic Sustainability Index. First of all, the respondents indicated the value of being ranked and included into such indexes, as it assures additional credibility to the report and to the company in general. As it was mentioned by our respondents, following the GRI guidelines gives some sort of benefits when it comes to the sustainability indexes, due to the fact that such indexes follow the same frame in the evaluation and ranking processes.

3.2.6 Sustainability reports benchmark

In this section we would like to present our empirical findings regarding how Thule's perspective sustainability report could look like. For that purpose, we picked out 10 sustainability reports from ten different companies, which had been created according to the GRI guidelines and represent different locations and business sectors. It is also important to mention that half of the chosen companies were Swedish. Consequently, we benchmarked those reports with aim to define the main similarities and differences, in the reporting design and structure that could further help Thule in the creation of their report. Surprisingly, we found out that there was no single pattern for the reports, which means that there was no single rule on how the report should look like. All the benchmarked reports were pretty much different in terms of design and the way the information was presented. The only similarity that we could find was that all of the reports included the 'GRI standard disclosure' information (the results of the benchmark available in the Appendix 4)

In addition, the benchmarking revealed that the main difference among all the reviewed reports was the choice of performance indicators. More specifically, all reviewed reports included only the information on performance indicators that were relevant to the reporting company. Being more specific, such companies as E-ON and RWE, which have a comparably huge impact on the environment, focus their reports mostly on environmental issues, including more extensive information on their environmental performance, than for instance Old Mutual, which has much lower environmental impact. On the other hand, H&M for instance, was more focused on social performance, disclosing more information on social performance indicators, than for instance E-ON did.

To sum up, it can be concluded that according to the company's specific sector, special emphasis in the reporting will be placed on particular aspects, however all the chosen indicators should be relevant to the company.

4 Conclusion

The project aimed to answer two main questions that have been addressed by our client, Thule. More specifically, according to Thule's goal for going public till 2012, Thule now starting to prepare the plan, and to consider sustainability reporting being a part of it. Working on this project we aimed to define if there is a need in annual sustainability report for Thule, and if it is needed – what should it look like.

In order to do that, we made a research, which included related literature study, empirical data collection and its consequent analysis. To be more specific, in order to answer the first question, we have studied the global and local sustainability reporting trends, identified the perspective benefits of the reporting from both the literature review and the empirical research. Consequently, we found out that besides all the benefits that Thule can get from the reporting on its sustainability performance, there is the legislation – “Swedish Annual Accounts Act”, which obliged all listed companies to include the non financial information including environmental and employee matters, into the audited directors' reports (Larsson, 2008). Simply to say, considering the Thule's future plans, sustainability reporting is something that will be mandatory for them.

However, going back to the benefits, our research revealed that sustainability reporting might bring a range of benefits for Thule. More specifically, it may lead to the improving of the company's performance, improves Thule's communication with its stakeholders, differentiating the company on the market place, generally strengthening Thule's brand and its reputation, and attracting new investors. The last one is especially interesting considering the Thule's future plans. Although, we could not find any studies that could explain the economic value of sustainability reporting, our research allows us to say that there is a growing demand on companies sustainability performance information from different stakeholders (investors,

consumers and other stakeholders) in the market. By the way, it is also important to mention that according to our research, there is a growing number of companies that disclose the information on their sustainability performance. Based on that, we find it reasonable to say that, yes there is a need in sustainability reporting for Thule. One and the main reason for that is that it is mandatory in case Thule goes public. Another reason is actually the benefits that Thule can get from the reporting. In addition to that and as had been stated by one of our respondents that participated in our research, there is no guarantee that sustainability reporting would not become mandatory for privately owned companies, considering the fact that Swedish government has already obliged all state-owned companies to report on their sustainability performance (Ministry of Enterprise, Energy and Communications, 2007).

With the respect to the second question on how the perspective reporting and the report could look like, we made the research that included the collection of other company's success in the sustainability reporting. More specifically, we interviewed (phone, personal interviews and email surveys) 21 different size, location and business sector companies. Consequently, the research allowed us to identify what kind of experience other companies had in the reporting. Being more specific, we identified what sort benefits and challenges other companies experienced since their first time of the reporting. We also find it is important to mention that the result of our empirical research and analysis, concerning the benefits of the reporting are aligned with the results of other previous sustainability reporting studies. During the research we also collected the information on the experience of the reporting process organization. That allowed us to get a general picture on how the Thule's reporting process could look like.

Being more specific, our research revealed that most of the participated companies had rather similar reporting organizational structure. Most of the interviewed companies indicated that they had at least one responsible person who was conducting the whole reporting process, and assures the quality of the collected data (in most of the cases – Environmental, CSR managers), in addition, most of the interviewed companies had at least one person in each business unit who was responsible for the collection of the data and its further reporting to the higher management level (in most of the cases – plant managers). Roughly speaking, it is sort of the general structure that takes place in the reporting processes of most of the interviewed companies.

In addition to the reporting organization most of the participated companies indicated the use of different software systems in the reporting processes. More specifically, most of the interviewed companies adapted either previously used or new software systems into the reporting process, indicating that the use of such systems improved the data collection process and led to a better organization and performance of the whole sustainability reporting process. However, it is also important to say that most of the companies did not provide us with particular names of their systems, most of the time they just did not know or the system that they used had been specifically

designed for their company. Therefore, it is not possible for us to give any conclusions or suggestions on the software systems that may be used in Thule.

With regard to the actual content of the report, all of the participated companies follow the GRI guidelines in their reports. According to our research there is a set of benefits associated with the use of the GRI guidelines, some of them are:

- GRI guidelines give a clear view on what to report and how to do it
- GRI guidelines are widely used and currently best known sustainability reporting guidance (which gives additional credibility to the report)
- GRI helps to structure sustainability reporting process and improves the understanding of how to deal with the sustainability reporting issues.

Based on all the benefits and the reputation of the GRI guidelines as the most prevalent sustainability reporting guidelines, we suggested that Thule's perspective sustainability report to be created according to the GRI G3 guidelines, which would give a proper explanation on what to report and how to report (the details were discussed earlier in the paper). In addition, we find it important to mention that as our research revealed, there is no particular pattern on how sustainability reports should look like, as long as it discloses all the necessary information. However, it is important to remember that all the included information (performance indicators) should be relevant to the reporting company.

In addition, we also collected the information regarding the main challenges that the responded companies faced with during their first time issuing their sustainability reports, in order to make Thule aware about what sort of challenges it might face with in the process of sustainability reporting process organization.

Looking closer, we would like to conclude that according to our analysis that included the data from our empirical research and the results of the GRI testimonies (survey that was conducted by the GRI), the most commonly mentioned challenges are:

- Employee awareness about sustainability and sustainability related issues
- Identification of stakeholders interests and needs
- Data collection, analysis and quality control
- The structure and the content of the report

Due to the fact that all the stated above challenges have been properly discussed and analyzed earlier in the report, we find it unreasonable to repeat it again. However, we would like to point out that all the mentioned challenges are interconnected and managing them at early reporting stages is necessary in order to set up the reporting process, while later, the better management of those issues could lead to the improvement of the reporting and sustainability performance in general, since most of them are long lasting.

To summarize, our research allowed us to identify and disclose the information on the aspects discussed above, which provide a general idea of how Thule's perspective sustainability report and the reporting process should look like.

5 Recommendation

“A company's sustainability reporting should clearly align with its overall business strategy and reflect a clear understanding of the needs and expectations of the target audience.”

(KPMG Guide)

In this section we would like to provide Thule with some general recommendations regarding the perspective reporting process. Due to the availability of different reporting organization guidelines, such as 'KPMG Sustainability reporting guide' (KPMG, 2008), we will not disclose the step by step process of sustainability reporting organization. However, we would like to present some general information that could let Thule to make the process of the reporting organization more efficient.

Within our research we interviewed 3 different professional consultants. Two of them were specialized in the area of sustainability reporting (Torbjorn Brorson – adjunct professor at IIIIEE at Lund University; Magdalena Ellfors - Internal Consultant at Vattenfall). Consequently, we base our recommendations both on the knowledge from other companies experience and on from the experience of the interviewed consultants.

Due to the fact, that we provided the extensive explanation about our suggestion on the use of the GRI guidelines earlier in this report, we will not give any information about it in this section.

Recommendations:

At the initial stage Thule needs to assign the responsible person and map out the reporting process. With regard to the responsible person, we recommend that such person would be experienced in dealing with sustainability related issues, as it would positively affect the data collection and analysis processes.

At the stage of defining the report scope and content, it is important to remember that sustainability reporting must address the sustainability issues that are relevant to the company.

Sustainability reporting must be a part of the management of business performance, which could assure constant sustainability performance improvements as well as improve the level of the reporting

It is important to recognize that different stakeholders have different needs in relation to the reporting information. Investors for instance, will have different requirements to local communities or employees

In the long perspective it might be interesting to consider the adaptation of the specialized sustainability reporting software system

It is important to constantly increase the employee awareness about sustainability and sustainability related issues, as it directly affects both the sustainability performance and the quality of sustainability reporting

Organizational change

In addition we would like to disclose some information regarding the challenges of the organizational change, which would take place within the development of sustainability reporting at Thule.

Organizational change takes place when an organization makes a transition from its current state to the desired future state. Organizational change does not occur without leadership. There are six prime responsibilities that leaders must meet in order to implement successful change. It is important to notice that leaders must work with others within the organization (Beach, 2006):

- 1) To understand the organization's internal and external environments,
- 2) To understand the organization's culture,
- 3) To create a vision of a desirable future and obtain buy-in,
- 4) To design a plan that moves the organization toward the envisioned future,
- 5) To integrate the various units in implementation of the plan and to monitor progress, and
- 6) To institutionalize achieved changes and make continuous change an integral part of the organization's culture.

We would like to draw Thule's specific attention to the organizational culture as organization culture is the foundation for change that can either facilitate or hinder organization change. (Thomas, G & Christopher, G, 2005) The culture of any organization is affected by two sides. One side is the employees of the organization who are exactly going to serve the missions. The employee's awareness will directly influence on the quality of work and organization's ability to implement change.

The other side is the leadership of organization. According to Sims (1994) upper management is critical in determining the culture of an organization. Being more specific, leadership is the ability of authority to guide and direct others toward achievement of a goal, it also has significant impact on decision making because leaders have the power to motivate others and enforce the organization's rules and policies as well as their own viewpoints. (Ferrell et al., 2006).

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Appendix 1: GRI Sustainability Reporting Guidelines—Reference Sheet

Principles for Defining Report Content

MATERIALITY The information in a report should cover topics and Indicators that reflect the organization’s significant economic, environmental, and social impacts, or that would substantively influence the assessments and decisions of stakeholders.

STAKEHOLDER INCLUSIVENESS The reporting organization should identify its stakeholders and explain in the report how it has responded to their reasonable expectations and interests.

SUSTAINABILITY CONTEXT The report should present the organization’s performance in the wider context of sustainability.

COMPLETENESS Coverage of the material topics and Indicators and definition of the report boundary should be sufficient to reflect significant economic, environmental, and social impacts and enable stakeholders to assess the reporting organization’s performance in the reporting period.

Principles for Ensuring Report Quality

BALANCE The report should reflect positive and negative aspects of the organization’s performance to enable a reasoned assessment of overall performance.

COMPARABILITY Issues and information should be selected, compiled, and reported consistently. Reported information should be presented in a manner that enables stakeholders to analyze changes in the organization’s performance over time, and could support analysis relative to other organizations.

ACCURACY The reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting organization’s performance.

TIMELINESS Reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions.

CLARITY Information should be made available in a manner that is understandable and accessible to stakeholders using the report.

RELIABILITY Information and processes used in the preparation of a report should be gathered, recorded, compiled, analyzed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.

Standard Disclosures: Profile

1. Strategy and Analysis

1.1 Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.

The statement should present the overall vision and strategy for the short-term, medium-term (e.g., 3-5 years), and long-term, particularly with regard to managing the key challenges associated with economic, environmental, and social

performance. The statement should include:

- Strategic priorities and key topics for the short/ medium-term with regard to sustainability, including respect for internationally agreed standards and how they relate to long-term organizational strategy and success;
- Broader trends (e.g., macroeconomic or political) affecting the organization and influencing sustainability priorities;
- Key events, achievements, and failures during the reporting period;
- Views on performance with respect to targets;
- Outlook on the organization's main challenges and targets for the next year and goals for the coming 3-5 years; and
- Other items pertaining to the organization's strategic approach.

1.2 Description of key impacts, risks, and opportunities.

The reporting organization should provide two concise narrative sections on key impacts, risks, and opportunities.

Section One should focus on the organization's key impacts on sustainability and effects on stakeholders, including rights as defined by national laws and relevant internationally agreed standards. This should take into account the range of reasonable expectations and interests of the organization's stakeholders. This section should include:

- A description of the significant impacts the organization has on sustainability and associated challenges and opportunities. This includes the effect on stakeholders' rights as defined by national laws and the expectations in internationally agreed standards and norms;
- An explanation of the approach to prioritizing these challenges and opportunities;
- Key conclusions about progress in addressing these topics and related performance in the reporting period. This includes an assessment of reasons for underperformance or overperformance; and
- A description of the main processes in place to address performance and/or relevant changes.

Section Two should focus on the impact of sustainability trends, risks, and opportunities on the long-term prospects and financial performance of the organization. This should concentrate specifically on information relevant to financial stakeholders or that could become so in the future. Section Two should include the following:

- A description of the most important risks and opportunities for the organization arising from sustainability trends;
- Prioritization of key sustainability topics as risks and opportunities according to their relevance for long-term organizational strategy, competitive position, qualitative, and (if possible) quantitative financial value drivers;
- Table(s) summarizing:

- Targets, performance against targets, and lessons-learned for the current reporting period; and
- Targets for the next reporting period and mid-term objectives and goals (i.e., 3-5 years) related to key risks and opportunities.
- Concise description of governance mechanisms in place to specifically manage these risks and opportunities, and identification of other related risks and opportunities.

2. Organizational Profile

2.1 Name of the organization.

2.2 Primary brands, products, and/or services. The reporting organization should indicate the nature of its role in providing these products and services, and the degree to which it utilizes outsourcing.

2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.

2.4 Location of organization's headquarters.

2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.

2.6 Nature of ownership and legal form.

2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).

2.8 Scale of the reporting organization, including:

- Number of employees;
- Net sales (for private sector organizations) or net revenues (for public sector organizations);
- Total capitalization broken down in terms of debt and equity (for private sector organizations); and
- Quantity of products or services provided.

In addition to the above, reporting organizations are encouraged to provide additional information, as appropriate, such as:

- Total assets;
- Beneficial ownership (including identity and percentage of ownership of largest shareholders); and
- Breakdowns by country/region of the following:
 - Sales/revenues by countries/regions that make up 5 percent or more of total revenues;
 - Costs by countries/regions that make up 5 percent or more of total revenues; and
 - Employees.

2.9 Significant changes during the reporting period regarding size, structure, or

ownership including:

- The location of, or changes in operations, including facility openings, closings, and expansions; and
- Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).

2.10 Awards received in the reporting period.

3. Report Parameters

REPORT PROFILE

3.1 Reporting period (e.g., fiscal/calendar year) for information provided.

3.2 Date of most recent previous report (if any).

3.3 Reporting cycle (annual, biennial, etc.)

3.4 Contact point for questions regarding the report or its contents.

REPORT SCOPE AND BOUNDARY

3.5 Process for defining report content, including:

- Determining materiality;
- Prioritizing topics within the report; and
- Identifying stakeholders the organization expects to use the report.

Include an explanation of how the organization has applied the ‘Guidance on Defining Report Content’ and the associated Principles.

3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.

3.7 State any specific limitations on the scope or boundary of the report.

If boundary and scope do not address the full range of material economic, environmental, and social impacts of the organization, state the strategy and projected timeline for providing complete coverage.

3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.

3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.

Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.

3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).

3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

GRI CONTENT INDEX

3.12 Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or web links where the following can be found:

- Strategy and Analysis 1.1 – 1.2;
- Organizational Profile 2.1 – 2.10;
- Report Parameters 3.1 – 3.13;
- Governance, Commitments, and Engagement 4.1 – 4.17;
- Disclosure of Management Approach, per category;
- Core Performance Indicators;
- Any GRI Additional Indicators that were included; and
- Any GRI Sector Supplement Indicators included in the report.

ASSURANCE

3.13 Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).

4. Governance, Commitments, and Engagement

GOVERNANCE

4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.

Describe the mandate and composition (including number of independent members and/or nonexecutive members) of such committees and indicate any direct responsibility for economic, social, and environmental performance.

4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).

4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.

State how the organization defines 'independent' and 'non-executive'. This element applies only for organizations that have unitary board structures. See the glossary for a definition of 'independent'.

4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.

Include reference to processes regarding:

- The use of shareholder resolutions or other mechanisms for enabling minority

shareholders to express opinions to the highest governance body; and

- Informing and consulting employees about the working relationships with formal representation bodies such as organization level ‘work councils’, and representation of employees in the highest governance body.

Identify topics related to economic, environmental, and social performance raised through these mechanisms during the reporting period.

4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization’s performance (including social and environmental performance).

4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.

4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization’s strategy on economic, environmental, and social topics.

4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.

Explain the degree to which these:

- Are applied across the organization in different regions and department/units; and
- Relate to internationally agreed standards.

4.9 Procedures of the highest governance body for overseeing the organization’s identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.

Include frequency with which the highest governance body assesses sustainability performance.

4.10 Processes for evaluating the highest governance body’s own performance, particularly with respect to economic, environmental, and social performance.

COMMITMENTS TO EXTERNAL INITIATIVES

4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.

Article 15 of the Rio Principles introduced the precautionary approach. A response to 4.11 could address the organization’s approach to risk management in operational planning or the development and introduction of new products.

4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.

Include date of adoption, countries/operations where applied, and the range of stakeholders involved in the development and governance of these initiatives (e.g., multi-stakeholder, etc.). Differentiate between non-binding, voluntary initiatives and those with which the organization has an obligation to comply.

4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:

- Has positions in governance bodies;
- Participates in projects or committees;
- Provides substantive funding beyond routine membership dues; or
- Views membership as strategic.

This refers primarily to memberships maintained at the organizational level.

STAKEHOLDER ENGAGEMENT

The following Disclosure Items refer to general stakeholder engagement conducted by the organization over the course of the reporting period. These Disclosures are not limited to stakeholder engagement implemented for the purposes of preparing a sustainability report.

4.14 List of stakeholder groups engaged by the organization.

Examples of stakeholder groups are:

- Communities;
- Civil society;
- Customers;
- Shareholders and providers of capital;
- Suppliers; and
- Employees, other workers, and their trade unions.

4.15 Basis for identification and selection of stakeholders with whom to engage.

This includes the organization's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage.

4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

This could include surveys, focus groups, community panels, corporate advisory panels, written communication, management/union structures, and other vehicles. The organization should indicate whether any of the engagement was undertaken specifically as part of the report preparation process.

4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.

Standard Disclosures: Performance Indicators

Categories (6)

Aspects

XX01 Core Indicators are those Indicators identified in the GRI Guidelines to be of interest to most stakeholders and assumed to be material unless deemed otherwise

on the basis of the GRI Reporting Principles.

XX01 Additional Indicators are those Indicators identified in the GRI Guidelines that represent emerging practice or address topics that may be material to some organizations but not generally for a majority.

1. Environmental

MATERIALS

EN1 Materials used by weight or volume.

EN2 Percentage of materials used that are recycled input materials.

ENERGY

EN3 Direct energy consumption by primary energy source.

EN4 Indirect energy consumption by primary source.

EN5 Energy saved due to conservation and efficiency improvements.

EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.

EN7 Initiatives to reduce indirect energy consumption and reductions achieved.

WATER

EN8 Total water withdrawal by source.

EN9 Water sources significantly affected by withdrawal of water.

EN10 Percentage and total volume of water recycled and reused.

BIODIVERSITY

EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

EN13 Habitats protected or restored.

EN14 Strategies, current actions, and future plans for managing impacts on biodiversity.

EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

EMISSIONS, EFFLUENTS, AND WASTE

EN16 Total direct and indirect greenhouse gas emissions by weight.

EN17 Other relevant indirect greenhouse gas emissions by weight.

EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.

EN19 Emissions of ozone-depleting substances by weight.

EN20 NO, SO, and other significant air emissions by type and weight.

EN21 Total water discharge by quality and destination.

EN22 Total weight of waste by type and disposal method.

EN23 Total number and volume of significant spills.

EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.

EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.

PRODUCTS AND SERVICES

EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.

EN27 Percentage of products sold and their packaging materials that are reclaimed by category.

COMPLIANCE

EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.

TRANSPORT

EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.

OVERALL

EN30 Total environmental protection expenditures and investments by type.

2. Human Rights

INVESTMENT AND PROCUREMENT PRACTICES

HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

NON-DISCRIMINATION

HR4 Total number of incidents of discrimination and actions taken.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

CHILD LABOR

HR6 Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor

FORCED AND COMPULSORY LABOR

HR7 Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.

SECURITY PRACTICES

HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

INDIGENOUS RIGHTS

HR9 Total number of incidents of violations involving rights of indigenous people and actions taken.

3. Labor Practices and Decent Work

EMPLOYMENT

LA1 Total workforce by employment type, employment contract, and region.

LA2 Total number and rate of employee turnover by age group, gender, and region.

LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.

LABOR/MANAGEMENT RELATIONS

LA4 Percentage of employees covered by collective bargaining agreements.

LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.

OCCUPATIONAL HEALTH AND SAFETY

LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.

LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.

LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

LA9 Health and safety topics covered in formal agreements with trade unions.

TRAINING AND EDUCATION

LA10 Average hours of training per year per employee by employee category.

LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

LA12 Percentage of employees receiving regular performance and career development reviews.

DIVERSITY AND EQUAL OPPORTUNITY

LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

LA14 Ratio of basic salary of men to women by employee category.

4. Society

COMMUNITY

SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

CORRUPTION

SO2 Percentage and total number of business units analyzed for risks related to corruption.

SO3 Percentage of employees trained in organization's anti-corruption policies and procedures.

SO4 Actions taken in response to incidents of corruption.

PUBLIC POLICY

SO5 Public policy positions and participation in public policy development and lobbying.

SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

ANTI-COMPETITIVE BEHAVIOR

SO7 Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.

COMPLIANCE

SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.

5. Product Responsibility

CUSTOMER HEALTH AND SAFETY

PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

PRODUCT AND SERVICE LABELING

PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

MARKETING COMMUNICATIONS

PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

CUSTOMER PRIVACY

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

COMPLIANCE

PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.

6. Economic

ECONOMIC PERFORMANCE

EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.

EC3 Coverage of the organization's defined benefit plan obligations.

EC4 Significant financial assistance received from government.

MARKET PRESENCE

EC5 Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation.

EC6 Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.

EC7 Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.

INDIRECT ECONOMIC IMPACTS

EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.

EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts.

Guidance for using Indicators

In reporting on the Performance Indicators, the following guidance on data compilation applies:

- **Reporting on Trends:** Information should be presented for the current reporting period (e.g., one year) and at least two previous periods, as well as future targets, where they have been established, for the short- and medium-term.
- **Use of Protocols:** Organizations should use the Protocols that accompany the Indicators when reporting on the Indicators. These give basic guidance on interpreting and compiling information.
- **Presentation of Data:** In some cases, ratios or normalized data are useful and appropriate formats for data presentation. If ratios or normalized data are used, absolute data should also be provided.
- **Data aggregation:** Reporting organizations should determine the appropriate level of aggregation of information. See additional guidance in the General Reporting Notes section of the Guidelines.
- **Metrics:** Reported data should be presented using generally accepted international metrics (e.g., kilograms, tones, liters) and calculated using standard conversion factors. Where specific international conventions exist (e.g., GHG equivalents), these are typically specified in the Indicator Protocols.

Standard Disclosures: Management Approach

The Disclosure(s) on Management Approach is intended to address the organization's approach to managing the sustainability topics associated with risks and opportunities. The organization can structure its Disclosure(s) on Management Approach to cover the full range of Aspects under a given Category or group its responses differently. However, all of the Aspects associated with each category should be addressed regardless of the format or grouping.

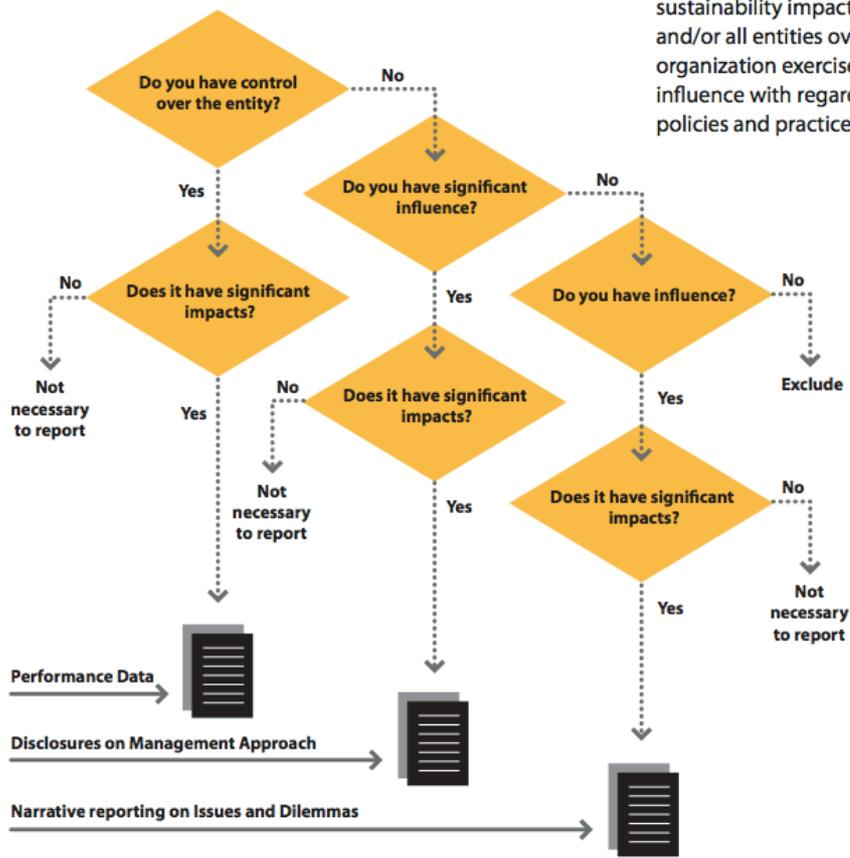
Disclosures on Management Approach include:

- Goals and performance
- Policy
- Organizational responsibility
- Training and awareness*
- Monitoring and follow up*
- Additional contextual information

* Not applicable to Economic (EC) indicators

Decision Tree for Boundary Setting

A sustainability report should include in its boundary all entities that generate significant sustainability impacts (actual and potential) and/or all entities over which the reporting organization exercises control or significant influence with regard to financial and operating policies and practices.



Appendix 2: Transcript of Online Survey, phone and personal interviews.

1. Old Mutual: <http://www.oldmutual.com/csr/index.jsp>

Overview: Old Mutual is a leading international long-term savings, protection and investment Group, powering a portfolio of highly trusted brands.

How does Old Mutual run sustainability reporting?

“We have a custom built system that we use to manage our reporting, we also collate some information that is collated through the financial reporting systems.”

What is the workflow of sustainability reporting of Old Mutual?

“Business units have a senior executive named responsible for corporate responsibility, these people send information at designated times through to the Head of CR who sits at Group Head office. Events etc are managed at a local level.”

Which challenges/problems do you face in the process of sustainability reporting?

“For us one of the main challenges was agreeing what we needed to report. In each region where we operate the issues our stakeholders are varied and at differing levels of priority so looking at what the key issues for us lead to different results depending on whom we were talking to and where. As our sustainability reporting is currently

built into our annual report, we also have to select what gets into the printed report versus what we can get online. We work with a consultancy to help us in this process and are at the beginning of our new stakeholder engagement project that will drive CR strategy, KPI selection and reporting going forward.”

What are the benefits of CSR?

“Employees see the Group acting responsibly so there can be a feel good factor. They can take part in projects or volunteering programmes offered around the Group. We offer responsible products that are growing in size and in our African operations the responsibility to our customers and employees extends to education projects and health programmes.”

What were the challenges when it was your first time to issue sustainability report?

“For us one of the main challenges was agreeing what we needed to report. In each region where we operate the issues our stakeholders are varied and at differing levels of priority so looking at what the key issues for us lead to different results depending on who we were talking to and where. As our sustainability reporting is currently built into our annual report, we also have to select what gets into the printed report versus what we can get online. We work with a consultancy to help us in this process and are at the beginning of our new stakeholder engagement project which will drive CR strategy, KPI selection and reporting going forward.”

2. Adidas: <http://www.adidas-group.com/en/sustainability/welcome.aspx>

Overview: Adidas Group is a global leader in the sporting goods industry and offers a broad portfolio of products. Products from the Adidas Group are available in virtually every country of the world.

Why does Adidas publish sustainability-related issues?

“Increasingly, consumers are wondering if the company whose products they buy is a 'good' company or not. Pressure groups want to know if we are responding to their particular concerns and financial analysts want to know if we would be a good investment. We wanted to write a report that is interesting for a broad range of people, not only for our so-called triple 'A' stakeholders (analysts, academics and activists).”

How does Adidas run sustainability reporting?

“As you may have seen, we do not use the GRI guidelines for this year's review. Instead we describe the efforts we made in 2009 to address the key social and environmental challenges our business faces. We defined the issues relevant to include if they were significant concerns of our stakeholders that also had the potential to have an impact on our business.”

“For the data we include into the online review, we use different platforms. Since 2006, the supply chain-related data management for our programme has been managed by the Fair Factories Clearinghouse (FFC), a data platform that evolved from a collaborative industry effort involving retail and consumer brands and retail trade associations to create a system for managing and sharing social audit information.

In addition, our internal social and environmental team uses systems like the global monthly reporting where we capture and track the development of our sustainability programme. Further data, e.g. on our own employees, is delivered to us by the responsible departments which use their own systems.”

Who are working on CSR in Adidas?

“The Social and Environmental Affairs (SEA) Team is tasked with ensuring compliance with our Workplace Standards within the supply chain and manages the Group’s environmental and community affairs programme globally. It consists of a diverse group of 63 individuals and is organized into three regional teams covering Asia, the Americas and Europe, Middle East and Africa (EMEA).”

“Our field staff (colleagues that closely work with our suppliers) tracks their work on an individual basis and enters any statistics into the different systems (monthly report, FFC). This information is then either compiled regionally or forwarded to our Adidas Group Headquarters or we at Headquarters can extract any information from the systems. Together with our Global Director and an external agency, I am working with the information which is then put on the corporate website or into our annual social and environmental report.”

What were the challenges/problems when you started sustainability reporting?

“If you start from scratch you need to define the framework of the reporting. After the first report you receive feedback which you can then use for the next report. But this feedback is not available before you write the first report. Also, one needs to establish proper systems to collect data and information. The assignment of responsibilities is a challenge, but also budget and personal resources.”

3.Trelleborg:<http://www.trelleborg.com/en/The-Group/Corporate-Responsibility/>

Overview: Trelleborg is a global engineering group whose leading positions are based on advanced polymer technology and in-depth applications know-how. We develop high-performance solutions that seal, damp and protect in demanding industrial environments.

How does Trelleborg run sustainability reporting?

“Trelleborg’s annual Corporate Responsibility Report is prepared in accordance with the guidelines of the Global Reporting Initiative (GRI). Direct responsibility for

issues relating to the environment, health and safety rests with each unit. Every production plant has an environmental coordinator and a person responsible for occupational health and safety. The central Group function, Environment, which is a part of the Group Legal Department, is responsible for control and coordination of environmental issues. The Group's Environment Forum, a group that meets four times a year and consists of environmental managers from the four business areas, functions as an aid to the central Environment Group function. At Board level, it is the Audit Committee that has the task of supporting and following up the work on corporate responsibility issues. CR reporting is managed by a group comprising representatives from the Group Corporate Communications, Legal Department, Environment, HR and Purchasing staff functions. The Corporate Communications staff function is responsible for coordinating the reporting.

SMaRT - A system for sustainability reporting, developed by the Trelleborg Group, provides a better factual basis - is based on a SAP platform, but in contrast to financial reporting tools it has more space for reporting in writing, which is necessary for sustainability work. While such factors as emission reduction can be defined solely in numbers, improvements of the work environment also need to be explained in words."

What is the Corporate Responsibility cycle in Trelleborg?

"Trelleborg's CR reporting follows an annual cycle in which the most extensive update of information concerning the preceding calendar year is prepared, reviewed and compiled from year-end to be published in March-April."

"This is followed by a period that extends until August-September, during which the company systematically collects feedback through in-depth dialog with selected stakeholders (for example, students/researchers, independent organizations, ethical funds and authorities) within the core areas of the CR work, such as environment/health and safety, human rights and so forth."

"The adaptation of the CR reporting to GRI guidelines facilitates this discussion. Opinions from discussions with stakeholders are used to enhance preparations and data collection and develop CR work in the next annual cycle."

What is benefit do you think Trelleborg get from sustainability reporting? *"The big benefit is trust from our stakeholders. Our business goals must be met considering all responsibility requirements that they have on our activities."*

How do you decide on the sustainability report's content?

"The information and key figures included in the report have been selected based on GRI's Core Indicators and with guidance from GRI's principles on definition of report content."

Do you have CR Department?

“We don't have a CR department. The data collection and communication work is made by a group of five or six people from Environment, Legal, HR, Communications and Purchasing.”

4. Adecco:

<http://www.adecco.com/SocialResponsibility/Pages/SocialResponsibility.aspx>

Overview: The Adecco Group, based in Zurich, Switzerland, is the world's leading provider of HR solutions. With over 31,000 employees and 5,500 offices, in more than 60 countries and territories around the world, Adecco Group offers a wide variety of services, connecting more than 600,000 colleagues with over 100,000 clients every day.

Does Adecco have sustainability reporting system? Can you describe how it works?

“Since the publication of that report in May 2008, we have continued building a dedicated organization to monitor and coordinate all relevant activities within the group and identify the key areas and focal points for further development. We are in constant contact with our Corporate Responsibility country managers and do one big update on our local projects for our early reporting. There is no specific system we use.”

What is benefit do you think Adecco get from sustainability reporting?

“Corporate Responsibility is an important issue for Adecco, especially in our three focus areas: Safety, Skills and Integration. Through the regular reporting we are aware of what is done in our country organizations and we can also give clear guidelines for projects. It is also an asset to us for the ratings done by the different indices such as Dow Jones, Carbon Disclosure Project, Vigeo and clients.”

Could you please tell us more about Corporate Responsibility Department in Adecco?

“Corporate Responsibility is part of our Communications Department. We have 1 person dedicating some of her time to Corporate Responsibility.”

5. RWE: <http://www.rwe.com/web/cms/en/179662/rwe/responsibility/>

Overview: RWE is one of Europe's five leading electricity and gas companies. It is active in the generation, trading, transmission and supply of electricity and gas. More than 70,000 employees supply over 16 million customers with electricity and approximately 8 million customers with gas.

Does RWE have sustainability reporting system? Can you describe how it works?

“We have a dedicated environmental and HR reporting system. The other data are derived out the core processes. We have Corporate Responsibility officers in our steering companies informing us about the special developments.”

We also have regular meetings with other departments like Investor Relation, Public Affairs, Strategy Department exchanging the information and views.”

“We set up a comprehensive CR management system to enable us to implement our CR strategy. Responsibility for our various CR activities resides with the relevant departments at divisional level, while group-wide CR coordination is handled by the Group Centre. We have introduced specific management systems in some areas:

Environmental protection: Our environmental management is defined by a binding Group directive and is based on the international standard for environmental management systems (ISO 14001). Compliance with the directive is reviewed in annual audits by the Group Centre.

Occupational health and safety: The Group-wide competence centers Occupational Safety and Occupational Medicine/Health Care Management was established on 1 September 2009. Both report directly to the HR Director of RWE AG. The organization of occupational health and allocation of health care management responsibilities have been adapted to the new Group structure so that the focus in future will be on the benefits of employee health.”

What is benefit do you think RWE get from sustainability reporting?

“Fair judgment of the company due to increased transparency for share-and stakeholders. We believe that our long-term success depends on its commitment to acting responsibly in all our activities.”

6. DuPont: http://www2.dupont.com/Sustainability/en_US/

Overview: DuPont puts science to work by creating sustainable solutions essential to a better, safer, healthier life for people everywhere. Operating in more than 70 countries, DuPont offers a wide range of innovative products and services for markets including agriculture, nutrition, electronics, communications, safety and protection, home and construction, transportation and apparel.

Can you tell us more about sustainability reporting in DuPont?

“We have a number of actions that fit into our communication strategy: 1) Communicate progress against our goals. This has traditionally been a short 8-page report that we focus on key communications about our progress against our public commitments. 2) A GRI report that is posted on the website for those seeking more detailed information. 3) Our WebPages that we try to update often with a broad set of activities that we believe that our stakeholders will be interested in.”

“Information is collected by functional areas- so the corporate environmental team collects environmental data, the corporate safety team collects safety data, the Human Resources team collects diversity data, etc. The Sustainability Team the

works with each functional area to pull the information together into what we communicate externally through our reports and other communication activities.” What is benefit do you think DuPont get from sustainability reporting?

“We believe that a key thing is communication with our stakeholders on key areas that are important to how DuPont performs. We have made public commitments through our 2015 Sustainability goals so it is important to make sure that our stakeholders can see that we are progressing against those goals.”

Could you please tell us more about Corporate Responsibility Department in DuPont?
At this time I report to the Chief Sustainability Officer. She also has responsibility for Government Affairs, Public Affairs, Regulatory Affairs, and traditional Safety, Health and Environment. I have responsibility for climate change and sustainability activities for the company. In addition to myself there are 3 people - 2 project managers and 1 support staff.

What were challenges when it was your time to issue sustainability report?
We started reporting in 1992 and I was not in the job then so I didn't have to deal with the initial challenges. If I had to speculate, I would assume that there was a big concern about starting to report things that we not required by regulations because of concerns that we would be criticized by environmental groups and others because of our large emissions.

7.Volve:<http://www.volvogroup.com/group/global/engb/responsibility/Pages/responsibility.aspx>

Overview: The Volvo Group is one of the leading suppliers of commercial transport solutions providing products such as trucks, buses, construction equipment, drive systems for marine and industrial applications as well as aircraft engine components. The Volvo Group also offers its customers financial services.

Does Volve have sustainability reporting system? Can you describe how it works?
“We have separate systems; one for HR and financial data SAP and one for environmental data. During the year we collect stories and events and at the end of the year we have a workshop to decide what to include in the report.” What is benefit do you think Volve get from sustainability reporting?

“A channel for showing our stakeholders what we are doing and most important communicate with e.g. capital market on our strategies and performance.” Could you please tell us more about Corporate Responsibility Department in Volve?
“It is only me at VGHQ working with CSR. The headquarters is quite small; appropriately 100 persons, and we have different areas of responsibility.”

8. Hitachi: <http://www.hitachi.com/environment/>

Overview: Hitachi is a Japanese multinational corporation specializing in high

technology and services headquartered in Tokyo, Japan. Hitachi was founded in 1910 as an electrical repair shop. Today, it is one of the leading manufacturers in new technology.

Do you have sustainability reporting system?

“Yes, we have. The reporting system facilitates the clarification of material issues for our business strategy as well as social sustainability.”

What is the workflow of sustainability reporting in your company?

“The work flow of the reporting in our company is; A. Setting CSR Reporting policy (By CSR Group) B. Collecting information including sustainability events and results data, interviews with stakeholders (By CSR Group) C. Editing and design making (By CSR Group) D. Publishing CSR report (booklet and PDF on website) E. Getting feedback from stakeholders engagement (by CSR Group, executives, business sectors) F. Assessment and review of CSR report based on stakeholders feedback (by CSR Group) What do you benefit from sustainability reporting?

“We think CSR report is not one-side reporting tool but a communication tool about our philosophy, activities and common understanding on CSR matters with our stakeholders. The report is also important information source about added value based on non-financial performance such as quality of management, brand value and market potential. We think those assets are as equally meaningful as conventional financial statements.”

Can you tell us more about Corporate Responsibility Department?

“There are 6 employees in CSR promotion Group. We are in charge of CSR global strategy, education, align with business strategies, promoting dialogue with stakeholders, enhancing CSR procurement and so on.”

What were challenges when it was your first time to issue sustainability report?

“Our sustainability report, so called "CSR Report", has come out since 2005. Before that, we have issued "Environmental Management Report". At the beginning of reporting, we didn't have a platform to collect information about sustainability events and results data in Hitachi Group and we couldn't define what the society expects us (what material issues are that we should tackle for realizing a sustainable society). We referred to guidelines such as GRI Guidelines and CSR-advanced companies' reports.”

9. SKF: <http://www.skf.com/portal/skf/home/sustainability>

Overview: SKF Group is the leading global supplier of products, solutions and services within rolling bearings, seals, mechatronics, services and lubrication systems. Services include technical support, maintenance services, condition monitoring and training.

Does SKF have sustainability reporting system? Can you describe how it works?

Yes, we have a web-based reporting system to collect our environmental data regularly. We have Environment, Health and Safety (EHS) coordinators in the different factories. They report the data into this system (monthly, quarterly or annually, depending on which data) and the data is aggregated before compiled and submitted to the Group Management for review. Annually, before these data are published in our report, external auditors will perform site audit and system sample check to ensure the process is robust and sound. What is benefit do you think SKF get from sustainability reporting? *“There are many benefits, they include the following: - to provide feedback to our management and stakeholders (employees, investors, etc) regularly on our sustainability work and performance; - a systematic tool to regularly monitor and follow-up on our sustainability performances; - to define our long term and short term goals in regards to sustainability.”* Would you please describe more details of Corporate Sustainability department in SKF?

Corporate Sustainability is a central function organization in the head office. The department reports to the Senior Vice President, Human Resources and Sustainability. It comprises of a small team with specific focus areas: EHS, climate changes, Employee Care etc. The team works with representatives from other organizations (such as Divisions, or countries, factories) to implement action plans in order to reach SKF's sustainability goals and objectives. In the example of EHS, we have an EHS manager in Corporate Sustainability and he creates a network with EHS Country Coordinators from around the world to deploy and follow-up on EHS-related matters.

What were challenges when it was your first time to issue sustainability report?

“SKF started the sustainability (initially it was the environmental, health and safety) reporting process very early - from 1992 where we reported our commitment to the environment in the Annual Report by signing the Business Charter for Sustainable Development, to today's Sustainability Report. At the early stage, it required much manual work to be able to compile good, qualitative data from the global operation. As we have learned and fine-tuned the process and now that we use an on-line tool, it became easier to compile this information. Nonetheless, data quality is critical.”

10. GE: <http://www.ge.com/company/citizenship/index.html>

Overview: GE is a global infrastructure, finance and media company taking on the world's toughest challenges. From everyday light bulbs to fuel cell technology, to cleaner, more efficient jet engines, GE has continually shaped our world with groundbreaking innovations for over 130 years.

Can you tell us more about sustainability reporting in GE?

“GE has its own internal sustainability reporting system, through its Citizenship team and the Environmental, Health & Safety (EHS) teams. The data from this reporting system is included in the Citizenship Report, and use in some other external reporting

such as DJSI. The EHS team collects information and plans energy savings events as well.”

What do you benefit from sustainability reporting?

“GE benefits by communicating to its stakeholders all the Company's efforts at transparency, sustainability and reducing its environmental impact. GE believes the essence of corporate citizenship is the ability to link integrity and performance so tightly and on so many levels that good corporate citizenship is simply part of who we are, what we do, and the results we achieve. Good citizenship sets a challenging goal - high performance with high integrity. The company secures its long-term success by meeting the differentiated needs of investors, employees, customers, end-users, suppliers and communities.”

Can you describe more about CR department in GE?

The Corporate Responsibility team at GE is quite small, but if you incorporate all of those on the global EHS teams, the ecomagination and healthymagination teams, it's a much larger group! There is a Vice President of Corporate Citizenship, who reports to our General Counsel. There are also directors of the various programs, such as the Citizenship program, our Developing Health and Developing Health Globally programs, etc.

11. E.ON: <http://www.eon.com/en/39878.jsp>

Overview: E.ON is one of the world's largest investor-owned power and gas companies. Our more than 88,000 employees generated just under EUR82 billion in sales in 2009. With leading market positions in power and gas and nearly 30 million customers we operate in more than 30 countries.

What are the reasons for sustainability reporting?

- *Down Jones Sustainability Index*
- *Increasing demand from stakeholders (increasing concern about sustainability issues).*
- *Allows to increase transparency and credibility*
- *Allows to deliver ``clear value`` to investors*
- *Business to Business Customers (increasing amount of sustainability concerned customers who require “green” suppliers, such as IKEA)*
- *Brand Risk (due to the increasing concern on sustainability issues, reporting may strengthen the brand of a company. However, not to report means to take the risk of having the opposite)*
- *Legislative Regulations (Due to the constant changes of in legislation regarding sustainability issues, not going into sustainability means taking a risk of losing an Operational License)*
- *Attract new employees*
- *To secure the Market Share (Mostly refers to B to B businesses)*

Which frame do you use in sustainability reporting and what are the reasons?

GRI Guidelines

- *It is well organized*
- *Widely used and commonly accepted, allows to compare among other sustainability reports*
- *Sort of standard in sustainability reporting*
- *Suited for Big Corporate businesses*
- *Down Jones Sustainability Index is structured based on GRI, which makes it easier to adapt to the index requirements*

What are the target groups?

- *Investors/Capital market*
- *Politicians (Local politicians, EU and National level)*
- *NGOs, such as Greenpeace, WWF, Swedish Nature Association, Red Cross, Amnesty and etc. (big players in public debate issues, they scrutinize each point of the report)*
- *Employees (for our employees, we issue a separate “climate balance sheet”, which includes key performance indicators, information about sustainability investments and etc. We use a separate report – “climate balance sheet” in order to make the sustainability information easier to understand, and not to overload busy employees with superfluous information)*

What are the main challenges have you faced in sustainability reporting?

- *Get to know how to report (organize reporting activity within each business unit locally and globally)*
- *To chose right structure and tools*
- *Quality assurance, how to handle the chain of quality control (For this purpose, we use Credit 360 - UK system, which helps in organization of data gathering process across the whole business. It collects and aggregates all the data, making it prepared for the further analysis and communication. Other advantages of using Credit 360: it has been specifically designed for sustainability reporting and that its installers have knowledge in sustainability, which make the process of installing much easier and the work of the whole system much more efficient; easy to administrate (easier adaptable for changes, than SAP for instance); has a higher capacity (in comparison to SAP); positive past experience (has been successfully tested at E-on UK department)*

What is the type of the reports you use and what are the reasons?

“Started from including sustainability performance information into the annual financial report (combined report), then, with the growing size of the report, it was put into a separate one. However, we still include a short summary about sustainability performance into the annual financial report. Recently, we started to use more internet based reporting (all the information regarding sustainability

performance is available at the company's web-page), which makes the information easier accessible, improves transparency and has less environmental impact (due to the reduced consumption of paper and printing facilities)."

What kind of additional benefits do you obtain from the sustainability reporting system? *"It helps to administrate all the sustainability related activities and programs."* How many employees are involved into this process? *"5 persons per business unit, E-on Nordic consist of 15 business units (totally about 60-70 employees responsible for the sustainability reporting process, most of them are business unit managers. In a global scale, there are about 500 people involved into sustainability reporting process."*

12. H&M: http://www.hm.com/us/corporateresponsibility__responsibility.nhtml

Overview: Today H&M operates in 37 countries and has 76,000 employees all working to the same philosophy: to bring you fashion and quality at the best price.

Can you describe sustainability reporting in H&M?

"We use the reporting framework of the GRI (globalreporting.org). The work on our sustainability reporting is an ongoing process throughout the year and it involves a lot of departments of the organisation. We feel that it is important and believe that our stakeholders appreciate to being able to take part of our work in this field."

How do you collect data and manage sustainability-related issues?

"The Code of Conduct and Full Audit Programme related supplier activities are managed with the help of an IT system that was developed for H&M. Most other data is managed using Excel."

13.ABB:<http://www.abb.com/cawp/abbzh258/235C6A4C193429F3C12569680050E09F.aspx>

Overview: ABB is a global leader in power and automation technologies that enable utility and industry customers to improve their performance while lowering environmental impact.

How do you collect data and manage sustainability-related activities?

"ABB uses three computerized data reporting questionnaires to measure and collect performance data throughout the Group via the ABB intranet – an annual social report from every country, an annual environmental report from every site, and a monthly health and safety report from every country. The reporting scope is extensive, with data collected against defined performance indicators, which is consolidated and checked at country level and then against GRI definitions at Group level. Country sustainability controllers audit the data from each site."

“Help texts are provided in the reporting questionnaires to define the data required and to ensure accuracy and consistency. The data relating to social performance covers 95 percent of ABB employees, whereas data relating to environmental performance covers 85 percent of employees. The environmental performance of the remaining 15 percent of employees, located in non-manufacturing entities without significant impacts, is covered by estimated data. The estimates are based on assumptions of the levels of their main environmental aspects, such as the use of energy, water consumption and waste output per person, in comparison with similar premises. When we have made such an assumption, it is stated in the text.”

What are the benefits from sustainability reporting?

“From an internal perspective, monitoring key sustainability parameters allows us to understand our impacts, and where we can improve our performance. We use the data and information to set objectives and then to monitor progress. Clearly linking better environment, health & safety and social performance with business benefits, such as lower costs, greater opportunities and better risk management, helps to make sustainability concepts real and relevant to all parts of our businesses.”

“From an external perspective, reporting on our sustainability performance helps our customers and other stakeholders better understand ABB's intentions, actions and achievements (and our challenges). Increasingly, sustainability performance of our business and our products factor into our customers' purchasing decisions, so there is real business relevance in our sustainability reporting.”

Do you have special department which is responsible for sustainability issues?

“The Sustainability Affairs in ABB includes Environmental Affairs, Corporate Responsibility, Occupational Health & Safety and Security. There is a corporate team of approximately 20, supported by a global network of global specialists.”

14. IKEA: <http://www.ikea.com/>

Overview: The IKEA story began in 1943 in the small village of Agunnaryd in Sweden, when founder Ingvar Kamprad was just 17. Since then, the IKEA Group has grown into a major retail experience with 123,000 co-workers in 25 countries/territories generating annual sales of more than 21.5 billion euros.

Does IKEA have sustainability reporting system? Can you describe how it works?

“IKEA has a system and method for collecting figures from our business. For the report it's being collected on a yearly basis, through a computerized system/databases. This is complemented by interviews with responsible persons.”

What is the work flow of sustainability reporting in IKEA?

“Once our financial year is closed, we start with interviews of each responsible persons. Parallell to this, figures and datas are collected from different databases. The basis for the results being presented in the report, is our Sustainability strategies,

set some years ahead. For instance, the latest Sustainability Report 2009, reports on our sustainability strategy set out for 2006-2009.”

What is benefit do you think IKEA get from sustainability reporting?

“It builds trusts among IKEA stakeholders, both external and internal. Also, it is an important tool for IKEA ourselves to keep track on progress within the area of sustainability.”

Would you please describe more details of social and environmental affairs department in IKEA?

“This department - called Group Staff Sustainability - is a small group working as a resource to the whole IKEA Group. The main task of the group is to support and create conditions for IKEA to work actively with sustainability and to integrate in into the business.”

15.Volve Cars: <http://www.volvocars.com/intl/top/about/corporate/volvo-sustainability/pages/default.aspx>

How do you issue sustainability report?

We report according to GRI and we have a governance process for sustainability issues. Report is based on GRI and stakeholder dialogue. Data collection and management is decentralized and analyzed at operational level. The data is collected yearly into the sustainability report.

What is benefit do you think Volvo get from sustainability reporting?

“We hope our customers and other stakeholders get information about the fact that we take all aspects of sustainability seriously and that we have focus areas based on the nature of our industry and products. For Volvo Cars we like to think of sustainable business as a way also to promote our brand, and we believe that sustainability and environmental care are becoming increasingly important for our customers.”

16. Boliden: <http://www.boliden.com/>

Overview: Boliden is a leading European metals company. The main metals are zinc and copper. The operations are conducted in two Business Areas: Mines and Smelters. Boliden has approximately 4,400 employees and the turnover amounts to approximately 28 billion SEK annually.

What are the main reasons for you to issue the sustainability report (benefits)?

“Our customers and investors require more extensive information on our environmental impact, especially due to the fact that our company has a huge impact to the environment, consuming a lot of natural resources). The other reason is our competitors (our competitors also issuing sustainability reports – which forces to do the same).”

“Due to the fact that we are a listed company, we used to report on our environmental performance before, then later we add social dimension into our report, and finally it emerged as a sustainability report.”

“Our target groups are: Investors, Financial market analysts, and our own employees.”

“We recognize the growing awareness of our investors about sustainability, which actually one of the main benefit of our reporting. We haven’t calculated any financial benefits out of the reporting, but what we definitely could see is that we get fair amount of dialogs about sustainability.”

Which frame do you use and why?

“When we issued our report for the first time, we said that we had been inspired by GRI. However, then later we started to follow GRI more strictly. The main reason for us to use GRI is that it is sort of the standard for sustainability reporting, which is widely used and acceptable. In addition, such Indexes as Down Jones and Nordic Sustainability index are basically using the same frame in companies evaluation and ranking processes.”

What were the main challenges you faced with when issuing your first sustainability report?

“Lots of challenges, the biggest issue however, was to define the content of the report. We have many ongoing sustainability processes such as recycling, cleaning processes, so the main issue is to collect the relevant information. For that purpose, all the managers have trainings each year (2,5 days) regarding sustainability issues. We also constantly train our employees in order to make them aware about our sustainability programs and their roles in them.”

“The main challenge for us was to define the right content. However, we had enough qualified employees who had been experienced in environmental and social reporting, and who had known which data to collect and how to analyze it later. We also hired an external consultant for the purpose of sustainability reporting, however, we did it not because of the lack of experience in sustainability reporting, but because of the lack of workforce.”

How is your reporting system organized?

“We use different types of software for all three types of information (Environmental/Economic/Social), however, I don’t know much about them, because I usually receive already aggregated data. There are also department managers, who are responsible for collecting and reporting all the necessary data.”

17. Husqvarna: <http://www.husqvarna.com/>

Overview: The Husqvarna Group is the world's largest producer of outdoor power products including chainsaws, trimmers, lawn mowers and garden tractors. It is the European leader in consumer irrigation equipment under the Gardena brand. The Group is also one of the world leaders in cutting equipment and diamond tools for the construction and stone industries. The product range includes products for consumers as well as professional users. The Group's products are sold in more than 100 countries. Husqvarna has approximately 15,000 employees, presented in more than 100 countries with the annual sales approximately 34 billion SEK.

What are the main reasons for you to issue the sustainability report (benefits)?

“We need to know our impact on the environment, which allows us to define where we are now and to put further goals.”

What were the main challenges you faced with when issuing your first sustainability report ?

“To make a comprehensive questionnaire, which all the employees (at the factories, particular) could understand. It was really difficult to get correct information from employees and even to make people understand which kind of information did we need from them.”

How did you solve those issues? (did you solve them internally or hired professional consultant?)

“Initially, we sent out question airs to each factory, then after we assigned regular video conferences with each responsible person (one person from each country), the next 2-3 years led us to be where we are now (in the level of reporting), so basically, we improve the quality of our reporting system through increasing awareness about sustainability within our employees.”

Do you use a special software in your sustainability reporting system? (if so, what were the criteria for choosing particular the one you used)

“For environmental information we use “Sosi” system (Johannes Found himself, bought from PE German company) all the plant managers report the environmental information into this system, which later accessible by our environmental manager (Johannes Vinnaret), who based on this information (energy consumption, CO2 emissions, energy spills) defines further directions for the factories. He also use this information for the sustainability report.”

“For CSR – we do not have any particular system. All the responsible managers report all the information regarding CSR directly to the Environmental Manager. However, we currently working on CSR reporting process in order to make it better organized.”

“For economic indicators, we started to use one system, which basically had been used before in the accounting processes (in some of the factories, and had been suggested by external accountants) within the company, so basically now we are working on the adaptation of this system to the sustainability reporting process.”

How is your sustainability reporting system organized? (what is the workflow, how many employees involved (just average), what are responsibilities of the employees)

“About 20 employees involved into the environmental data reporting process, I do not have the information about economic and CSR reporting. However, everything is collected by Environmental Manager (Johannes Vinnaret), who is experienced in sustainability and he is actually the responsible person for the sustainability report.”

18. Outokumpu: www.outokumpu.com

Overview: Outokumpu employs some 7 600 people in more than 30 countries and has annual sales approximately 26 billion SEK. The Group’s head office is located in Espoo, Finland. Outokumpu has been listed on the NASDAQ OMX Helsinki since 1988.

What are the main reasons for you to issue the sustainability report (benefits)?

“To fulfill the stakeholder’s demand: customers/investors/employees – to provide them with the information about our sustainability performance.”

“Sustainability reporting also works as a stimulator, which allows us to improve our performance. Knowing where we are now, allows us to put further goals and achieve them later.”

What were the main challenges you faced with when issuing your first sustainability report ?

“The main challenge was to collect the data from all the departments and to assure the correctness of the collected data. Even though we had been experienced in environmental and health and safety reporting (since 1975) before, we still faced with the data collection problem when issuing our first sustainability report.”

How did you solve those issues? (did you solve them internally or hired professional consultant?)

“GRI – helped a lot. We started to use GRI guidelines from the beginning, which gave us a clear picture of what to report and how to report. We chose GRI, because it was the best known sustainability reporting guidelines, which were widely used and therefore, assured better credibility and understandability to our report. (Based on the experience of other companies and our own benchmarks).”

“We started the data collection process by using email, but soon we found such method inefficient and started looking for other professional reporting systems.”

“We hired a professional consultant at the step when it came to choose which reporting system to use (software). Consequently, we came up with ‘Sustainability Management System’, which we bought from ‘To Future’ company, and started to use that system for the collection of the environmental data (however, the capacity of the program allows to collect all the sustainability related data from all the departments). For CSR information we use “SAP” system that has been also suggested by the external consultant. Such combination (of the reporting systems) is pretty common within Finish companies, as well as the use of GRI instructions.”

Have you had any bad experience with external consultants when issuing your first sustainability report?

“Basically, we had a very little experience with external consultants regarding the sustainability reporting issue (since 2009), but the one we had helped us really a lot.”

How is your sustainability reporting system organized? (what is the workflow, how many employees involved (just average), who is responsible (position of the employee))

“I cannot say exactly the number of employees involved into the reporting process, but in each department we have per one person who is responsible for the data collection process. We also have a CSR team (we don’t have a separate CSR department, as well as full time Sustainability employees, however, we have a CSR team), which is taking care about the whole report. Basically our CSR team is responsible for further collection and processing the sustainability related data from all the departments.”

“Finally we have 1,5 person for editing the text of the report (within the CSR team). We also hire students for the data collection process.”

19. Tele 2: <http://www.tele2.com/>

Overview: Tele2 AB is one of Europe's biggest telecommunications operators, with about 24 million customers in 11 countries. It serves as a fixed-line telephone operator, cable television provider, mobile phone operator and internet service provider. There are approximately 6,680 employees at Tele2, and the annual revenue approximately 39 billion SEK.

What are the main reasons for you to issue the sustainability report (benefits)?

“It is mostly because of the board decision. A year ago, board decided to be focused on sustainability issues, since that time we started to work actively in that direction.”

“Another reason is, of course, the public demand. During the last years we started to receive a fair amount of questions on our sustainability performance from the stakeholders.”

“In addition, I could say that our business is dependent on operational licenses. So, in order to get the allowance for the operation in particular region, we have to report on our sustainability performance. Regarding the benefits, it is quite difficult to say anything at such an earlier stage, but I can definitely say that the external demand for sustainability information exists and the reporting process aims to fulfill it.”

Which frame do you use in your reporting process and why?

“The last 2009 report we made according to the GRI guidelines. The reason behind the use of GRI guidelines was actually the fact that according to the Swedish legislation, all State owned companies should report on their sustainability performance following the GRI frame. So, basically we expect that the same might happen to privately owned companies.”

“Before using GRI we did not have a particular structure in our reporting process. Therefore, starting to use GRI we managed to structure our reporting process. However it is important to notice that while GRI suggests us a particular structure, it does not limit us in the reporting process. Moreover, it makes us better understand how to deal with sustainability related issues.”

What were the main challenges you faced with when issuing your first sustainability report ?

“I cannot say much about the challenges associated with the first sustainability report, due to the fact that I joined this process only at the beginning of this year. However, I assume that we had some challenges within the data collection and analysis processes.”

How did you solve those issues? (did you solve them internally or hired professional consultant?)

“We hired professional consultants, who helped us to improve our data collection and analysis processes (How to collect? How to analyze?).”

Have you had any bad experience with external consultants when issuing your first sustainability report?

“No, I do not think so. All our engagements were effective and useful.”

How is your sustainability reporting system organized? (what is the workflow, how many employees involved (just average), what are the responsibilities of these employees)

“Unfortunately, I cannot say much about the organization, due to the fact that I joined the reporting process only at the beginning of this year. However, I can say that we do not have any full time employees only for the sustainability reporting purpose.”

Do you use any special software systems in the reporting process? (if so, what were the criteria for choosing the particular one you use)

“Yes, we do use special software in the data collection process. We have special finance, HR systems. However, they were not designed specifically for sustainability reporting purpose, we used to use them before.”

20. Vattenfall: <http://www.vattenfall.se/sv/index.htm>

Overview: Vattenfall is a Swedish power company and one of the leading energy producers in Northern Europe. Vattenfall is wholly owned by the Swedish government. There are approximately 32,801 employees at Vattenfall AB, and the annual revenue approximately 41 billion SEK.

What are the main reasons for you to issue the sustainability report (benefits)?

“Transparency is basically the main reason for our company to issue the sustainability report. We want our stakeholders to know what we are doing, where we are now and what is our progress. Besides all, we are a state-owned company, so we are basically obliged to report on our sustainability performance.”

Which guidelines do you follow in your sustainability reporting process and why? (GRI or other guidelines)

“The first report we issued according to the GRI instruction was in 2003. Before, we used to follow other internal instructions in the reporting process. However with GRI, the reporting process became much more qualitative and organized.”

“The main challenge for us was actually the data collection process (which data to collect and how to analyze that data). I even could say that it was a very time consuming process. Especially when it comes for the data correction, you have to go back to the person, who was responsible for the collection of that data, than it usually takes time to aggregate and analyze the new information.”

How did you solve those issues? (did you solve them internally or hired professional consultant?)

“I would say both. I am actually the internal consultant who is fully responsible for the sustainability report. However, at the earliest stages, I can definitely say, that it would be great if we would have a sustainability reporting specialist, it would save us a lot of time and make the whole reporting process much more efficient and qualitative.”

How is your sustainability reporting system organized? (what is the workflow, how many employees are involved (just average), who is responsible (employee position))

“We have special systems for each type of data. For Environmental and Human Resource data we have special reporting systems that had been developed

internally.”

“It is a bit hard to say how many employees are involved into the reporting process, however, I could say that we have at least 1 person per each department responsible for the data collection (usually department managers) and 3 people who is working directly with the report (50% of their working time is employed by the reporting process). We also have an additional group “Group Functions”, which is responsible for the collection and analysis of the data. We used to have them even before we started to report on sustainability issues and they used to constantly collect such type of data for the internal management processes. We needed to know about our performance in order to make improvements.”

How do you think, as a sustainability reporting consultant, is there any principle differences in the sustainability reporting process between big and middle/small size companies?

“I would say that the size of the company don’t make that much differences in terms of sustainability reporting. However, the data collection process in smaller companies would be less time consuming and maybe even easier than in bigger companies, due to the fact that in smaller companies the ‘collectors’ are usually better know their ‘reporters’ that’s why the whole process goes quicker.”

“There is also another factor which is connected to the data collection and the analysis processes, the type of report – separate or integrated (into the annual financial report). In big companies it takes much more time to collect and analyze all the sustainability related data. That is why it is not always even possible to issue an ‘integrated’ sustainability report. For instance, in our company the environmental collection data process is usually finished several weeks later than we have to issue our annual report, then it usually takes at least a couple of weeks to analyze those data and only after that you can include it into the report, which also takes time. So, basically in some cases it is not even possible to issue an integrated report.”

21. Holmen: <http://www.holmen.com/>

Overview: Holmen is a forest products group manufacturing and selling printing paper, paperboard and sawn timber. The Group also owns forest and power assets. The net turnover in 2009 amounted to MSEK 18 071 and the number of employees is about 4 600. Holmen is a public company whose Series “A” and Series “B” shares are listed on the Nasdaq OMX Nordic, Large Cap.

What are the main reasons for you to issue the sustainability report (benefits)?

“First of all it is a way to show our stakeholders what we are doing. We started to report on sustainability issues since 1993, were we had been actually the first company in Sweden, who reported on its environmental performance and started to introduce ISO 140001. Later, in 2004 we issued our first sustainability report. So,

basically we are one of the pioneers in sustainability reporting. Sustainability in general is a part of our every day work (incorporated into our company's strategy). However, it is also a great tool that helps us to improve our production process. The reporting process actually, helps us to identify where we have weaknesses that further allows us to improve our efficiency (in energy consumption for instance)."

"Sustainability reporting is also driven by the demand from customers, bank analysts and investors. We constantly have different interviews with our stakeholders regarding our sustainability performance."

"With regard to the financial benefits out of sustainability reporting, I could say that it has never been specifically calculated in our company. Moreover, I would say that it might not even be possible to do that, due to the fact that sustainability is an integrated part of our strategy and business operations. However, we do think that the brand of our company improves out of the reporting. There are different types of banks and investors indexes that improve the credibility of our brand and have definitely a positive effect to our financial performance."

What were the main challenges you faced with when issuing your first sustainability report?

"As I mentioned before, at the time of issuing our first sustainability report, we had already been working for about 9 years with sustainability issues, so I could say that we did not have any challenges when issuing our first sustainability report."

Have you had any experience with external consultants when issuing your first sustainability report?

"No, we never used external consultants for sustainability reporting process. We manage the whole work internally. That is actually one more reason of why I cannot say you anything about the costs of our reporting, because it is sort of everyday work for our employees."

How is your sustainability reporting system organized? (what is the workflow, how many employees involved (just average), who is responsible (position of the employee))

"We usually start our data collection process somewhere in September – October, telling all the business sectors to write some text about what is happening in their departed with relation to the environment. Then in December I send them questionnaire about all the specific data. The same actually happens in HR department (The same process of data collection regarding social performance). The main reason we use such method of data collection, is that we have only 6 business units, which makes this method to be the most efficient for us."

"When it comes to the Economic data, it works even easier. The data about economic performance is collected every month for internal management purposes, so when it

comes to the report the data is always ready.”

“Regarding the number of employees, I could say that it is pretty hard to say, due to the fact that a lot of employees are somehow involved into the reporting process, however I could say that we have at least per 2 persons in each business unit (manager and environmental manager) who are responsible for the data collection process.”

“With regard to the quality of the reported data, I could say that we have never had any problems with it. It is mainly because of our experience in this area, however another factor is that all our units are constantly report such information to the environmental authorities (for the license purposes), which assure the quality of the reported data before we use it in our sustainability report.”

“With regard to the external assurance of our report, I can say that we do not have any. However, our benchmarks show that there is growing number of companies that use external auditors, which definitely add an extra value to their reports. So, basically we are now thinking about such option.”

Which frame do you use in the reporting process and why?

We started to work with GRI in 2006. However, it is important to notice, that we did not follow GRI guidelines at the beginning (in 2004). So, basically for two years we reported according to our own guidelines. Then in 2006 I just noticed the GRI trend and proposed it to the senior manager. Then KPMG checked if our report was in the line with GRI guidelines. Consequently, KPMG suggested that the level of our report was equivalent to the GRI level “B”. Then we put the goal to get to the level “A” and started to improve our sustainability work according to the GRI. Since that time, we started to write additional policies and work on additional indicators in order to fulfill the requirements of the “A” level.

Regarding the benefits that coming from the GRI, I would say that it definitely helps us to achieve better efficiency in our reporting process and in our sustainability work in general.

Do you use a special software in your sustainability reporting system? (if so, what were the criteria for choosing particular the one you used)

“No, we do not use any software in our reporting process. However, we do consider such opportunity for the future.”

What are the reasons for you to issue a separate sustainability report? (not integrated to the annual report)

“There are a couple of reasons for that. First of all, it is not even possible to issue an integrated report, due to the fact that there are different teams who are responsible for these reports and who have different time frames. Another reason is the size of the

annual report. We do not want to overload our annual report with a lot of information. However, we do include some sustainability related information into the annual report, as it is mandatory.”

“By the way, we do consider combine the annual and sustainability reports later, due to the growing trend for such types of reports.”

“We also consider design some other short sustainability reports for our different target groups, as we believe that it would improve the quality of our communication with our stakeholders.”

Appendix 3: Transcript of GRI testimonies

Head Sustainability ASN Bank (Germany):

“For ASN Bank as sustainable bank, the value of sustainable reporting is primarily in the sustainable reports we read to come to an investment decision. Each year we analyze many sustainable reports of all types from companies that could be included in our investment universes. Without sustainability reports it would be a lot more difficult to find the company that adhere to our human rights and environmental criteria.”

CEO of Vattenfall AB (Sweden):

“Reporting builds trust and supports us in our ambition to serve society. Reporting on sustainability issues actually serves as a driver for our performance, and has helped us to clearly identify areas for improvement.”

CSR Manager of DHV (Netherlands):

“Sustainability reporting enables us to use non-financial data to improve the quality of our operation and our strategy.”

Board Member of Corporate Express NV (Netherlands):

“It is extremely valuable to have dialogue regarding the core indicators in our sustainability report, as they help us to identify our strength and improvement areas and develop actions plans.”

Managing Director of Coca-Cola Hellenic (Greece):

“Sustainability reporting constitutes the link between our CSR activities and our stakeholders. It is an essential tool towards demonstrating our leadership on environmental and social initiatives.”

Sustainability Manager of Coca-Cola Hellenic (Greece):

“Sustainability reporting not only serves to inform our external stakeholders, but also

triggers internal changes in awareness and mind-set towards sustainability topics.”

Board Member of Corporate Express NV (Netherlands):

“It is extremely valuable to have dialogue regarding the core indicators in our sustainability report, as they help us to identify our strength and improvement areas and develop actions plans.”

Director Policy Issues & CSR of Daimler AG (Germany):

“Reliable and comprehensive reporting on CSR issues not only supports our company in efficiently conducting a multi-faceted stakeholder dialogue. Transparency also facilitates progress in our performance across our businesses.”

Head of Social Responsibility and SD Coordination of Holcim (Switzerland):

“Sustainability reporting has the capacity to add value to an organization for a variety of stakeholders. Investors prefer to invest in companies that demonstrate through effective reporting that they operate responsibly, employees prefer to work for such companies and civil society and government tend to trust those organizations more.”

Senior Vice President Corporate Communication & CSR of KLM (Netherlands):

“A transparent sustainability policy enables our stakeholders to form an objective opinion on our performance.”

Director CSR of KLM (Netherlands):

“CSR reporting gives our organization the opportunity to show our specific KLM actions and results on CSR to all our stakeholders.”

Corporate Affairs Director of Royal Dutch Shell (Netherlands):

“Reporting helps us build trust with our external stakeholders, create the space for our businesses to grow, and win the societal acceptance we need to achieve our business strategy, it also helps to motivate our staff and business partners to improve their performance.”

Chief Staff Officer and Executive Vice President of StatoilHydro (Norway):

“Sustainability reporting and disclosure of the various risks and opportunities which StatoilHydro faces enables greater consistency in our performance, and is a key ingredient in building the understanding, trust and integrity needed to succeed in our industry.”

Chief Projects Officer of Aramex (Jordan):

“Sustainability reporting is a long term investment and commitment. Its value lies in our understanding and identifying our corporate responsibilities towards all our stakeholders and measuring our impact thus allowing us to efficiently improve our performance while being held accountable on all levels in our decision making

process.”

CEO of Australian Ethical Investment Ltd. (Australia):

“Reporting on sustainability is not only a way to be transparent about our achievement and challenges; it is also an opportunity to share experiences with other small and medium sized companies and stakeholders. Consistent reporting enable us to monitor our performance and constantly improve our efforts.”

Head Sustainability ASN Bank (Germany):

“The ultimate challenge for sustainable reporting is to get the interest of stakeholders. Especially stakeholders that have expectation on a company’s performance on sustainability.”

Deputy General Manager and Secretary General of CECA (Spain):

“The main challenge of reporting relates to the need to focus on material issues (few but relevant) for a wide range of stakeholders (large). The main challenge as regards aggregate reporting is to collect information and build a comprehensive document coming from different sources.”

Board Member of Corporate Express NV (Netherlands):

One of the challenges as you develop your sustainability report is focusing your efforts and setting practical goals. It is important to be realistic with your expectations, or you will sacrifice quality trying to accomplish too much in a short period of time.

Head Sustainable Developments Rabobank Group (Netherlands):

“It is challenging to find materiality within (or outside) the large number of GRI indicators.”

Consultant of Trialogue (South Africa):

“Challenges have come in the form of data availability. We are a small company that has not reported in the past so procuring the data in time has been a challenge.”

Chief Projects Officer of Aramex (Jordan):

“Issuing the sustainability report is a challenge by itself, it requires a lot of ground work and data gathering, it also requires dedication and a very high level of involvement from all the process owners in the organization. Another challenge is the ability to fulfill the commitments in places where there is lack of regulations and systems to support the initiatives in of the report.”

Senior Auditor & Advisor of Banarra Sustainability Assurance and Advice (Australia):

“One of the biggest challenges we face is meeting the different needs of our stakeholders within one report. This is where the GRI’s reporting principles, such as materiality and stakeholder inclusiveness, are so important.”

Marketing Executive of Energetics Pty Ltd. (Australia):

“It was a challenge to gather all information required within the report within set timeframes. Financial and Environmental indicators were the biggest challenge as both sets of data undertook robust verification processes. As such, our risk of reporting incorrect information is negligible given the thorough verification processes that were implemented.”

Appendix 4: Sustainability report benchmark

4.1 ABB Sustainability Performance 2009

ABB is a global leader that helps utility and industry customers to improve performance in power and automation technologies with lower environmental impacts. “In the sustainability review for 2009, we concentrate, as in 2008, on reporting against the Global Reporting Initiative’s indicators. We self-declared level of application of the GRI guidelines is B. ABB continues to report on the seven issues it considers material to its sustainability impacts: energy efficiency and climate change, managing environmental impacts, product innovation, health and safety, human rights, sustainability in our supply chain, and working in the community.” (ABB Sustainability Performance 2009, P3)

4.2 H&M’s Style & Substance Sustainability Report 2009

H&M sell clothes and cosmetics globally with 2000 stores. “H&M’s 2009 sustainability report was put together by taking into consideration the sustainability reporting guidelines and the apparel and footwear sector supplement of the Global Reporting Initiative.”(Style & Substance sustainability report 2009 GRI content index) This report has achieved a ‘self declared’ level B of application. “The 2009 sustainability report covers activities in relation to our business operations, supply chain, impact on the environment, products and how they are produced, our employees and the communities around us.” (Style & Substance Sustainability Report 2009)

4.3 SKF sustainability report 2009

SKF is a Swedish company that supplies products, solutions and services of bearings, seals, lubrication systems and mechatronics. In 2000, SKF first time adopted the Global Reporting Initiative’s reporting guidelines in its sustainability reporting which is included in the annual report and published every year. (Website of SKF) “The 2009 sustainability report is based on the GRI G3 Guidelines. With reference to the G3 application lever criteria, the 2009 sustainability report is self-declared to having fulfilled the A application level, which is confirmed by the external auditors. Four fundamental cornerstones are emphasized in the report; business, the environment,

employee and community; all assumed to be critical factors for sustaining success and growth over time.” (Annual report 2009)

4.4 Volvo group sustainability report 2009

The Volvo group is one of the leading manufacturer of trucks, buses and construction equipment, marine and industrial engines as well as aerospace components. The Volvo Group began to publish environmental reports from 1990, subsequently expanded from environmental issues to wider sustainability perspectives. The sustainability report 2009 is based on the framework of GRI guidelines. Volvo has self declared this report to be of level B, but has not been audited by a third part. (Website of Volvo) This report mainly focuses on four cornerstones of their responsibility: economic responsibility, stakeholder relations, Societal Engagement, environmental care. (Volvo group sustainability report 2009)

4.5 Trelleborg corporate responsibility summary 2009

Trelleborg is a global engineering group who creates high-performance solutions for demanding industrial environment in seal, damp, and protects system based on sophisticated polymer technology and distinct applications knowledge. “All information and key figures included in this corporate responsibility summary 2009 have been selected based on GRI’s core indicators and with guidance from GRI’s principles on definition of report content.” PricewaterhouseCoopers checked and verified this report to level B+. The structure of the whole report is based on Trelleborg’s code of conduct: responsibility for the environment, the workplace, customers, suppliers, society and the community. (Trelleborg official website)

4.6 GE-The 2008 citizenship report

GE is a global company undertakes infrastructure, finance and media business which include satisfy the demand of infrastructure; mitigate the arising environmental problem; and meet the growing need of healthcare, finance, information and entertainment. (GE official website) For the 2008 citizenship report, they compiled the report according to G3 application level A with an expert panel quality evaluation. (2008 citizenship report, page 2) GE emphasized their citizenship performances on compliance& governance, public policy, customers, products& services, communities & philanthropy, environment, health& safety, suppliers, employees and human rights. (GE official website)

4.7 Old Mutual-2008 corporate citizenship report

Old Mutual serves local customers, companies and their advisors in long-term savings, investment demand and protection. (Old Mutual official website) “This corporate citizenship report specific to their geography and local issues in South Africa, it is a testament of the Group’s commitment to playing a powerful role in South Africa’s social and economic transformation.” (2008 corporate citizenship report volume 1, page 4) The Application level is not mentioned in this report. The

main core of this report included two points: investing in people such like positive workplace, health and safety, community involvement and the second point is economic transformation. (2008 corporate citizenship report)

4.8 RWE-Our responsibility. Report 2009

RWE is one of top five European electricity and gas companies focusing on the generation, trading, transmission and supply of electricity and gas. (Annual report 2009) “This report 2009 is based on our CR strategy and grew out of our ongoing dialogue with stakeholders. The relevant data are provided in line with the current guidelines of the Global reporting initiative (GRI).” (RWE-our responsibility report 2009 page 6) The report’s application level is G3 guidelines A+ and audited by the accountancy firm PricewaterhouseCoopers.(REW official website) Strategy & management, energy & climate, Marketplace, workplace, community are the key dates in this report guided by the GRI. (REW official website)

4.9 Adecco-Corporate Responsibility report CRR 2008

The Adecco group is top level HR Company in the world offered services in the broad categories of temporary staffing, permanent placement, outsourcing, consulting and outplacement. (Adecco official website) This report is based on G3 Guideline and the application level is B with checked and confirmed by the GRI. (CRR Report P44) People respect is the main performance in this report, as wrote in report “We make a key contribution to sustainable development by showing people respect. We do this by caring about safety at work, fostering individual skills and promoting the integration into the labour market of all people.” (CRR report page 14)

4.10 E.ON CR Reporting 2009

E.ON is one of the world’s largest investor-owned power and gas companies, operating in more than 30 countries and having around 30 millions. (E.ON official website) The CR Reporting 2009 based on the GRI, fulfilling application level B+ with self assessment. (E.ON official website) And core performances in this report are commercial, ecological and societal activities in the period from January 1 to December 31, 2009. (E.ON official website)

Table1.2 Experienced companies' performance indicators

Sustainability reports	ABB	H&M	SKF	Volvo	Trelleborg	GE	Old Mutual	RWE	Adecco	E.ON
Economic										
Direct economic value generated and distributed		●	●	●	●	●	●	●	●	●
Financial implications of climate change	●	●	●		●					
Significant financil assistance received from government					●	●			●	
Infrastructure investments and services provided primarily for public benefit	●		●	●		●	●	●	●	
Spending on locally-based suppliers	●						●			
Understanding and describing significant indirect economic impacts,including the extent of impacts.		●	●	●			●		●	
enviromental										
Materials used by weight or volume	●	●	●	●	●			●	●	●

Recycled input materials and design for easy dsassembly	●		●	●	●		●	●	●	●
Energy consumption	●	●	●	●	●	●	●	●	●	●
Initiatives to reduce energy consumption		●	●	●		●	●		●	●
Total water use	●	●	●	●	●	●	●	●		●
Impact on biodiversity				●	●	●		●		●
Sustainability reports	ABB	H&M	SKF	Volve	Trelleborg	GE	Old Mutual	RWE	Adeco	E.ON
Direct and indirect greenhouse gas emission	●	●	●	●	●	●		●	●	●
Iniatives to reduce greenhouse gas emissions	●	●	●	●	●	●				●
Emissions of volatile organic compunds	●									
NO,SO,and other significant air emission by type andweight	●			●	●	●		●		●
Total weight of waste by type and disposal method	●		●	●	●	●		●		●
Number of significant spills	●				●					

Initiatives to mitigate environmental impacts of products and service	•	•	•		•	•		•	•	•
Products sold and their packaging material that are used				•						
Environmental impact from transport		•	•	•	•					
social										
Total workforce by function, employment type and region		•	•	•	•	•	•	•	•	•
Total number and rate of employee turnover by age group, gender, region			•		•	•	•	•	•	•
Percentage of employees covered by collective bargaining agreements		•	•		•		•			
Sustainability reports	ABB	H&M	SKF	Volve	Trelleborg	GE	Old Mutual	RWE	Adeco	E.ON
Average hours of training per year per employee by employee category	•	•	•	•	•	•		•	•	

Rates of injury, occupational disease, lost days, work related fatalities	●		●	●	●	●	●	●	●	●
Programs to assist workforce regarding serious disease	●		●			●				●
Health and safety topic covered in formal agreements with trade unions		●	●	●						
Ratio of basic salary of men to women		●						●		
Employees receiving performance reviews	●	●			●					
Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	●	●	●		●	●		●	●	●
Total number of incidents of discrimination and actions taken		●	●	●	●		●		●	●
Training of security personnel in human right	●	●								
Child labour		●	●		●	●		●	●	●

Sustainability reports	ABB	H&M	SKF	Volve	Trelleborg	GE	Old Mutual	RWE	Adeco	E.ON
Impacts of operations on communities	●	●		●		●	●	●	●	●
Bussiness units analyzed for risk ralted to corruption		●	●		●	●		●	●	●
Health and safety impacts of products and services	●	●	●	●	●					●
Product labelling and information	●	●	●	●	●	●		●		●
Programs for adherence to laws, standards and voluntary codes		●	●			●				