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Guidelines: Reporting about Sustainability

7 STEPS TO A SUCCESSFUL SUSTAINABILITY REPORT



by the Austrian Institute for
Sustainable Development

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Content

Preface	2
What are the benefits of sustainability reporting?	4
What are the characteristics of a sustainable enterprise?	6
Why do enterprises engage in sustainability?	6
core areas of sustainable management	7
The synergy of report and corporate sustainability	11
In seven steps to a successful report	12
Step 1: Determine framework conditions	13
1.1 Put together the team	13
1.2 Set a timeframe and secure resources	15
1.3 Agree on the basic message(s)	17
1.3 Agree on the basic message(s)	17
Step 2: Identify topics and stakeholders	19
2.1 Who is connected with your company ?	19
2.2 Which issues are relevant to the enterprise?	20
2.3 Put together a profile of key stakeholders	24
Step 3: establish goals for the enterprise and the report	27
3.1 Corporate review part I: Which sustainability measures are in place?	27
3.2 Corporate review part II: How effective are existing sustainability measures?	29
3.3 Impulses for further development within the enterprise	32
3.4 Design the report concept	32
Step 4: gather data and other Information	37
4.1 Prepare chapter concepts	37
4.2 Gathering data and information within the company	39
Step 5: write the report	42
5.1 Write the chapters	42
5.2 Verfication and evaluation	43
Step 6: Design the report	45
6.1 Complete unfinished tasks	45
6.2 Finalise the layout	46
Step 7: Distribute the Report	48
Glossary	52
Literature, links and guidelines	54

inkl. Service-Checkliste!

Preface

ABOUT THESE GUIDELINES

REPORTING ABOUT SUSTAINABILITY gives a structured overview on HOW a sustainability report can be prepared. These guidelines describe a path how the performance, goals and activities of a company can be presented with a perspective on sustainability .

The present guidelines show options for a successful report, suitable for large, but also small and medium-sized enterprises (SMEs). REPORTING ABOUT SUSTAINABILITY contains numerous descriptive examples for additional inspiration. Since SMEs have only recently started to address sustainability reporting, most of the examples are from reports produced by larger companies.

The REPORTING ABOUT SUSTAINABILITY guidelines

- support enterprises in presenting their economic, environmental and social performance in a transparent and balanced manner,
- define the most important steps which lead to a sustainability report,
- present methods, appropriate for the reporting process,
- ask questions to improve self-assessment of companies,
- offer suggestions for stakeholder group inclusion.

The guidelines are not:

- a code of conduct for sustainability,
- a description of norms which establish standards,
- a set of instructions for the evaluation of reports,
- a description for an internal sustainability management.

ABOUT THE PROJECT “SUSTAINABILITY REPORTING”

The present guidelines are based on the evaluation of past sustainability reports produced in Austria and abroad and on practical experience gained from coaching the reporting process of two Austrian companies, VA-Technologie AG and the Austrian Federal Forestry Company between December 2002 and August 2003 as part of the “Sustainability Reporting” project. The Austrian Institute for Sustainable Development (OIN) was responsible for the scientific lead of this research project. “Sustainability Reporting” was promoted by the Austrian Federal Ministry of Transport, Innovation and Technology as part of the Austrian Programme on

Technologies for Sustainable Development under the sub-programme “Factory of Tomorrow”. The preparation of the present guidelines was also supported by the following organisations: the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management, the Austrian Business Council for Sustainable Development, the Austrian Federal Chamber of Commerce, the Federation of Austrian Industry and the Austrian Federal Ministry of Economy and Labour.

—INFORMATION—

Embedding the sustainability report in the enterprise

A sustainability report stands never alone. It always builds on the company's total sum of all sustainable activities and therefore reflects the sustainable progress of an organisation with a focus on the current reporting period. The report and the underlying business process can never be regarded separately. On the contrary, they complement and are even contingent on each other.

REPORTING ABOUT SUSTAINABILITY CONSISTS OF THREE PARTS:

“What are the Benefits of a sustainability report?” describes the advantages of a comprehensive reporting and its benefits for the company.

“What are the characteristics of a sustainable company?” presents the reasons for companies engagement in sustainable development. It informs about the key elements of sustainable management and about the role sustainability reporting plays within.

“In Seven steps to a successful report” describes the process of preparing a report, from the initial idea to the finished product. It gives a step-by-step description how the reporting process can occur. For each step success factors and possible pitfalls, pinpoints, individuals and groups that should be involved and impulses for the inner corporate processes are identified.

A Glossary and information on Literature, Links and Guidelines, conclude “Reporting about Sustainability”. The latter contain additional information to the subject “Sustainability Reporting”.

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What are the benefits of sustainability reporting?

4

What are the immediate and long-term benefits of sustainability reporting? Why does an enterprise prepare a sustainability report?

A SUSTAINABILITY REPORT:

improves risk management and upgrades preventative measures

Carefully prepared sustainability reports expose environmental and social risks. They can act as an early-warning system for an enterprise and contribute to an increase in corporate stability.

supports strategic management

Sustainability reports show how a company is embedded in its natural, social and economic environment. It provides an opportunity for the reporting organisation to look at itself from an external viewpoint. This makes it easier to define its responsibilities towards society and recognise possible opportunities and dangers. This creates the basis for the development of sustainable mission statements and strategies.

promotes chances for innovation

Sustainability does not mean abstention! It aims at creating a high level of quality of life by meeting various needs in a different way. This process requires creative thinking which, in turn, facilitates innovation for new products, services and technologies. A sustainability report creates the necessary awareness within an enterprise.

strengthens image and competitiveness

The more similar we become, the more important are the differences ! In a world of saturated markets in which the quality of products is difficult to distinguish, emotional factors are rapidly gaining importance. Credible sustainability reports which reflect the development of the enterprise, strengthen its image and with it its competitiveness, not only regarding its products, but also at the labour and financial markets.

expands horizons

The company's technical expertise expands to include environmental, social and general economic aspects. As its temporal horizon expands, the reporting enterprise becomes more sensitive to medium and long-term aspects of its operations. From a spacial point of view the the report also improves the company's recognition of its position within a geographic region.

—EXAMPLE—

Sustainability reports in small and medium-sized enterprises

SMEs have still lots of room for creativity in the preparation of their reports and they can draw on the experience of larger enterprises. The sustainability report of a small business will of course be less extensive than that of a large enterprise.

An excellent example is the sustainability report of Hunziker, a Swiss plumbing business with 28 employees. In its four-page report, the business shows its customers and local residents that it assumes responsibility for its employees, the region and the environment. The report enhanced the reputation of this successful small business and the company now has all the relevant internal data readily available for future reference.



For more information go to www.hunzikerwin.ch

What are the characteristics of a sustainable enterprise?

This chapter demonstrates how enterprises benefit if they consecrate themselves to sustainable development. It also describes areas in which measures can be taken with a focus on the effect sustainability reporting has on the company.

WHY DO ENTERPRISES ENGAGE IN SUSTAINABILITY?

Many enterprises have already become aware of the benefits of sustainable development, most important of which are opportunities for innovation and increased market chances, which result from the sustainability measures. A change in attitudes and corporate guidelines to facilitate such a development can already be noticed. Companies which do not follow this trend will fall behind and lose track of the rapid changes.

These changes in the business world are accompanied and facilitated by a change in the framework conditions. It appears that sustainability will increasingly become an integral part of the political and societal development over the coming years and decades. The central engagement of the United Nations to sustainability, the fact that the European Union has made the concept of 'sustainability' together with 'employment' and 'quality of life' one of its priorities and the development of a European and an Austrian sustainability strategy are proof of this development.

—INFORMATION—

Success through sustainability

A survey of the success-ratings of the 170 stock-exchange listed members of the World Business Council for Sustainable Development found that enterprises which engage in the concept of sustainability show a better total performance rating than the general market.

Source: study by the Kommunalkredit Austria bank „Nachhaltigkeit rechnet sich“, August 2003.

—INFORMATION—

How can an enterprise engage in sustainability?

No engagement	(passive)	The enterprise waits until pressure from the authorities and other stakeholders increases.
Sustainability for risk minimisation	(reactive)	Possible environmental and social risks, which could prove detrimental to the value or the reputation of an enterprise, can be avoided.
Sustainability as an innovation	(active)	The enterprise realises that sustainability offers strategic opportunities in the market. New products, services and technology create new business segments. Internally the company's organisation and management experience innovative development.
Sustainability as a societal responsibility	(pro-active)	An enterprise not only addresses existing needs, but, together with its stakeholders creates sustainable forms of living and economic activities. This in turn results in close relations with customers, suppliers and other groups providing a competitive advantage for the enterprise.

The degree of benefit depends on how much a company actively engages in sustainability! The actual concrete benefits from the orientation towards sustainability depend on how an enterprise integrates the concept. Yet one thing is certain: whether it is used to minimise risks, generate innovation or shape society – sustainability always contributes to the increase of a company's value.

CORE AREAS OF SUSTAINABLE MANAGEMENT

REPORTING ABOUT SUSTAINABILITY addresses businesses and business networks which regard sustainability as an opportunity to expand their position in the market in the long-term and in a responsible manner.

Companies that wish to develop in a sustainable way try to achieve economic success on the basis of long-term sustainable development, which takes social and environmental issues into consideration. This combination is essential for securing a business or industrial location, employment and with it the quality of people's life. Such a long-term and sustainable development is equally oriented towards

- economic success,
- societal responsibility and a
- sustainable use of natural resources.

–INFORMATION–

A high environmental and social performance makes an enterprise more successful!

In its 2003 survey the Deutsches Aktieninstitut came to the conclusion that sustainability is becoming increasingly important for businesses. The stock-exchange listed businesses which participated in the survey are a representative sample of all industry sectors and business sizes (for more information go to www.nachhaltiges-investment.org):

- Two thirds of the businesses experience an increase in profitability due to their high environmental and social performance. They are of the opinion that sustainability management can secure shareholder value and prevent risks.
- More than one third of the businesses realise that sustainability creates innovation.
- 80 % of businesses with more than 250 employees attribute high importance to the participation in a sustainability fund.
- 42 % of the businesses have found that "conventional" financial analysts are beginning to include sustainability performance in their evaluation of a company.
- 80 % attribute high (39%) to medium (41%) importance to sustainability for their business over the coming years.

Today, the concept of sustainability presents a considerable challenge for the modern and forward-looking management. However, there is no universally applicable formula and strategy for sustainable corporate development. Every company has to take its own road to sustainability, and every company needs to work it out for themselves. It will strongly depend on the regional, cultural, social and natural conditions of the company's operations.

A company who wants to consciously orient itself on the concept of sustainability will become proactive at various levels and in various sectors. Important building blocks for a company's sustainable process are summarized in list #2. None of these elements exists by itself, they all interact with each other. Only the combination of all activities result in a dynamic business process towards sustainability.

Sustainability needs to be embedded in all management areas of a sustainable enterprise. The process may begin with moderate steps. It takes time for an enterprise to establish sustainability in all of the above-mentioned sectors!

CORE AREAS OF SUSTAINABLE MANAGEMENT SUSTAINABLE BUSINESS EXCELLENCE



Many enterprises have already implemented **sustainable corporate governance** measures. A corporate sustainability process often begins with the creation of a vision of how the company can succeed economically in accordance with society and the environment. The above-mentioned study of the Deutsches Aktieninstitut showed that 40% of the surveyed enterprises have already embedded sustainability in their mission statements and are currently working on its implementation.

In large enterprises this implementation requires **management systems** which ensure that a sustainability vision, strategy and appropriate goals are actually pursued. In dedicating itself to this issue, an enterprise is on the leading edge of the current wave of development. Currently, this topic is rapidly advancing.

Sustainable corporate governance and sustainability management systems aim at creating a new generation of products and services. In addition the new and sustainable technologies and processes should be applied during production.

Innovation covers several aspects. One such aspect is that the new products, services and technologies should have considerably less detrimental impact on the natural environment, e.g. making engines more economical may increase their efficiency but is not a real innovation. It would, however, be an innovation to meet the need for mobility in an alternative way.

Innovations can also have a societal aspect. Enterprises which supply infrastructure can, for example, supply remote regions in a developing country with electricity produced from a decentralised renewable source of energy (e.g. solar energy). All involved parties would benefit from this: the quality of life of the disadvantaged parts of the population increases and enterprises gain access to new markets.

Conclusion: Innovation is not about continuously improving already existing products and services in small steps, but about thinking and developing completely new approaches!

Capacity-building for sustainability within the organisation is more than adding a sustainability board to already existing structures. All corporate divisions are required to take on the responsibility to realise the company's sustainability vision. Sustainability concerns research and development as much as it does marketing, in-house communication and controlling! Capacity-building for sustainability mainly aims at increasing the harmonisation of and networking among these often separated corporate divisions.

All measures are, however, lost unless they are supported by the people in the enterprise. If employees do not understand the concept or if their involvement proves detrimental to their careers, the mission statement will be nothing but empty words, numerical sustainability indicators of the management system will have no meaning, responsibility will be delegated and innovation

will not happen. Another decisive factor is whether the know-how necessary for the implementation of sustainability is available. **Human resource development must become the heart and mind of this process, to lay the fertile ground for sustainability in an enterprise.**

Sustainability communication is currently dominated by reporting. However, there is huge potential in other communication tools such as the engagement of involved parties in business processes or the transmission of sustainability messages through advertising.

–INFORMATION–

The Austrian Programme on Technologies for Sustainable Development by the Austrian Federal Ministry of Transport, Innovation and Technology contains examples of core-area projects (see www.nachhaltigwirtschaften.at). This is a particularly good source of information on sustainable innovation in the technology sector!

THE SYNERGY OF REPORT AND CORPORATE SUSTAINABILITY

The REPORTING ABOUT SUSTAINABILITY guidelines support enterprises in their sustainability communication. Their first and foremost aim is a high-quality report. As every sustainability initiative has an impact on the entire enterprise, reporting is much more than a mere communication tool. A report and its preparation give important impulses for the advancement of corporate sustainable development:

- **Awareness-raising in the enterprise:** During the reporting process many different parties grapple with the issue of sustainability: through in-house interviews, carried out during the preparation period, management presents the finished report at expert discussions and employees read the report.
- **Perception of weak signals:** During the preparation of the report the demands of stakeholders are gathered and analysed to identify possible new topics relevant to the company. Sustainability reporting acts as an early warning system and highlights opportunities.
- **Promotion of sustainable corporate development:** During the preparation of the report the enterprise will be “scanned” to determine which sustainability measures have already been taken and which will be needed in future.
- **Embedding goals:** The publication of planned sustainability measures and goals creates an incentive and a sense of obligation to achieve targets!
- **Joint development of companies and their social environment:** A prerequisite for sustainable development is the dialogue with stakeholder groups. Reports enhance this dialogue by supplying external persons with important information. But reporting can also initiate dialogue by involving stakeholders in the preparation of the report.

In seven steps to a successful Report

12

Are you interested in integrating sustainability into your company? Do you believe that a sustainability report will create new opportunities for your economic activities but you cannot quite imagine how to go about implementing such a project? The overriding goal of REPORTING ABOUT SUSTAINABILITY is to outline a path with seven suggested steps for the reporting process. Every section contains instructions on how the specific situation of your company can be taken into account.

While other guidelines² describe WHAT a report should contain, REPORTING ABOUT SUSTAINABILITY focuses on HOW a sustainability report should be prepared. This process-oriented approach offers two advantages: (1) the preparation of the report is tailored to the specific situation of the company and (2) each step describes what needs to be done to promote the internal sustainability process in the best possible way.

REPORTING ABOUT SUSTAINABILITY addresses persons who are ready to accept a new challenge and who want to perceive their company in an integrative and proactive way while dealing with its economic, social and environmental surrounding. Committed and convinced employees and managers are vital for a successful report, which can not take place without them.

SEVEN STEPS TO REPORTING:

- Step 1:** Determine framework conditions
- Step 2:** Identify topics and stakeholders
- Step 3:** Establish goals for the enterprise and the report
- Step 4:** Gather data and other information
- Step 5:** Write the report
- Step 6:** Design the report
- Step 7:** Distribute the report

² see chapter "Literature, Links and Guidelines", p. 52

1 DETERMINE FRAME- WORK CONDITIONS

At the beginning of the report preparation suitable members for a team need to be found, which will take the key decisions in relation to the report and which will take on the majority of the preparation work. To start with, the team members should agree on some basic principles for the reporting. Then a rough schedule should be prepared which will serve as a basis for determining how much time the team members will need to spend on their tasks.

1.1 PUT TOGETHER THE TEAM

The choice of team members will determine the characteristics of the finished report. Each team member will primarily contribute his/her specialist knowledge. An interdisciplinary team will ensure a balanced report as members from the various corporate divisions will combine their skills and competences.

The composition of the team will not only affect the report's external but also its internal impact. If the team consists of persons who have comprehensive knowledge of environmental, social and economic correlations but have no influence within the company, the report will be complete but it will hardly have any internal impact. It will be different, if competent representatives of the upper management level are on the team and relations with the management are good. This is true for both large as well as small and medium-sized enterprises.

A successful reporting team should include the following positions:

Decision-maker: The decision-maker has a leading position in the enterprise and has the management's trust or is part of the management. He/she is also very familiar with the corporate culture. His/her position within the enterprise enables him/her to make independent decision within in the team, avoiding tedious coordination processes . If the team develops ideas for sustainable development measures for the enterprise, the chances of realisation are high through the decision-maker involvement. For instance, contacts with the management can be used to embed additional environmental or social goals in the corporate strategy. The decision-maker will also be able to exert pressure if, during the process of report preparation, parties within the enterprise do not supply required data or refuse to cooperate.

Controller: The controller is a key figure if sustainability and annual financial reports are to be consolidated. He/she has access to the required numerical financial data.

Communications expert: His/her experience and expertise is needed right from the beginning as he/she has a thorough understanding of all major corporate activities.

Alerter: Every team requires a person whose paramount concern is sustainability. This person is committed to sustainable development more than any other team member, is very knowledgeable in the areas of environment, society and economy and can translate this knowledge for the other team members. It is his/her responsibility to promote issues and to make sure that awkward aspects are not ignored. He/she strongly advocates continuous efforts for sustainable development within the enterprise.

Representatives from various corporate sectors: Every company has its own particular sustainability issues and focuses, which are relevant for sustainable development. If, for example, an environmental management system is in place, somebody who is familiar with the system should be included in the team. Depending on the focuses of the enterprise, inter-

ested representatives from areas such as research and development, production, marketing, employee qualification and investor relations could enrich the team.

External consultants: Sustainable development does not only concern the enterprise itself but also how it is embedded in society and in its natural environment. Employees and managers understandably find it difficult to detach themselves from “their” enterprise and to look at it from the outside. External consultants can contribute this viewpoint. He/she has a clear understanding of the interests of all individuals and groups who have connections with the enterprise and can contribute this knowledge to the dialogue. However, it is important not to place the report exclusively in the hands of external communications experts. Such a report would not have the desired internal impact!

Stakeholder representative: Enterprises which have some experience in reporting can include stakeholders into their reporting team. These stakeholders could be representatives of environmental or human rights groups, customers or immediate neighbours.

One person may, of course, take on several functions. In order to remain efficient the team should not be too big! If a sustainability board already exists in the enterprise, its representative(s) should be included in the reporting team to ensure a connection between in-house sustainability activities and sustainability reporting.

It is vital that each team member is convinced that the subject sustainable development is important for the company. But it is equally important that different viewpoints from within the enterprise are represented in the team. The team should create productive impulses for sustainable development but should not form a “sustainability pressure group” working against the rest of the enterprise!

1.2 SET A TIMEFRAME AND SECURE RESOURCES

When will the report be published?

The timeframe centres around the desired release date of the sustainability report. For this, the company should orient itself on the release date of its annual financial report. There is an international trend to have sustainability and financial reports grow more and more together. Many companies such as BASF and VA Tech “twin” both reports: they are released at the same time and have a similar layout to communicate that sustainability is taken seriously and is inseparable from the “normal” business activities. Some enterprises are even going further and consolidated their sustainability and financial reports. This increases internal and external credibility as the financial report is regarded as one of the most important communication tools of an enterprise. The signal is amplified significantly, since environmental and social aspects are not simply “annexed” in a separate report but are communicated to be the basis of all corporate activity.

—EXAMPLE—

The Austrian Federal Forestry Company is an international pioneer in the consolidation of sustainability and annual financial reports, starting with their first sustainability report in 2002. The Austrian business magazine Trend named this consolidated report best annual report of an Austrian company not listed on the stock exchange.

Now is the time for you and your team to decide to which degree you want to couple the annual financial and the sustainability report and get the go-ahead from management!

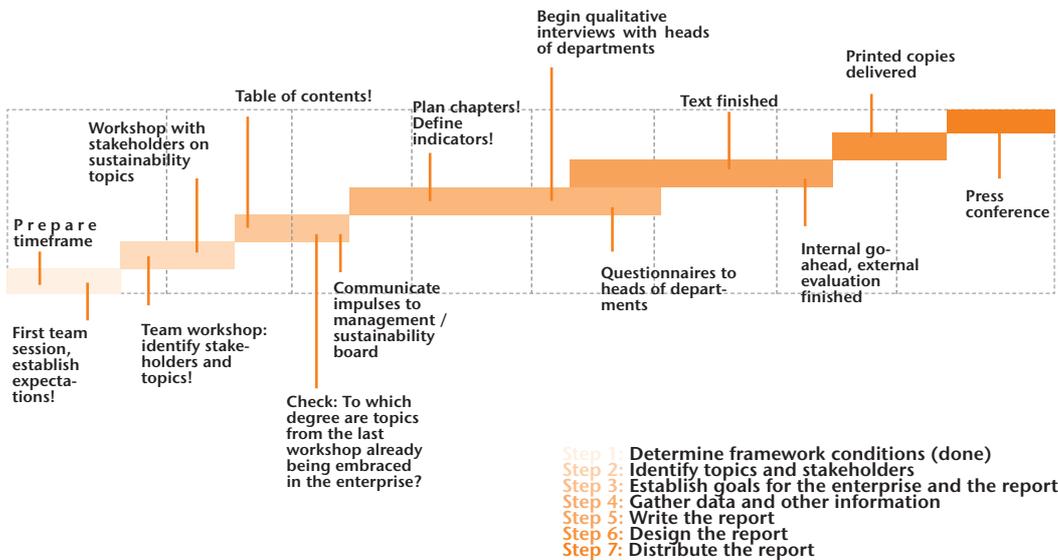
Small and medium-sized enterprises do not usually prepare annual reports. They should, however, roughly synchronise the release of their sustainability report with the preparation of the annual financial statement or with the internal audit. On this occasion important data are gathered which can be included in the sustainability report.

Plan the seven steps in reverse order, starting from the publication date!

The following diagram does not include time units because these will differ considerably from enterprise to enterprise. In a small company such a timeframe might cover several weeks whereas a large enterprise which prepares its first sustainability report will have to allow for sixth months of preparation time.

An enterprise experienced in sustainability reporting will require less time and will also find that the time requirements of the various phases change. If the issues relevant for sustainable development remain unchanged, step 2 (“Identify topics and stakeholders”) will become less time-consuming. Also, the gathering of information will become easier and faster over time.

At this stage the timeframe is only a rough sketch and needs to be refined after each step.



Make sure to set aside necessary time resources !

The preparation of a sustainability report is not something that the team members can achieve in addition to their day-to-day business. They will have to free up adequate time. Each reporting team member contributes various competences and will be involved in the seven steps to different degrees. Communications experts, for example, will be particularly important for the preparation and layout of text. Determine who will be responsible for what in which stage and which tasks should be outsourced!

The time required for report layout and printing or the preparation of an internet version can best be estimated from experience with past publications and/or web presentations.

–EXAMPLE–

An Austrian enterprise with about 1000 employees will need to allow for 80 internal person days for the preparation of its first report.

1.3 AGREE ON THE BASIC MESSAGE(S)

A common understanding of how the enterprise defines sustainability for its own activities and the formulation of the basic message for the report is a fundamental prerequisite to successful reporting. The question here is: Which picture should the report communicate? It is important for the team to agree on the message and for management to share this opinion. With this, opportunities and dangers will become apparent at an early stage and friction within the team, which is caused by differences of opinion and which can sometimes go on until the actual preparation of the text, can be minimized.

The following messages can be helpful when formulating the report's goal:

The report should communicate that the enterprise makes an important contribution to sustainable development!

The following questions arise from this message:

- What is the contribution to sustainable development?
- What are the benefits for / which function has the company in society?

The answers to these questions should be given in the enterprise's mission statement.

We want to give a neutral report on our enterprise. Transparency is our basic concern. We will communicate both our strengths and weaknesses.

The following question arises from this message:

- What are our strengths and weaknesses of the company?

In order to communicate this basic message of our company the preparation of the report has to include not only strengths, but particular attention will need to be paid to weaknesses.

We want to use the preparation of the report as an opportunity to learn more about the persons and organisations who are affected by our activities. Our stakeholders should be given the opportunity voice their opinions.

The following question arises from this message:

- Which stakeholders are important and willing to enter into a dialogue?

Once this question is answered the identified persons and organisations should be involved in the report preparation early on.

If the first of the above messages is not accompanied by the other two, the report runs the risk of being dismissed as a mere PR exercise. By not addressing problematic issues the enterprise conveys the message that it is either not aware of its problems or that they are deliberately ignored. Unintentionally such a report will communicate that the company has a “same-as-always” strategy and is unwilling and incapable to learn regarding sustainability.

–SUMMARY–

Step 1: Determine framework conditions

Put together the team

- A successful reporting team includes different functions ensuring know-how and optimal communication in the enterprise.
- Think about who can take on these functions and, if necessary, add new members to the existing team!

Establish a timeframe and secure resources

- Set the planned publication date of the report!
- Synchronise annual financial and sustainability reporting as closely as possible.
- Plan the seven steps in reverse order, starting with the publication date!
- The team members should free up and set aside time for those phases in which they will be most deeply involved in the reporting process!

Agree on the basic message

- It is important to agree in a first team workshop on how the enterprise should be portrayed in the report.
- An ideal introduction to the issue of corporate sustainability is the presentation of positive aspects.
- Start as early as possible to gather information on any negative aspects and describe the resulting challenges in the report! This communicates ability to learn.
- Reporting is a unique opportunity to get to know better and to involve your stakeholders!

2 IDENTIFY TOPICS AND STAKEHOLDERS

18

Before preparing the table of contents, identify the target groups you want to address with your report. The choice of the topics depends on what the enterprise wants to communicate and on the stakeholders' need for information.

2.1 WHO IS CONNECTED WITH YOUR COMPANY ?

Many large enterprises started the new millennium by rediscovering their societal environment. Until recently shareholders were the only group enterprises felt they were responsible to but they are increasingly realising that an enterprise is connected with many different groups of persons and organisations. A large number of stakeholders contribute to the success of an enterprise.

—INFORMATION—

Stakeholders are all individuals, groups or organisations which affect or are affected by an enterprise's operations.

—INFORMATION—

Possible stakeholders include:

- employees
- owners, financial analysts
- banks, insurance companies
- suppliers / upstream businesses
- customers
- end users
- NGOs: organisations concerned with environmental issues, human rights, consumer protection, data protection, etc.
- experts (e.g. university departments)
- immediate neighbours, local residents
- authorities
- politicians
- potential employees

—EXAMPLE—

In enterprises which observe the AA1000 standard, such as British Telecom (see www.bt.com), external parties assist in identifying additional stakeholders.

For small and medium-sized enterprises this is nothing new. It has always been a vital success factor for SMEs to consider their immediate societal environment.

- Authorities grant permissions more readily if they have confidence in an enterprise.
- Good relations with immediate neighbours facilitate operations.
- A public image of responsibility and contacts with educational institutions facilitate recruiting and attract the best talents.
- Politicians are interested in successful enterprises which create employment and preserve nature.

It is vital for reporting to know your enterprise's stakeholders!

Consult the list (see left) when identifying your stakeholders. Apart from the "classic" groups such as employees, customers and owners you should also keep in mind indirect stakeholders, e.g. end users, even if your enterprise only deals with other enterprises. Rating stakeholders according to their importance and their influence is not necessary.

Possibilities for stakeholder group engagement

When identifying groups and individuals who affect or are affected by your enterprise it is advisable to involve external persons who will contribute an external point of view to your team. They do not necessarily have to be professional consultants (see above example).

—INFORMATION—

Stakeholder engagement in the seven steps of sustainability reporting:

REPORTING ABOUT SUSTAINABILITY demonstrates in the various steps how stakeholders can be engaged in the reporting process. This engagement has become a popular means of initiating learning processes within the enterprise. Always observe the following principles:

- Do not waste your time! Select the persons according to their competence, know-how and their experience in the conduct of dialogue.
- Do not waste your stakeholders' time! Take into consideration the benefit stakeholders could get from an engagement in your reporting.
- Make the goals for their inclusions apparent from the beginning. External parties can then decide if they want to participate. Wrong expectations are detrimental to trust.
- The contact person in the enterprise should be trusted by all parties involved.
- Appoint a neutral facilitator.
- At the beginning establish the rules together and commonly decide on the exact questions and methods.
- Ensure an open exchange of the necessary information!
- Set aside sufficient time!
- Learn to listen! Resist the urge to present your enterprise or to find justifications for everything.

A key aspect for reporting:

- Do not turn your dialogue into a PR exercise! Be discrete! Do not immediately expose your stakeholders in the report! Build up their trust first!

It is more important to observe these principles and to incorporate them in the process at the right moment than to worry about the choice of methods used in your dialogue. Keep in mind that it takes time for external parties to build up trust. Do not set your goals too high in the initial phase. Start off by listening to stakeholder representatives. Communal projects can always be engaged in later on in the process.

2.2 WHICH ISSUES ARE RELEVANT TO THE ENTERPRISE?

It is important for the reporting process to break down the comprehensive concept of sustainability into various topics relevant to the enterprise.

If this does not happen, the report runs the risk of making only general statements. Or it tries to cover everything and gets caught up in details and indicators which were irrelevant in the first place. Only if the key sustainability topics are identified can the report be both comprehensive and concise!

To state sustainability precisely it is not only important for the report. Sustainability will only be generally accepted if it has been translated into real and manageable topics.

Topics should be identified without immediately thinking of possible solutions! It is worthwhile to consider future societal challenges³ together with the team and to obtain detailed relevant information. If, for example, biodiversity is a key topic for your enterprise, you and your team should gather information on the situation in the areas in which your enterprise operates!

The topics should be part of the sustainability report. Often these challenges are omitted. Readers with little experience with sustainability will not be able to comprehend the urgency. No report reader should have to ask themselves: **“So, sustainability is the answer. But what was the question?”**

³e.g. climatic change, demographic ageing, urbanisation, eco-social tax reform, etc.

–EXAMPLE–

A good example of a successful report is that of the German GLS Gemeinschaftsbank. It identifies and describes the “acupuncture points” of sustainability, goes beyond environmental protection in the office and concentrates on the environmental impact of finance products.

VA Tech has also benefited from the right choice of topics: identifying the reduction of CO₂ emission as a key issue has given the concept of sustainability new impetus within the enterprise.

For more information on GLS Gemeinschaftsbank go to www.gemeinschaftsbank.de

Identify the sustainability topics relevant to your enterprise. The following questions and examples could help you in the process:

–TIP–

What do the stakeholders expect from the enterprise?	Telecommunications enterprises, for example, should address the needs and fears of immediate neighbours of transmitters!
Consider the entire life cycle of your products and services! Include up- and downstream businesses in your consideration.	Initially, cement producers did not understand why they should provide information on the mining conditions of the raw materials ¹ used. Today, this aspect is generally covered in their reports.
Take a particular look at long-term and systemic aspects!	Often problems are only shifted from one area to another (e.g. heavy metals are removed from the water only to end up in the soil through applied sewage sludge). Only from a systemic point of view will it become apparent that such solutions do not reach far enough.
Which sustainability topics are relevant in your industry sector? Consult sustainability reports of other companies in your industry and check for “Sector Supplements” (industry specific expansions) of the Global Reporting Initiative!	A sustainability report from the food industry should cover the following aspects: <ul style="list-style-type: none">• sustainable agriculture• animal rights• genetic engineering• nutritional health• allergenic substances
Which topics were particularly important in your industry over the past year?	After the power cuts in the USA and in some European countries electricity providers will need to cover the issue of security of supply. Forestry and agricultural businesses should address the extreme weather conditions (drought, floodings) of the last years.

¹www.globalreporting.org

Experience has shown that, in their first reports, enterprises usually report on topics they are familiar and feel comfortable with. This is because many first-time reports mainly provide an internal view of the company. External views are rarely included. Also, very often not enough data are available for new issues. These will come up in later reports.

It is perfectly acceptable, even advisable, to start with those aspects you feel comfortable with. But, be aware, that other important sustainability issues will need to be addressed in future reports! By doing so you can maintain your readers’ attention and attract their interest for your future reports.

Possibilities for stakeholder engagement during the identification of topics:

Unlike in any other step the identification of topics offers a chance for the engagement of stakeholders. On one hand enterprises can highly benefit from external viewpoints. Persons from within the enterprise might be very competent in economic issues but often enough they are not very knowledgeable in the various aspects of sustainable development. A solution to this problem can be the involvement of professional consultants for sustainability issues, but even consultants do not have specialist knowledge in every area. Here, competent stakeholders might have important contributions to make. These stakeholders can be institutions such as research institutes or NGOs concerned with environmental protection, human rights, development cooperation, etc.

Many stakeholders have only little experience of corporate sustainability and often they are those who have the most influence: customers, owners, investors, employees. It is not helpful to confront them with the question, “Which aspects should the enterprise address to enhance its sustainable development?” If you want to get these stakeholders’ opinions, the team should already have agreed on the key sustainability topics which will then be addressed in appropriate questions. While it is futile to ask customers of a grocery shop for their opinion on sustainability, they will have an opinion on issues such as genetic engineering, animal rights or nutritional health. Such a procedure is laid down in the AA-1000, a standard on stakeholder engagement applied, for example, by Shell and Novozymes (see www.novozymes.com).⁴ It calls for a group of external persons to put together a list of demands and expectations of the enterprise. These are then put into a questionnaire and sent out to all stakeholders.

Conclusion: Stakeholder engagement during the identification of topics is a good start for setting up a dialogue. Closer contacts can be established and the basis created for future cooperation. It is vital for all parties involved to be aware that at this point they will only introduce each other to different points of view. Demands will not immediately be fulfilled. It might also be important not to include this initial dialogue in your next report. Critical organisations in particular are wary of being misused for PR purposes in such situations.

–EXAMPLE–

For its first sustainability report the Austrian energy provider Verbund invited experts to a round-table talk to discuss the enterprise’s sustainable development (see Verbund Sustainability Report 2002, p. 10)

–EXAMPLE–

As a result of its first sustainability report and in preparation of its second report the Austrian Federal Forestry Company organised a discussion in October 2003 with representatives from the University of Natural Resources and Applied Life Sciences in Vienna.

2.3 PUT TOGETHER A PROFILE OF KEY STAKEHOLDERS

Look at key stakeholders together with your team under the following aspects:

- Are they familiar with the concept of sustainable development?
- How much importance do they attribute to the need for action with regard to sustainability topics?
- What are their expectations of the enterprise with regard to these topics?
- What are their fears?
- Which messages should be communicated to them?

–EXAMPLES FOR PROFILES–

	Degree of familiarity with sustainability	Demand	Fears	Messages to the stakeholders
Employees	Not very familiar; do not see need for action with regard to social issues	Secure employment, appreciation, compatibility of career and family, satisfactory work health and safety, career opportunities	Sustainability is an additional assignment (too much workload); the positive image of sustainability is used to conceal staff cuts	Sustainability secures enterprise long-term; personal values can be carried over into the job through corporate sustainability;
Owners / investors / banks	Not very familiar, is recognized need for action to minimise risks	Long-term profit maximization, forward-looking risk management, supervisory board has efficient control over the board of directors	Sustainability increases costs, profitable business opportunities are rejected due to ethical considerations	Communicate sustainability as a strategic opportunity, cost savings through environmental and social action (e.g. satisfied employees)
Upstream businesses	Fairly familiar	Very dependent on the reporting enterprise; look for long-term reliable sales opportunities	Uncertainty: Will they be confronted with sustainability demands in the future?	Communicate which sustainability aspects are important for them; present this as an opportunity to strengthen supplier relations!

Create impulses for other forms of corporate sustainability communication!

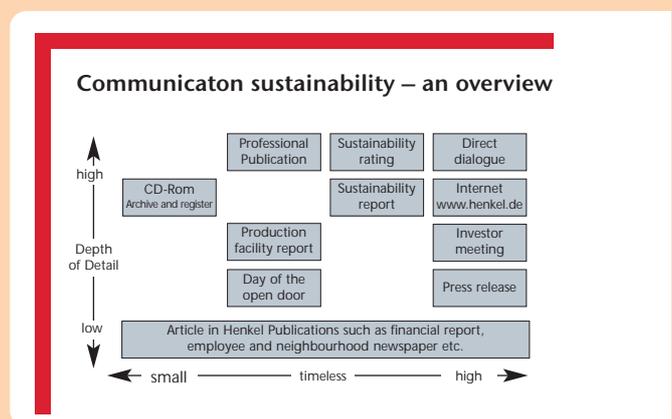
You will find in your analysis that not all stakeholders are receptive to reports. Immediate neighbours of a production location, for example, do not see the benefits of a sustainability report covering the operations of the entire corporation. A special report for that particular location, an Open Day or the participation of the enterprise in a “Local Agenda 21” process⁵ would be much more effective. Contact the divisions in your enterprise which are involved in communications (marketing, investor relations, public relations, etc.) and devise a plan

⁵Local Agenda 21 (LA21) is a sustainable development process in communities based on dialogue between citizens, local politicians, administration and businesses.

how sustainability subjects can be conveyed via other communication tools. Keep in mind that your report's target groups also use other sources to obtain information about your enterprise. An investor, for example, while reading the sustainability report will also have in mind messages he/she has received from the financial report, from advertising and from various newspaper articles. If these other media did not include sustainability topics in any form, your report will not be credible. If they convey messages contrary to your report, it may be interpreted as a mere PR exercise. Multiple communication strategies within an enterprise can clash. Different communication tools can, however, also support each other in creating a uniform message. Experience has shown that sustainability communication becomes increasingly sophisticated over time and that other tools emerge, in addition to the report.

–EXAMPLE–

Henkel does not rely exclusively on its report for sustainability communication but employs numerous other tools! The Sustainability Communication from Henkel uses many tools besides the report!



–SUMMARY–

Step 2: Identify topics and stakeholders

Who is connected with your company ?

- Get your team to prepare a comprehensive list of your company's stakeholders!
- Think about how stakeholders can be engaged in the reporting process!

Which topics are relevant to your enterprise?

- Identify the topics which are most relevant to your enterprise from a sustainability point of view!
- Gather general information on these issues and identify the challenges for your enterprise!
- Begin as early as possible to deal with issues your enterprise is not yet familiar with!
- Take particular care at this point to establish contacts with competent stakeholders!

Put together a profile of key stakeholders

- Find out which stakeholders can be addressed with your sustainability report!
- Find out what stakeholders want to know about sustainability relevant subjects !
- Circulate ideas within the enterprise how to communicate with groups which are not addressed by your report.

3 ESTABLISH GOALS FOR THE ENTERPRISE AND THE REPORT

24

Once the topics have been identified, the team should check on how far they are already being embraced in the enterprise. Very often ideas for additional measures arise from this process. With this you finished your inventory. You can now start working on the report goals by putting together a draft table of contents.

3.1 CORPORATE REVIEW PART I: WHICH SUSTAINABILITY MEASURES ARE IN PLACE?

Integrating sustainability into corporate governance is a big challenge. Enterprises which can convincingly demonstrate that they are addressing this issue, will be able to credibly communicate that they are on the road to sustainable development. They also demonstrate the efficiency of their management structure. The ability to deal with environmental and societal aspects provides the entire company management an excellent reference!

The below corporate checklist for sustainability enables you to check where measures have already been taken! Do not worry if some points do not show any activity and results yet. Sustainable development is a process which will need to be started at some point. Every enterprise needs to determine for itself whether all the questions are relevant to its particular situation. This applies especially to small and medium-sized enterprises. The question whether they are members of an organisation which advocates sustainable economic framework conditions is not relevant to them because at the SME level such initiatives rarely exist. Keep in mind that the following list reflects the current level of discussion. The demands of a corporate review may well change over the coming years.

The quality of this corporate review depends on how it is applied! The questions should not just be ticked off. You and your team should take the time to discuss the individual questions. Are they relevant to your enterprise? How exactly are the various items covered in your enterprise? Where do you see need for action?

If these questions are dealt with in detail, they will provide a sound basis for a sustainability report.

For background information on the checklist sections refer to section “Core areas of sustainable management”, p. 7!

–CORPORATE CHECKLIST– FOR SUSTAINABLE CORPORATE DEVELOPMENT

25

	Yes	No
Values, vision and strategy for sustainable development		
Were key values formulated which apply to the entire enterprise?	<input type="checkbox"/>	<input type="checkbox"/>
Does the enterprise have a mission statement which addresses sustainability aspects?	<input type="checkbox"/>	<input type="checkbox"/>
Is sustainability part of the corporate strategy?	<input type="checkbox"/>	<input type="checkbox"/>
Goals with a reference to sustainability		
Were actual goals set for the subject relevant for sustainability?	<input type="checkbox"/>	<input type="checkbox"/>
Do sustainability goals exist for the entire company?	<input type="checkbox"/>	<input type="checkbox"/>
Do sustainability goals exist for the individual corporate divisions / locations?	<input type="checkbox"/>	<input type="checkbox"/>
Management systems and sustainability		
Does the enterprise have an environmental management strategy or environmental certifications?	<input type="checkbox"/>	<input type="checkbox"/>
Does the enterprise exercise risk management on environmental and societal requirements ?	<input type="checkbox"/>	<input type="checkbox"/>
Has the enterprise considered developing a sustainability management system?	<input type="checkbox"/>	<input type="checkbox"/>
Innovations for sustainability		
Are measures taken to make production safer and more environmentally friendly and to reduce consumption of resources during production?	<input type="checkbox"/>	<input type="checkbox"/>
Are measures taken to develop and launch sustainable products and services?	<input type="checkbox"/>	<input type="checkbox"/>
Does your enterprise establish contacts with suppliers and purchasers to make products and services sustainable throughout their entire life cycle?	<input type="checkbox"/>	<input type="checkbox"/>
Capacity-building for sustainability, distribution of responsibilities for sustainability		
Is sustainability sufficiently considered by upper, middle and lower management?	<input type="checkbox"/>	<input type="checkbox"/>
Are the various corporate divisions (procurement, marketing, ...) clearly aware of their responsibilities for sustainability?	<input type="checkbox"/>	<input type="checkbox"/>
Are the various locations clearly aware of their responsibilities?	<input type="checkbox"/>	<input type="checkbox"/>

	Yes	No
Do employees have annually evaluated targets which take sustainability into consideration?	<input type="checkbox"/>	<input type="checkbox"/>
Are financial bonuses linked with the attainment of social and environmental as well as economic targets?	<input type="checkbox"/>	<input type="checkbox"/>
Does the enterprise have a sustainability board which supports management in sustainability issues? Is it composed such that it is effective ?	<input type="checkbox"/>	<input type="checkbox"/>
Did the enterprise appoint coordinators for sustainability topics?	<input type="checkbox"/>	<input type="checkbox"/>
Do sustainability board and coordinators have more than a mere advisory function?	<input type="checkbox"/>	<input type="checkbox"/>
Are employees involved in the sustainable development decision-making process of the enterprise?	<input type="checkbox"/>	<input type="checkbox"/>
Are other stakeholders involved in decision-making?	<input type="checkbox"/>	<input type="checkbox"/>
Is this involvement deep enough?	<input type="checkbox"/>	<input type="checkbox"/>

Sustainable staff development

Is the relevance of sustainability topics efficiently communicated to employees?	<input type="checkbox"/>	<input type="checkbox"/>
Receive employees sufficient know-how and competence to implement sustainability goals?	<input type="checkbox"/>	<input type="checkbox"/>

Sustainability communication

Besides the report, is the entire corporate communication in tune with sustainability issues?	<input type="checkbox"/>	<input type="checkbox"/>
Do advertising and public relations communicate sustainability aspects?	<input type="checkbox"/>	<input type="checkbox"/>
Is the enterprise a member of organisations and initiatives which advocate sustainable economic development or does the enterprise itself lobby for sustainable economic framework conditions?	<input type="checkbox"/>	<input type="checkbox"/>

The findings of this questionnaire will assist you in planning future sustainability activities.

3.2 CORPORATE REVIEW PART II: HOW EFFECTIVE ARE EXISTING SUSTAINABILITY MEASURES?

This review checklist should not be treated as a list on which positions simply have to be ticked off (in case the specific measures do exist). It is not important which measures have already been taken in your company but how effective they are.

A major criterion for quality is how deeply these measures are embedded in the day-to-day business. This applies to all the issues on the checklist! Here are some examples:

- **Values, vision and strategy for sustainable development:**

It may well be that a sustainability mission statement and a sustainability strategy exist, but are there other corporate strategies? If there are any, how compatible are they with the sustainability vision? Is the entrepreneurial business benefit reflected in the sustainability strategy?

The most effective and credible approach is to have only one strategy which addresses the economic success and the environmental and societal benefits together ! A separate sustainability strategy or vision is likely to be used in a subordinary way.

- **Goals with a reference to sustainability:** Have goals relevant to sustainability been recorded? What is the relationship between economic objective and societal and environmental targets? Where do they support each other? Where do they conflict each other? How are they taken into consideration within the enterprise? How can the goals be harmonised?
- **Management systems and sustainability:** Does the sustainability management system run parallel to other systems? Or are sustainability issues integrated into the customary processes? Is there a control mechanism for the implementation of sustainability activities in place?
- **Innovations for sustainability:** Do innovations exist which run counter to sustainable development because they encourage an increased use of resources? How can innovations for sustainability be ensured?
- **Capacity-building and distribution of responsibilities for sustainability:** Are persons or advisory boards merely “perched on top” of the existing organigram or are responsibilities distributed equally among the existing structures?
- **Sustainable staff development:** Has the concept of sustainability been integrated in existing training measures?
- **Sustainability communication:** Is there an integrated communication strategy for the entire enterprise in place and is it based on sustainability ?

–TIP–

For additional “inspiration” during the corporate review, refer to indicators 1.1 to 3.20 of the GRI Sustainability Reporting Guidelines! These guidelines can be downloaded free of charge from www.globalreporting.org.

–INFORMATION AND EXAMPLE–

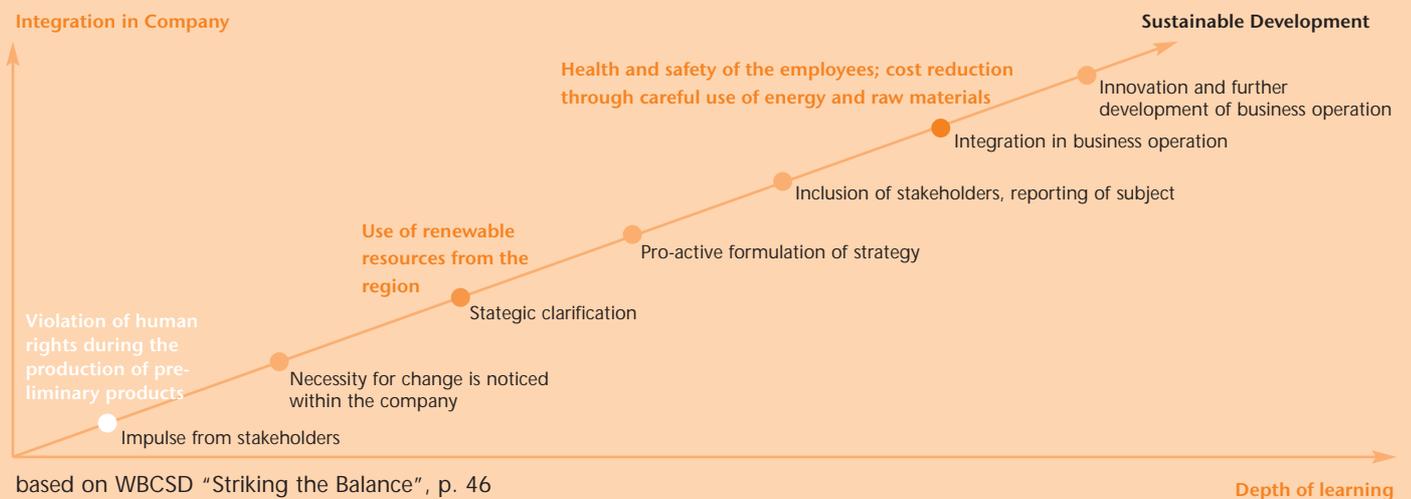
Enter topics in a learning curve

Not all topics concerning an enterprise's sustainable development are usually equally integrated throughout the company. Some are new for the company and stakeholders to whom these topics are relevant have only just been noticed. In the chart below, the enterprise has only just been made aware that its suppliers violate human rights and that this casts a shadow on its own products. The enterprise now has to decide if action needs to be taken with regard to this issue. If that is the case, the company has to settle on the necessary and appropriate strategy. In our example, the company is in the process of determining how renewable resources from the region can be strategically used correctly.

At the next level, this issue will have to be discussed intensively with the stakeholders and a strategy will have to be integrated in the corporate operations. In the example below this step has already been completed for workplace safety of employees.

Another step towards sustainable development is innovation, a fundamental new development of production, technology, products or services.

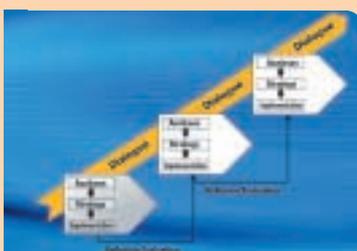
Novo Nordisk, the world's leading producer of insulin, positioned its topics along such a learning curve in its 2002 report. It was found that environmental issues had been integrated well into the company while genetic engineering was still undergoing a discussion process with NGOs.



–EXAMPLE–

In-house dialogue at Opel

Opel regularly invites internal and external stakeholders for dialogues to discuss strategy and degree of implementation of various issues.



Opportunities for stakeholder engagement in the corporate review:

Stakeholders can also be involved when the degree of sustainability implementation in an enterprise is being evaluated and when ideas for new measures are being gathered. These dialogues requires a high level of competence of all stakeholders involved.

3.3 IMPULSES FOR FURTHER DEVELOPMENT WITHIN THE ENTERPRISE

Existing guidelines on sustainability reporting⁶ place high demands on the description of how an enterprise addresses its sustainability issues. According to them, all criteria of a sustainable enterprise should already be in place: sustainability mission statement, strategy, goals, indicators, structures, etc. Experience, however, shows that it is hardly possible for an enterprise to realise all these points within one year. Rather, they are the result of a process which may last several years! REPORTING ABOUT SUSTAINABILITY suggests that an enterprise does not wait for having all these elements in place before the release of its sustainability report to the public.

In your first report give a transparent description of where your company stands in the process and which measures are planned for the future. Your readers will appreciate this strategy.

This form of reporting is ideal for advancing the internal sustainability process. As observed in many companies, the reporting process is a motor to accelerate the development and implementation of many measures for sustainable development. As the report should present any progress made, new measures will have to be introduced in time to be included in the report, i.e. a new corporate strategy which clearly embraces sustainability or an internal management system which can measure the success of environmental and social goals. Sustainability reports provide an annual impetus to keep the internal process going. Hence, it is recommended to produce a printed and not just an online version. Printed reports have more authority and an actual publication date which has to be met.

Discussing issues listed in the corporate review check list increases the reporting team's competence for suggesting new sustainability measures. At this reporting stage the team will be confronted with deficits. Some sustainability topics, for example, might not have been addressed within the enterprise yet or some goals may not have been pursued because nobody felt responsible.

The reporting team should draw attention to such shortcomings and suggest appropriate solutions and communicate them internally. Existing contacts with the management or the sustainability board will facilitate this process and other staff from within the company may also be involved.

3.4 DESIGN THE REPORT CONCEPT

You have now finished a comprehensive screening process of your enterprise, identified the key issues, looked at how they are being addressed in the enterprise, gathered impulses for further sustainable development and identified the stakeholders. You have also identified the appropriate target groups for your report and gathered the messages you want to communicate to the readers. This has taken you a huge step forward in the reporting process! You now have all the necessary information and can start designing your report.

—EXAMPLE—

During their reporting process VA Tech realised that the company has a sustainability vision but no measures for its implementation in place.

It was subsequently suggested to integrate sustainability in the management system. In the report the introduction of a Sustainability Balanced Scorecard was announced for 2003.

⁶see chapter Literature, Links and Guidelines

Decide if your report should have one main topic which runs through the entire report. Also decide on the graphical concept, which highlights this topic throughout the report!

As sustainability reporting is becoming increasingly established, a “tradition” is beginning to emerge regarding the elements which should be included in a report. Orient yourself on the structure of other reports! You will find that you have already done most of the preparatory work for the first six points!

Elements usually contained in a report:

1) General

- Preface from the upper management
- Corporate profile, highlights of the reporting period
- Report goals
- Presentation of key sustainability issues

2) Corporate governance

- Vision and strategy
- Management systems, corporate structure, employee management

3) Description of performance (and goals):

- Development of the environmental, social and economic impacts of the enterprise in the past year

Point 3 is the most extensive one of the whole report. In many reports, it constitutes more than half the total volume. It is also the one element where no general “tradition” has established itself yet, giving you plenty of room for a creative presentation of your particular position.

–INFORMATION AND EXAMPLE–

Possible structuring for performance description:

Three-column report:

In the context of sustainability the three columns of sustainability are often quoted: environment, society and economy. Many companies (e.g. ABB) have decided to describe their performance in the appropriate three chapters. While such a description is only too logical, it does have its drawbacks: the correlations between the three sectors may be lost.

A presentation of the three sustainability dimensions may however prove useful to some readers. The reporting company could present three short status reports on the environmental, social and economic performance and in addition to it a more appropriate form of indexing.

1.0	Wörter	2.0
1.1	Wirtschaftsleistung	2.1
1.2	Umwelt	2.2
1.3	MitarbeiterInnen	2.3
1.4	Wirtschaftsleistung	2.4
1.5	Umwelt	2.5
1.6	MitarbeiterInnen	2.6
1.7	Wirtschaftsleistung	2.7
1.8	Umwelt	2.8
1.9	MitarbeiterInnen	2.9
1.10	Wirtschaftsleistung	2.10
1.11	Umwelt	2.11
1.12	MitarbeiterInnen	2.12
1.13	Wirtschaftsleistung	2.13
1.14	Umwelt	2.14
1.15	MitarbeiterInnen	2.15
1.16	Wirtschaftsleistung	2.16
1.17	Umwelt	2.17
1.18	MitarbeiterInnen	2.18
1.19	Wirtschaftsleistung	2.19
1.20	Umwelt	2.20
1.21	MitarbeiterInnen	2.21
1.22	Wirtschaftsleistung	2.22
1.23	Umwelt	2.23
1.24	MitarbeiterInnen	2.24
1.25	Wirtschaftsleistung	2.25
1.26	Umwelt	2.26
1.27	MitarbeiterInnen	2.27
1.28	Wirtschaftsleistung	2.28
1.29	Umwelt	2.29
1.30	MitarbeiterInnen	2.30
1.31	Wirtschaftsleistung	2.31
1.32	Umwelt	2.32
1.33	MitarbeiterInnen	2.33
1.34	Wirtschaftsleistung	2.34
1.35	Umwelt	2.35
1.36	MitarbeiterInnen	2.36
1.37	Wirtschaftsleistung	2.37
1.38	Umwelt	2.38
1.39	MitarbeiterInnen	2.39
1.40	Wirtschaftsleistung	2.40
1.41	Umwelt	2.41
1.42	MitarbeiterInnen	2.42
1.43	Wirtschaftsleistung	2.43
1.44	Umwelt	2.44
1.45	MitarbeiterInnen	2.45
1.46	Wirtschaftsleistung	2.46
1.47	Umwelt	2.47
1.48	MitarbeiterInnen	2.48
1.49	Wirtschaftsleistung	2.49
1.50	Umwelt	2.50

Telekom Austria follows the three-column model in its report.

Additional structuring by products/ corporate divisions:

After the three detailed status reports on environment, society and economy, VA Tech concentrates on sustainable solutions for the energy, water and steel sectors. It describes how its products contribute to the reduction of energy and resource use.

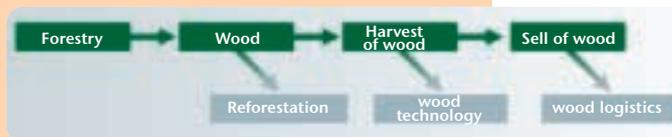
If the report is structured by products, make sure it does not turn into a sales catalogue!



VA Tech presents sustainable solutions for the energy, steel and water sectors:

Structuring by value chains/processes:

The Austrian Federal Forestry Company (Österreichische Bundesforste AG) also structured its consolidated sustainability and financial report by corporate divisions. The chapters are arranged in such a way that they follow the value chain of wood.



The Austrian Federal Forestry Company structures a large part of its report by the value chain of wood:

Structuring by topics:

Let us take a short trip to the other side of the globe: Meridian Energy – New Zealand's largest energy producer – published a consolidated sustainability and financial report in 2002. The structure of the report reflects the eight fundamentals of a company:

1. Sustainability and balance
2. customers and sustainability
3. responsibilities towards society
4. environment and ecology
5. evolution and growth
6. reputation and image of the company
7. the employees
8. knowledge and know how

This is an example where the classical three columns of sustainability are creatively integrated into various subjects.



BU nicht gefunden

Quote:

It is possible that using the 3 columns is doing us a profound disservice, if it encourages companies to deal with sustainability in isolated departments and if, in the process, we fail to recognize that the real challenge in the next 2-3 years is the integration of all three areas."

Source: SustainAbility: Trust Us! 2002 Survey of Corporate Sustainability Reporting, p. 4

Decide how you want to structure your report! The structure you choose for your first report should generally be adhered to in the following reports. This ensures that the enterprise's development can be followed over the years.

Prepare a table of contents and a page layout dummy which will describe the chapter content in a few words, how much space you have given each chapter. The report layout dummy of an SME will naturally be briefer than the example on the right.

Now is also the time to decide on the graphical layout for your report. If, for example, you need photographic and graphic material to accompany the text in your chapters, you should begin to gather them now! A timely crated photo archive documenting the various sustainability activities of your enterprise will prove very useful.

—EXAMPLE—

Early draft of a layout dummy of the Austrian Federal Forestry Company's report:



—SUMMARY—

Step 3: Goals for the company and the report

How is sustainability being taken into account in the enterprise?

- Discuss in your team how the sustainability-relevant topics of your enterprise are incorporated in the values, the strategy, the goals, by the management, and in products and services and in the structure!
- Pay particular attention as to how deeply past sustainability initiatives have become integrated in the enterprise! Do environmental, social and economic measures complement each other or are there two separate processes, one for the economic success and one for sustainability?

Impulses for further development in the enterprise

- Identify sustainability measures currently required in your enterprise and inform the relevant departments of the need for action!

Design the report concept

- Find a report concept which combines rather than separates the environmental, social and economic aspects!
- Prepare a draft table of contents!
- Decide whether your report will focus on a key issue and choose a suitable graphic concept!

4 GATHER DATA AND OTHER INFORMATION

Once a rough concept of the report has been prepared, more detailed information and data will need to be gathered to provide material for the various chapters. It is possible that sustainability is a new topic for your enterprise, and therefore no sustainability goals have yet been defined whose attainment can be tracked with unerring indicators. However even then, it is necessary that claims made in the report are supported with data as effectively as possible.

In a small or medium-sized enterprise gathering the information will not take too long as most of the required data are recorded centrally. In a large enterprise step 4 is the most time-consuming phase.

4.1 PREPARE CHAPTER CONCEPTS

Identify the issues you want to address in your report chapters! Think about what information you will need and which data will support these issues!

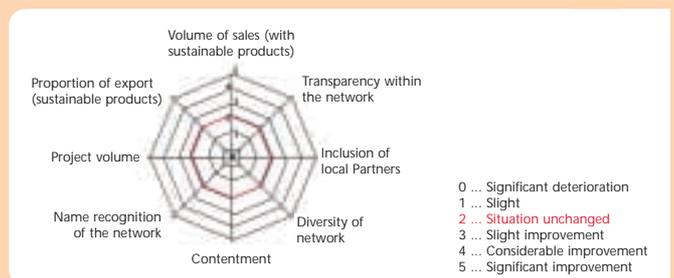
At this stage thorough handling of step 2 will be of benefit to the team. Some reporting teams immediately start gathering data, thus running the risk of collecting every bit of information that sounds interesting without any supporting concept. This will be reflected in the report: such sustainability reports flood the reader with data irrelevant to the key messages. If chapter concepts are prepared with consideration of the major issues and the stakeholders, the gathering of information and data will be much more efficient and target-oriented. If, for example, stress in the workplace emerges as a key topic for employees, indicators such as productivity per employee, sick days per employee and survey data on employee satisfaction should support the appropriate chapter section.

Identify those indicators which give a quick overview of the company. These will have to be included in the report summary or in the three status reports on economy, society and environment. Following the example of many financial reports a summary of key indicators are presented on the inside of the report sleeve which can be folded out. Observe a simple rule: Twenty is plenty! An overview should not contain more than 20 different indicators.

—EXAMPLE—

ENSO network indicators

The ENSO network (Energy Network Southeast based in Graz, Austria) is an alliance of companies which cooperate in providing infrastructure for supply and disposal in the water, waste, environmental and energy sectors. In 2002, the ENSO-Network prepared a sustainability mission statement and the appropriate strategy, measures and indicators. Through the following presentation they illustrated the implementation status with the following indicator:



based on: Strigl, A: Sektorvision – Leitfaden zur Entwicklung nachhaltiger Unternehmensleitbilder und -strategien. BMVIT (ed.). Vienna 2003.

—INFORMATION—

Types of indicators:

- **Process indicators:** They describe the progress made in terms of sustainable development with the company. They can, for example, show how many operational locations have already set and implemented sustainability goals.
- **Absolute indicators:** They provide information on the total energy consumption or the total CO2 emission of an enterprise. These indicators should form the basis of your report!
- **Relative indicators:** They correlate two indicators, e.g. energy consumption per manufactured product or sick days per employee. You can combine two aspects such as environment and economy. They are the ideal instrument for demonstrating the economic advantage of sustainability.
- **Systemic indicators:** They relate the performance of an enterprise to the overall situation. An enterprise can put its accident rate in relation to the sector average. A small business can indicate how many positions it creates and put this information in relation to the total working population of its community .

Concentrate on indicators which describe causes. If you exclusively concentrate on the effective level, it can take a long time for changes to become apparent, and then it could be too late. In the forestry sector, for example, the quality of reforestation actions for rejuvenation is of major importance (causative level). If you only evaluate whether the existing tree population corresponds to the location (effective level), counteractive measures may come too late.

All indicators should, if possible, be positioned along timelines. The dynamics of a development can only be demonstrated if data from previous years are included.

You do not have to make up all your own indicators. Consult sustainability reports of other businesses in your sector to see which indicators they have identified. An important source of “inspiration” is the indicator set of GRI (Global Reporting Initiative), which are directed mainly at larger enterprises!

–INFORMATION–

GRI indicators – good servants, bad masters!

Upon the presentation of its report every large enterprise will be asked whether it observed the GRI (Global Reporting Initiative) indicators. The GRI (www.globalreporting.org) is a global initiative aimed at developing standards for sustainability reporting. It involves the business sector as well as civil-society groups and continuously further develops guidelines. The most recent version contains 50 main indicators to evaluate the economic, environmental and social development of an organisation. A company can orient itself on these indicators and state in its report that it complies with GRI guidelines. There is no official verification system in place. The GRI is highly regarded by other economic institutions. The questionnaires of many rating agencies for sustainability funds, for example, include GRI indicators. The EASEY index, the upcoming sustainability index of the Vienna Stock Exchange, will also be partially based on the GRI guidelines. In a survey published in 2003, the German communications agency ECC Kohtes Klewes found that a GRI-based report has a higher credibility among readers.

In general, enterprises are well advised to consult the GRI guidelines when identifying their own indicators. If a reporting team already knows the major sustainability issues, the guidelines are an excellent source of information.

Some reporting companies simply adopt the complete list of GRI indicators instead of identifying which sustainability issues are relevant to their own organisation. In such instances, the GRI no longer serves as a pool of indicators, which are meant to support the key messages of a report, but the indicators themselves become the central concern. Enterprises which have not given enough attention to sustainability during the reporting process and which have no thorough understanding of the concept tend to desperately cling to the GRI. At the same time, some of them complain about the multitude of GRI indicators.

Such action has two drawbacks: without an informed choice of indicators relevant to the reporting agency the effort of surveying all GRI indicators is immense. Secondly, the reported information is no longer as significant as it should be: an enterprise such as McDonald's may address all indicators but it will not have to report about such key issues as nutritional health, animal rights and sustainable agriculture. For this reason we decided not to deal with GRI indicators until step 4.

4.2 GATHERING DATA AND INFORMATION WITHIN THE COMPANY

Questionnaires

One possibility of gathering the necessary data and information is to send out questionnaires to key staff in the enterprise. For the preparation of the first report, this stage will probably resemble “a stab in the dark”. You may be met with some resistance because questionnaires will mean an additional workload for interviewees. Others, however, who are aware of the benefits of a sustainability report, will be happy to cooperate.

Here are some suggestions on how to increase the acceptance of questionnaires and other survey tools:

Spread information within your enterprise on what you plan to do and explain the benefits of a sustainability report! Some employees may not yet know much about the project. Make use of internal communications media or take the time to organise a workshop for these people! Take suggestions and impulses which come up during the process seriously!

If this approach does not have the desired effect, it is helpful to have an executive member on the reporting team. Colleagues who don't observe deadlines for returning completed questionnaires can be pressured to do so by this reporting team member.

Interviews

This type of information gathering can be employed instead of or in addition to questionnaires. Observe the following points:

- Make sure to set aside sufficient time. Ask your interview partners how relevant the various sustainability issues of the enterprise are for their sectors and what their attitudes are towards them.
- Resolve misunderstandings that might have arisen during completion of the questionnaires and then ask interviewees to fill in missing information.
- Do not only ask for data but also for practical examples to include in your report.
- Interpret the gathered data together with your interview partners. Were set goals achieved? Did the situation improve or deteriorate? Why did a particular development take place?

Keep in mind that the original concept for the chapters might change because of new information! You will also find that some data are not available. If these are key data, make sure they will be made available for the following report!

The process of gathering information increases awareness of sustainable development

Interviews and questionnaires are suitable instruments to enhance sustainable development in a company. They will prompt central figures in the company to pay more attention to environmental, social and general economic issues. The preparation of a report which is structured by existing operational units or processes is particularly suited to embed sustainability more deeply in the various corporate divisions. Sections such as R&D, production, marketing, etc. are required to deal with sustainability issues and to identify cross-relations within the enterprise. A “classic” three-column report generally only involves the environmental and the personnel departments.

Data collection will get easier over time!

Gathering information for the first report is always a challenge as it is a new experience for all parties involved. However, the more experience an enterprise has in reporting, the easier the process will become. Also, sustainability issues will be more easily identified and indicators more accurately chosen. If the company shows a consistent development towards sustainability, it is very likely that an appropriate management system will be put in place as a result. Data will then be automatically recorded, and questionnaires and interviews would only rarely have to be used.

Step 4: Gather data and other information

Prepare chapter concepts

- Determine which topics you want to address in the various chapters!
- Find out which additional information you will need!
- If no indicator system is in place to measure the progress made in the various sustainability sectors, include appropriate numerical indicators to support the information given in the chapter.
- Agree on a limited number of core numerical indicators which give a quick overview of sustainable development in your company!

Gathering data and information within the company

- Make sure you fully inform all those colleagues about the reporting project who you will need information from!
- Send out questionnaires and/or gather data through the internal sustainability controlling system!
- Where necessary, conduct additional in-house interviews!

5 WRITE THE REPORT

You have reached a planning stage where the chapter concepts have been prepared and the required information has been made available. You can now go on to write the text and design the graphics and tables. It is important to have the finished results evaluated internally and externally, should you wish to do so. You can then have your material printed and/or converted into HTML format.

5.1 WRITE THE CHAPTERS

Make sure that the texts you write are highly comprehensible! Through highly technical reports you may impress your readers with your expert knowledge but your message will not come across. The economics chapter in the VA Tech 2002 report is a good example of a comprehensible text.

Choose the style of writing you want to employ:

- **Magazine style:** Uses motivating language and a positive tone. Interviews and detailed descriptions of examples break up the text flow. The report includes a lot of photographic material and fascinating stories will attract the reader's attention. The information contained in the report is interpreted for the reader.
- **Report style:** Is characterised by a neutral and detached tone. Charts and tables are used to support the message of the text. Photographic material is used sparingly. Facts, targets and target attainment are presented, but hardly interpreted.

While one or the other example, photo or story might break up the report, we generally recommend companies to adopt the report style. Concentrate on the presentation of facts and avoid making too many interpretations! The above-mentioned 2003 survey "Shared Values?" by ECC Kohtes Klewes confirms that readers prefer this style, presumably because it does not make them feel manipulated and they do not see the report as a PR exercise.

—EXAMPLE—

In their new report "Transparenz 3", Weleda Germany has kept its text in a neutral report style.



Stay as factual as possible in your text. Sustainability often has the loftiness air of grand speeches. Demonstrate its importance for the day-to-day business! Present concrete figures and examples!

Possibilities for stakeholder engagement in the reporting process

Including comments from external parties in your report can strongly enhance its credibility and advance the learning process within your company. This does, however, also bear some risk because you will have to relinquish a certain degree of control: the content of stakeholder comments cannot be changed by the reporting team as this would constitute a breach of trust. The strategy of including only those external parties who are sympathetic to the company is also problematic: readers will immediately notice if your report does not contain critical comments.

–EXAMPLE–

Comment of a critical stakeholder

Novo Nordisk offers a platform for critical comments in its report. A representative from MÉDICINS SANS FRONTIÈRES explains that businesses have an obligation to make drugs available to the people in poor countries at fair prices.



5.2 VERIFICATION AND EVALUATION

Internal verification and evaluation

Who will give the final go-ahead for the report before it goes to the printers has to be decided ahead of time. In most cases, management will be responsible for that but sometimes the interview partners who contributed information to the various chapters are involved in the internal verification process. Set aside sufficient time to make any necessary changes!

Only those parties should be involved in the verification process whose opinions are absolutely essential. Otherwise the internal evaluation can turn into a long and cumbersome process.

External verification and evaluation

Autors of reports expect to enhance their reports' credibility through external verification. An evaluation of the report and reporting company can provide impulses for their advancement.

The following parties can be involved in the verification and evaluation process:

a) Financial Auditors:

They verify data samples based on performance data from the previous year. The auditor applies standardised methods, his/her work takes an objective approach, does not interpret and does not give recommendations.

b) Experts for corporate sustainability:

They can check if the report has given full attention to all relevant topics. They can also evaluate the management systems within the enterprise. Their recommendations can help the company to take future steps. These experts will have to be familiar with the corporate processes in the reporting company in order to perform an evaluation with the following characteristics:

- **forward looking:** vision, strategy and goals are analysed
- **subjective:** report information is interpreted
- **variety of evaluation methods:** there are no universally valid methods.

c) Selected stakeholder representatives:

These stakeholders will have to be highly competent in sustainability (scientists, NGOs, etc.). A board of various external representatives can be formed which will discuss various aspects of sustainability relevant to the enterprise.

Evaluation by stakeholders also involves an approach which is forward-looking, subjective and uses a variety of evaluation methods. In contrast to sustainability experts, stakeholders are usually less interested in the management systems or the report itself. They mainly evaluate goals, performance and the external impact of the reporting organisation!

–INFORMATION–

Trend towards external verification

Internationally, reports are increasingly verified by external individuals or organisations. Among the reports surveyed by SustainAbility in 1996 only 4 % had been evaluated externally. By 2002 this figure has risen to 68 %. In general, external evaluation seems to be suitable only for large enterprises.

(Source: Trust Us, SustainAbility 2002)

–TIP–

For more information on evaluation by stakeholders see the AccountAbility AA1000 standard: www.accountability.org.uk

–SUMMARY–

Step 5: Write the report

Write the chapters

- Formulate the chapter's content!
- Keep the tone neutral. Avoid interpretations. Break up the text with interviews, stories etc. but at the same time don't lose the character of a report!

Verification and evaluation

- Have the draft report verified by the management and, if necessary, by other in-house parties!
- Decide whether and how the report could be externally evaluated! Do you just want to get data verified? Should the evaluation be limited to the report or should it cover the total sustainability performance of the enterprise?

6 DESIGN THE REPORT

6.1 COMPLETE UNFINISHED TASKS

- **Preface from the board of directors**
- **Chapter summaries:** Give a short and concise summary of the key content of each chapter so that readers can scan the report. According to the 2003 survey “Shared Values” by ECC Kohtes Klewes and Fishburn Hedges 25% of the readers are users who will not spend more than 15 minutes on reading your report.
- **Future prospects:** This section gives a summary of how reporting activities will be continued and which further sustainability measures are planned within the enterprise.
- **Feedback card:** It provides a fast and structured means of reader feedback. If no cards are enclosed, readers should at least be invited to give their feedback. State how and where to you want feedback sent.
- **GRI Content Index:** If the report follows GRI Guidelines, prepare an index of where in the report the various GRI indicators can be found. You can also explain in this section why a core indicator was omitted (it may not have been relevant for the reporting enterprise or the relevant data may not have been available at the time). You can also demonstrate where your report goes beyond GRI requirements.
- **Internet:** There are two possibilities to use the Internet. The basic way is to make the whole report available for download as a pdf-file from your homepage. However, to really make the most of what the Internet has to offer, the report contents should be revised. The internet presents the opportunity to make available information which had to be omitted from the printed report for lack of space (e.g. detailed environmental management data). In the Internet version of your report the users can decide for themselves how many details they want to view and in which order. They become „editors“ of their own reports.
- **Translation:** If the enterprise operates globally, the report should now be translated into other languages.

—EXAMPLE—

The EVN sustainability report 2001/2002 starts each chapter with a short summary of its content:



—EXAMPLE—

Telekom Austria provides a print version and an internet version of its report with various degrees of detail. See: www.telekom.at/Content.Node2/de/index_frameset.php

6.2 FINALISE THE LAYOUT

Once the texts have been written, the non-verbal messages of the report need to be finalised. It is important for the report to present a consistent and holistic message, not only through the text but also by the photographic material and the graphic design.

The Reporting about Sustainability guidelines can certainly not substitute professional layout skills, but we still want to address a few points you will need to bear in mind:

- **Several issues or one key issue?** In step 3, when the concept for the entire report is prepared, you will also have to decide if your report should focus on one key issue. If this is the case, the report layout should be designed accordingly. If, for example, the “International Year of Water” (2003) is chosen as the key topic, it has to be reflected in the graphic design.

–EXAMPLE–

The GRI Content Index in the Austrian Federal Forestry Company report

Standard nach GRI	Im Bericht (Standard / Seite)	Anmerkungen
1.1	Wasser, Energie, Gesundheit, Sicherheit und Fertigkeiten (S. 36f)	nicht nach der höchsten Priorisierung für das Umweltthema zu Sachbericht (S. 49) Sachberichte 2007 (Sachbericht 2010 (S. 30)). Die darin enthaltenen Informationen ermöglichen die Bewertung der Auswirkungen des Wasser- und Energieverbrauches
1.2	Wasser, Energie, Sicherheit (S. 4)	Über die Auswirkungen des Wasser- und Energieverbrauches
1.4	Arbeitskräfte, Ausbildung und Entwicklung (S. 86)	
1.4.1	Wahl der Mitarbeiter (S. 48)	
1.4.2	Arbeitskräfte (S. 48)	
1.4.3	Arbeitskräfte (S. 48)	
1.4.4	Arbeitskräfte (S. 48)	
1.4.5	Arbeitskräfte (S. 48)	
1.4.6	Arbeitskräfte (S. 48)	
1.4.7	Arbeitskräfte (S. 48)	
1.4.8	Arbeitskräfte (S. 48)	
1.4.9	Arbeitskräfte (S. 48)	
1.4.10	Arbeitskräfte (S. 48)	
1.4.11	Arbeitskräfte (S. 48)	
1.4.12	Arbeitskräfte (S. 48)	
1.4.13	Arbeitskräfte (S. 48)	
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1.4.100	Arbeitskräfte (S. 48)	

- **Which colours do you choose for your report?** The colours in a report can convey various emotions. Strong colours can create a feeling of change and renewal, while pastels are suited to create a feeling of tranquility and harmony. Bear in mind the message of colours: a green sustainability report might quickly be placed in the environmental corner!
- **What orientation should the graphical concept have?** Should it be abstract and artistic? Should it be factual and use photographic material of people?
- **The layout of your financial report and sustainability report should be coordinated!** If the financial and the sustainability reports are separate, their graphic concepts could at least be harmonized

–TIP–

Remember to take photos of special events throughout the whole reporting period! This will help to better document panel discussions, internal sustainability events, congress participation, etc. in the report.

–EXAMPLE–

VA Tech “twinned” its sustainability and annual financial reports:



–SUMMARY–

Step 6: Design the report

Complete unfinished tasks

- Prepare the preface, summaries, future prospects, internet presentation, translation, etc.!

Finalise the layout

- Finalise the graphic format and layout!
- Unless they are consolidated, harmonize the design of your financial and sustainability reports!

7 DISTRIBUTE THE REPORT

44

It is important that your report actually reaches the target groups it is aimed at. The distribution is not only the final stage of your current reporting process; it also lays the ground for the preparation of your next report. The distribution of your report should encourage various stakeholders, from employees to customers, to enter into a dialogue to advance the development of your enterprise.

The following is a list of major distribution channels and methods:

- **Sending out the report:**

Prepare a distribution list and send the report to your target groups! You might want to enclose a short questionnaire and ask readers for their feedback but be aware that the rate of return can be very low. Some enterprises try to increase return rates by offering a competition as an incentive. Such action can however damage the credibility of a report.

- **Attracting media attention:**

Try to attract public attention when you publish your report! Prepare press releases, organise a press conference, offer magazines a report summary, send out information e-mails and announce the report in a prominent position on your homepage!

- **Expert discussions:**

Participate in expert discussions on sustainability and reporting and/or organise similar events yourself. Give management the opportunity to present themselves and their enterprise in a positive light. Conversations and personal contacts are important to promote the issue. Gather any feedback!

- **Stakeholder dialogue:**

Conduct dialogues with your stakeholder groups ! Try to get answers to the following questions: What is your general impression of the report? Which topics are missing? Which topics could have been left out? etc.

Keep in mind, however, that stakeholders will not be so much interested in the report as in the actual sustainability performance of the enterprise. Reports are therefore not the subject of, but the basis for dialogue.

–TIP–

Award-winning sustainability reports

Consider entering your report in contests. If you do well you will attract additional attention to your report. In Austria, the relevant award is the AERA-Award (Austrian Environmental Reporting Award: www.kwt.or.at), which also determines the best sustainability reports.

In October 2003, the Austrian business magazine 'Trend' named the first consolidated financial and sustainability report of the Austrian Federal Forestry Company (Österreichische Bundesforste AG) as the best Austrian financial report in the category of companies not listed on the stock exchange. This is an important signal that sustainability is regarded as a high priority in the Austrian business community.



The active distribution of your report will take some time and will bring the process back full circle to step 2.

45

Remember to celebrate the report with your team!

A sustainability report will only become a success when dedicated parties are behind it. Enjoy the successful publication with your team and celebrate the completion of the project! You have every reason to do so because you have achieved much more than what a few printed pages would suggest!

–SUMMARY–

Step 7: Distribute the report

- Send out your report to the target groups!
- Attract attention from the media!
- Initiate expert discussions and stakeholder dialogue based on the report's contents!
- Gather any feedback! It will serve as a basis for your next report!
- Celebrate your successful report with your team!

The seven steps to a successful report

46

STEP 1: DETERMINE FRAMEWORK CONDITIONS

Put together the team

- A successful reporting team includes different roles ensuring know-how and optimal communication in the enterprise.
- Think about who can take on these roles or, if necessary, add new members to the existing team!

Set a timeframe and secure resources

- Set the planned publication date of the report!
- Synchronise annual financial and sustainability reporting as closely as possible.
- Plan the seven steps in reverse order, starting with the publication date!
- The team members should free up and set aside time for those phases in which they will be most deeply involved in the reporting process!

Agree on the basic message

- It is important to agree in a first team workshop on how the enterprise should be portrayed in the report.
- An ideal introduction to the issue of corporate sustainability is the presentation of positive aspects.
- Start as early as possible to gather information on any negative aspects and describe the resulting challenges in the report! This communicates ability to learn.
- Reporting is a unique opportunity to get to know better and to involve your stakeholder groups!

STEP 2: IDENTIFY TOPICS AND STAKEHOLDERS

Who is connectet with your company?

- Get your team to prepare a comprehensive list of your company's stakeholder groups!
- Think about how stakeholder groups can be engaged in the reporting process!

Which issues are relevant to your enterprise?

- Identify the topics which are most relevant to your enterprise from a sustainability point of view!
- Gather general information on these issues and identify the challenges for your enterprise!
- Begin as early as possible to deal with issues your enterprise is not yet familiar with!
- Take particular care at this point to establish contacts with competent stakeholder groups!

Put together a profile of key stakeholder groups

- Find out which stakeholders can be reached with your sustainability report!
- Find out what stakeholder groups want to know about sustainability relevant subjects!
- Circulate ideas within the enterprise on how to communicate with groups which are not addressed by your report.

STEP 3: SET GOALS FOR THE COMPANY AND THE REPORT

How important is sustainability in the enterprise?

- Discuss in your team how the sustainability relevant topics in your enterprise are incorporated in the values, the strategy, the goals, by the management, and in products and services and in the structure!
- Pay particular attention as to how deeply past sustainability initiatives have become integrated in the enterprise! Do environmental, social and economic measures complement each other or are there two separate processes, one for the economic success and one for sustainability?

Initiate further development within the enterprise

- Identify sustainability measures currently required in your enterprise and inform the relevant departments of this need for action!

Design the report concept

- Choose a report concept which combines rather than separates the environmental, social and economic aspects!
- Prepare a first draft table of contents!
- Decide whether your report will focus on a key issue and choose a suitable graphic concept!

STEP 4: GATHER DATA AND OTHER INFORMATION

Prepare chapter concepts

- Determine which topics you want to address in the various chapters!
- Find out which additional information you will need!
- If no indicator system is in place to measure the progress made in the various sustainability sectors, include appropriate numerical indicators to support the information given in the chapter text.
- Agree on a limited number of core numerical indicators which give a quick overview of sustainable development in your company!

Gathering data and information within the company

- Make sure you fully inform all those colleagues about the reporting project who you will need information from!
- Send out questionnaires and/or gather data through the internal sustainability controlling system!
- Where necessary, conduct additional in-house interviews!

STEP 5: WRITE THE REPORT

Write the chapters

- Formulate the chapter content!
- Keep the tone neutral. Avoid interpretations. Break up the text with interviews, stories etc. but at the same time take care to maintain the character a report!

Verification and evaluation

- Have the draft report verified by management and, if necessary, by other in-house parties!
- Decide whether and how the report could be externally evaluated! Do you just want to get data verified? Should the evaluation be limited to the report or should it cover the total sustainability performance of the enterprise?

STEP 6: DESIGN THE REPORT

Complete unfinished tasks

- prepare the preface, summaries, future prospects, internet presentation, translation, etc.!

Finalise the layout

- Finalise the graphic format and layout!
- Unless they are consolidated, coordinate the design of your financial and sustainability reports!

STEP 7: DISTRIBUTE THE REPORT

- Send out your report to the target groups!
- Attract attention from the media!
- Initiate expert discussions and stakeholder dialogue based on the report's contents!
- Gather any feedback! It will serve as a basis for your next report!
- Celebrate your successful report with your team!

GLOSSARY

AA-1000 (AccountAbility 1000): Standard which makes stakeholder dialogue more trackable and their performance more transparent (see <http://www.accountability.org.uk>).

Code of Conduct: Set of rules of general values and principles an enterprise voluntarily adheres by with respect to environmental and social conduct and ethical aspects of business operations.

Corporate Governance: Strictly speaking, this term describes the relationship between management, supervisory board and owners of an enterprise. In a more general context it covers the entire corporate operational management: Which corporate goals were set? Which measures were applied to achieve these goals? How is the achievement monitored?

The "Austrian Code of Corporate Governance", which an enterprise can voluntarily commit to, can be downloaded from http://www.wienerboerse.at/corporate/pdf/CG_Code_engl1103final.pdf

Corporate Social Responsibility (CSR): CSR is a concept on the basis of which enterprises voluntarily consider social and environmental aspects. Stakeholder relations are of particular importance to CSR. There is an Austrian CSR initiative, for more information: www.csr-austria.at.

EMAS (Eco-Management and Audit Scheme): An environmental management system created by the EMAS regulation of the European Union. It is evaluated externally (► Management systems). For more information go to http://europa.eu.int/comm/environment/emas/index_en.htm

Innovation management: Describes how an enterprise ensures leapfrogging innovative development. This applies to products and services as well as to the technologies and processes used in their production.

IR (Investors Relations): A corporate division responsible for communicating with investors and owners.

Local Agenda 21 (LA 21): A sustainable development process in communities involving a number of participants such as citizens, businesses, local administration and politicians, etc.

Management systems: They form the link between a strategy and its actual implementation. They "translate" the corporate strategy for each of the operational units following a particular cycle: set goals, determine need for action, secure resources, take measures, monitor success and set new goals. The application of management systems can either be limited to a particular sector, for example the environment (► EMAS), or apply to the entire sustainable development of an enterprise (► Sustainability Balanced Scorecard).

Mission statement: Describes an enterprise's planned position in a distance future (e.g. in 10 years' time). It defines the function of an enterprise in society and its planned position in the market. It should be prepared in cooperation with employees and other stakeholders. A mission statement does not give detailed instructions for action but gives general orientation. It is based on a company's values, making it an important tool of ► normative management.

NGOs (Non-Governmental Organisations): Organisations which engage in economic, social and/or environmental development autonomously and independently from state or other biased institutions. Some of the best-known NGOs are Greenpeace, World Wildlife Fund, Amnesty International or ATTAC. Trade unions, political parties and religious groups are not considered NGOs.

Normative management: Constitutes the highest level of management; it operates on values and with ► mission statements which have a deep impact on the corporate culture. It gives general orientation and forms the framework for the development and implementation of strategies.

Product life cycle: Describes the material and energy-related impact of a product in its various stages, starting with its up-stream pre-products, going on to its production, distribution, application and ending with its recycling and final disposal. The impact of a product is analysed from "cradle to grave".

Public Relations (PR): PR is responsible for the systematic maintenance of a company's relations with external parties. PR comprises a number of various activities such as establishing contacts, initiating dialogue with target groups, preparing publications and creating an enterprise's image.

Shareholder (Value): Shareholders are the shared owners of a corporation (stockholders, etc.). Shareholder Value is a corporate concept whose main goal it is to satisfy owner and investor expectations in the best possible way. Shareholders are a category of ► stakeholders.

Small and medium-sized enterprises (SMEs): In Austria, SMEs are defined as enterprises with less than 250 employees.

Stakeholder Groups: Stakeholder groups are all individuals, groups or organisations which affect or are affected by an enterprise's operations. Typical stakeholder groups are shareholders, consumers, employees, local residents, authorities, ► NGOs and consumer protection groups.

Sustainability Balanced Scorecard (SBSC): A management tool which determines numerical indicators for monitoring the implementation of a given strategy within an enterprise. It balances "hard" financial indicators and "soft" indicators (customers, innovation, corporate processes). A traditional BSC becomes a Sustainability Balanced Scorecard if it includes social and ecological aspects (► Management systems).

Sustainability Board: A committee which is concerned with sustainable development and which has an advisory and coordinating function within an enterprise.

LITERATURE, LINKS AND GUIDELINES

– on sustainability reporting

GUIDELINES:

51

CSR Europe:

Communicating Corporate Social Responsibility – Transparency, Reporting, Accountability 2000.

Download from <http://www.csreurope.org/>

GRI Global Reporting Initiative:

Sustainability Reporting Guidelines 2002. Amsterdam 2002.

Download from www.globalreporting.org

Institute for Ecological Economic Research / IMUG.

Institute for Market-Environment-Society

"The sustainability report – a guide to practice believable communication for future-oriented companies"

download under:

www.nachhaltigkeitsberichte.net/imug_neu/NachhBer.pdf

Institute for Energy- and Environmental Research

IFEU – "Future-oriented Economy – a guide for sustainability

reporting in companies" Ministry of Environment and

Transportation, Baden-Württemberg, Stuttgart 2002

Download under: www.uvm.baden-wuerttemberg.de/uvm

WBCSD World Business Council for Sustainable

Development:

Striking the Balance – Sustainable Development Reporting.

2003.

Download from www.wbcsd.org

– INFORMATION –

Corporate Social Responsibility guidelines

The Austrian Standards Institute initiated the preparation of corporate social responsibility guidelines to be published in 2004!

These guidelines will describe management tools for social responsibility in a business. REPORTING ABOUT SUSTAINABILITY and these CSR guidelines will complement each other in an optimal way!

LITERATURE:

CSR Europe/AccountAbility: Impacts of Reporting – The Role of Social and Sustainability Reporting in Organisational Transformation. 2002.

Daub, C.H. et al.: Sustainability reporting of Swiss Companies 2002, Basel 2003

ECC Kohtes Klewes/Fishburn Hedges Ltd: Shared Values? Global Stakeholder Report 2003 – The

first world-wide stakeholder survey on non-financial reporting. Bonn and London 2003.

SustainAbility/UNEP (eds.): Trust Us – The Global Reporters 2002 Survey of Corporate

Sustainability Reporting. London 2002.

Theme of the Month 7/2002 at www.nachhaltigkeit.at – Sustainability reporting:

www.nachhaltigkeit.at/reportagen.php3?id=14#3

LINKS:

Initiatives, organisations, etc.

AccountAbility – AA1000 standard for social and ethical reporting: <http://www.accountability.org.uk>

CSR-Austria: <http://www.csr-austria.at>

Four Institutes (IFEU, IMUG, IOW, Öko-Institut): www.nachhaltigkeitsberichte.net

Global Reporting Initiative (GRI): <http://www.globalreporting.org>

Department of Business Information Systems and Operations Research (BiOR) at the University of Kaiserslautern (provides information on online sustainability reports):

<http://www.nachhaltigkeitsberichterstattung.de>

SustainAbility Ltd.: <http://www.sustainability.com>

Lists of reporting businesses and organisations:Corporate Register: <http://www.corporateregister.com>Sustainability-Reports: <http://www.sustainability-reports.com>**Links to Austrian businesses and organisations with sustainability reports:**EVN AG: www.evn.atOMV AG: www.omv.atAustrian Federal Forestry Company (Österreichische Bundesforste AG): www.bundesforste.atSenoplast Klepsch & Co GmbH & Co. KG: www.senoplast.comTelekom Austria AG: www.telekom.atVA Technologie AG: www.vatech.atVerbund AG: www.verbund.at**Austrian awards for environmental and sustainability reporting:**Austrian Environmental Reporting Awards (AERA) of the Austrian Chamber of Chartered Accountants and Tax Advisers (Kammer der Wirtschaftstreuhänder): www.kwt.or.at**ORGANISATIONS INVOLVED IN THE PREPARATION OF REPORTING ABOUT SUSTAINABILITY:****Commissioned by:****Lebensministerium – Bundesministerium für Land- und Forstwirtschaft, Umwelt und Wasserwirtschaft****Life Ministry – Federal Ministry for Agriculture, Forestry, Environment and Water-Management:**

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www.abcasd.at**Wirtschaftskammer Österreich****(Austrian Chamber of Commerce)**

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www.wko.at**Industriellenvereinigung****(Federation of Austrian Industry)**

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<http://www.voei.at/>

**Bundesministerium für Wirtschaft und Arbeit (BMWA)
(Austrian Federal Ministry of Economy and Labour)**

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