

Building Reputation through Reporting (from a Social Context)

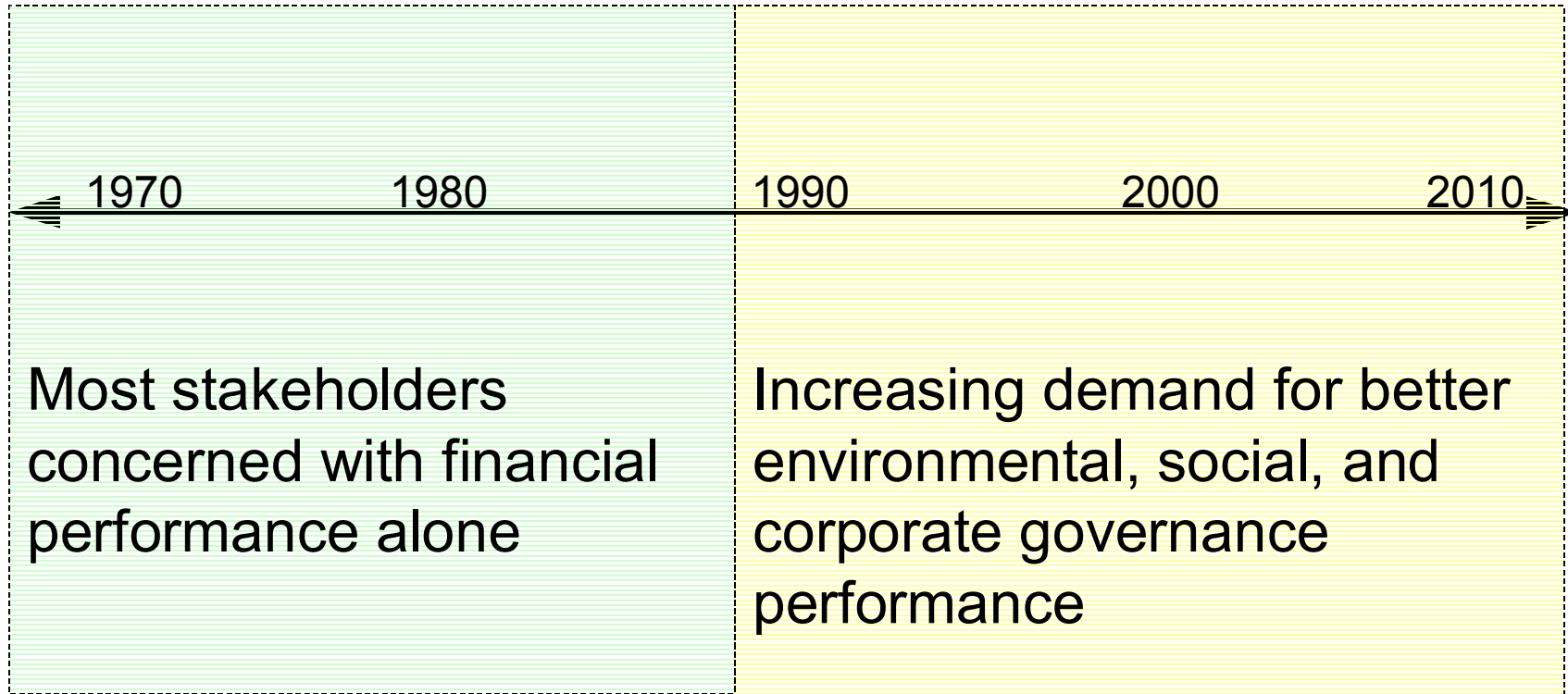
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How do you build a better corporate reputation
from a social context (or any context)?

Fulfill the expectations of your stakeholders

Stakeholders Demand More



These Stakeholders Include:

Marketplace

customers

investors

suppliers

Workplace

employees

unions

Community

community groups

Environment

regulators

NGOs

Corporate Social Responsibility (CSR):

How companies manage business processes to produce an overall positive impact on society

Source: Business in the Community

CSR Is not an “Issue Du Jour”

- Globalization
- Loss of confidence in the public sector
- Earth’s ability to sustain growth
- 24/7 information age



Stakeholder Demand for CSR Is a Reality

A company that effectively implements CSR initiatives,
and ***communicates*** them,
will have more success in building a good reputation

Familiarity breeds trust

Communicating CSR to Stakeholders

One-way: reporting, publicity (transparency, not spin)

Two-way: dialogue (e.g. analyst meetings, community working groups)

Joint initiatives: working with stakeholders on a project or initiative

Effective communication may require a combination of these methods

Reporting from a CSR Context

Category	To Whom
Government	SEC requires reporting of material environmental risks
Public	customers, local communities, NGOs
Supply Chain	companies who require reporting from their suppliers
Internal	employees, management
Investors	shareowners, SRI institutional investors via money management firms, research firms

Why Report to SRI Institutional Investors?

- Their analysis and feedback can catalyze the creation of accountability systems in your company that meet your stakeholders' growing expectations
- They are an information source regarding upcoming stakeholder issues, helping prevent your company from being “surprised”
- Represent a growing force in the investment community and with the media and public perception
- Possible inclusion in sustainability stock indexes (Dow Jones Global Sustainability Indexes, FTSE4Good Indexes, Domini 400)

Who Are SRI Institutional Investors?

SRI Institutional Investors:

- Public pension funds
- Private pension funds
- Religious institutions
- Healthcare organizations
- Foundations
- Universities

Examples:

- CalPERS and CalSTRS
- New York City Funds
- Catholic Healthcare West
- AFL-CIO
- Stanford University
- National Wildlife Federation

SRI Institutional Investors – What to Report?

Mechanism	What Is Being Communicated
Answering Questionnaires and Surveys	Basic data in standardized frameworks that allow researchers to make comparisons between companies
Fielding Inquiries from Analysts	Particular performance details
Corporate Responsibility/ Sustainability Reports	Complete picture of the company's CSR activities

Firms that Research CSR Performance Are on the Forefront of Identifying Material CSR Indicators

- **KLD Research & Analytics, Inc (KLD).....Frank Russell**
- **Ethical Investment Research Service (EIRIS)..... FTSE**
- **Sustainable Asset Management (SAM).....Dow Jones**
- **Innovest Strategic Value Advisors.....ABP/SSGA**
- **Investor Responsibility Research Center (IRRC)**
- **Institutional Shareholder Services (ISS)**



What We Have Learned from Developing OneReport™

- Companies typically have no centralized reporting system that is matched to the information needs of the market
- Reporting CSR externally often opens the eyes of senior executives to the value of CSR
- Few companies have one person in charge of CSR
- The majority of companies have no idea of the true costs related to reporting
- Active reporting of all aspects of CSR is a rare occurrence

Greater Standardization In CSR Reporting

- Both companies and the research community are seeking greater standardization
- Global Reporting Initiative(GRI) is the lead player, although ISO is jumping into the fray
- Standardization will be a lengthy process

**Standardization will catalyze the use of CSR data
in the mainstream financial markets**

Stakeholders Are Demanding Verification

- Discrepancies between reporting and “local knowledge” have led to greater interest in verification
- Verification is seen as the next step in transparency
- Emerging auditing/verification/assurance services are available

Verification will bring more credibility to a company's reported CSR data