KPMG SustainAbility

Count me in

The readers' take on sustainability reporting

Report of the GRI Readers' Choice survey

How to use this interactive PDF

This document is provided as an electronic, interactive Portable Document Format (PDF) file. If you have an internet connection, you can access more information and details on the web. Any text that appears underlined, such as the web address shown below, may be clicked for more information.

Q1 Wherever this square symbol appears, you can click to view detailed graphs of results of the readers' survey. This report and all graphs are downloadable from the following web address, where you can also take part in a discussion forum about this survey, the findings and this report:

www.globalreporting.org/survey

GRI Guidelines

While the term sustainability reports and reporting is used throughout this report, a variety of nomenclature is used by reporters worldwide, such as corporate responsibility, corporate social responsibility, corporate citizenship, triple bottom line, or environmental and social reporting.

Throughout this report, reference is made to the GRI Sustainability Reporting Guidelines, the most recent version of which, the G3, were released in 2006, and consist of reporting principles, standard disclosures, indicators and reporting protocols, augmented by a series of sector-specific supplements and resource documents. These are available from the following web address:

www.globalreporting.org/reportingframework

Global Reporting Initiative™

Contents

Executive summary 2

Chapter 1 4
The survey and rationale

Chapter 2 8
Sustainability reports: how readers use them; how they influence perceptions

Chapter 3 11
Readers' responses to today's sustainability reports

Chapters 4–6 14
Key themes
A detailed look at major survey results and what they might mean for report preparers and users

Chapter 4 15
Key theme
The reporting process

Chapter 5 18
Key theme
Report content

Chapter 6 21
Key theme
Standards and frameworks

Chapter 7 26
Reader personalities

Chapter 8 29
The non-readers speak out

Chapter 9 34
Conclusions and recommendations

Afterword 38

Foreword from the authors

It is with great pleasure that we present the results of this first Readers' Choice survey of sustainability reporting. While we as individuals, and our organizations, have been engaged in assessing quality of reports for many years, this is the first substantial exercise to assess who really reads reports and what they do with them. This first Readers' Choice survey will provide a great deal of information for a variety of users. We believe it will add significant value to reporters, to standards-setters such as GRI, to professional service providers who support reporting processes, and even to readers themselves, by illuminating the similarities and differences between reader groups and exploring their behavior more deeply. We invite you to view detailed graphs of the survey results, available on the GRI website, and to draw your own conclusions.

Our professional role as service providers – and our intention as authors – is to provide better context to reporters, to increase accountability for meeting reporters' and readers' needs, and to demonstrate a practical approach that reporters can use to meet these expectations. While this survey goes some way to establishing a baseline, we believe much progress can still be made in fulfilling these requirements. For example, the specific roles of different reader groups could provide considerable insight for reporters if the opportunity arises to establish these in more detail. Likewise, the way that sustainability information affects readers' decision-making is of significant and widespread interest – both to ensure reporters address these processes in their reports, and to stimulate readers to make better and more consistent use of sustainability reports in the future. We hope the Readers' Choice survey will play a major role in these debates.

There are certainly opportunities to expand and improve this survey in the future. While writing this report we were struck by questions we wished we had asked and observations we would have preferred to address in more detail which we hope will improve the value of future surveys. We welcome your feedback and engagement, and invite you to offer your opinions on how we can make future surveys more relevant and valuable.

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Sustainability reporting: the reader's verdict

There is a new general awareness of sustainability issues as witnessed by the widespread attention given to climate change and human rights. As sustainability issues increasingly move towards the forefront of people's minds, sustainability reporting becomes a key form of communication.

As sustainability reporting has advanced over a relatively short period of time it is fitting that we have a record of the views of the readers of sustainability reports.

It is important to know who reads sustainability reports, to find out what they think of them and to discover what they do with the information. These questions have a great bearing on the future of sustainability reporting because the survey will be of benefit to the preparers and users of reports, showing where companies are getting it right or wrong in the eyes of the users.

This survey, and the accompanying GRI Readers' Choice Awards 2008 were designed to spotlight the reporting that is most appreciated by readers. The winners of the awards, to be announced at the Amsterdam Conference on Sustainability and Transparency, will be justifiably proud in having fulfilled the needs of their users.

GRI intends to use the results from this survey as baseline data and to research the evolution of the user's appreciation of reports. This will also aid the qualitative development of sustainability reporting. The user's opinions will help inform GRI in the further development of its Sustainability Reporting Guidelines so they remain relevant to the needs both of business and of society as a whole.

These are exciting times for sustainability reporting. Companies are not only aware of the impact they have on society and the environment, but are becoming increasingly aware of the need to report on such issues in a consistent, clear and transparent manner.

Allowing readers to have their say on how far they are fulfilling this function is vital to the evolution of the process.

Without the efforts of the Readers Choice Awards partners and sponsors, these awards would not have been possible. We are very grateful to both KPMG and SustainAbility in undertaking the survey and compiling this report with complete editorial independence, and to the sponsors Rabobank and Acciona for their generous and timely support.

Mervyn King
Chairman
GRI Board of Directors

Executive summary

This report presents the findings and analysis from the first GRI Readers' Choice survey of readers of sustainability reports. In the years since the advent of sustainability reporting, many surveys and research exercises have attempted to establish opinions and consensus on what comprises quality reporting. But very little attention has been focused on the readers of these reports: Who are they? What do they think of reports? What do they use reports for? Conducted from October 2007 through the end of January 2008, 2007, the Readers' Choice survey looks for the first time at the readers, their preferences and behaviour. Nearly 2300 readers and non-readers from around the world answered the survey questions, with analysis and results presented here.

The highlights of the survey results

Publishing a sustainability report has a strong positive impact on readers' perceptions of a reporter. 90 percent of readers said their views of a reporter had been influenced by reading its sustainability report. Of these, 85 percent reported a more positive perception of the organization.

Opinions are generally consistent across reader categories. Readers from business, civil society and other groups tend in general to share the same opinions regarding what they expect to see in a quality report. The main differences lie in how the various reader categories use the reports, owing mainly to differing roles in society.

Readers want to see a stronger role for stakeholders in reporting. Engagement of stakeholders in issue selection, inviting critical stakeholders to provide comments in reports, and demonstrating how stakeholders' feedback is incorporated into strategy and targets are all highlighted as significant.

Readers believe reporters are most likely to omit failures from their sustainability reports. A balance between 'good' and 'bad' news is seen as a key element in demonstrating credibility and commitment to sustainability.

A majority of readers feel assurance is important, both on sustainability reports and on sustainability performance. However, readers are divided on who the best assurance providers are for these various activities.

The 2008 Readers' Survey was completed by a total of 2,279 people worldwide.

Non-readers lift the veil. Over 450 respondents indicated that they do not currently use sustainability reports. They feel they have more direct means to communicate with companies to satisfy their information needs, and that reports are too lengthy or not valuable to them. However, their expectations for quality reporting are very similar to those of current readers.

The GRI Sustainability Reporting Guidelines are seen to be relevant by a large majority of respondents. Readers expect reporters to use well-regarded, globally-applicable guidelines to improve the quality and comparability of reports.

What readers want to see in a sustainability report

The elements survey respondents said were most important in making a report a good one were:

— A link between sustainability strategy and overall business strategy.
— Commitment to sustainability.
— Sustainability impact of the organization.
— Actions taken to address sustainability issues
— Innovative thinking.
— Translation of sustainability into (local) business

The future of sustainability reporting

When asked about the future of sustainability reporting, readers gave their views on what reporting might look like in the future, including:

Stakeholders' roles integrated, with reports based on continuous stakeholder dialogue linked to the core business agenda.

Sustainability and innovation linked in reports, demonstrating how process and product innovation have been used to respond to sustainability needs.

The business case established, superseding the need to prove the value of sustainability to business.

More – and more active – readers, with a larger proportion of readers using reports for their active decision-making.

Trust and reliability, addressed through globally accepted standards and stronger, more relevant assurance processes, to build comparability and trust through reporting.

The end of sustainability reports, with information fully integrated into annual reports and other corporate communications.

Seamless accessibility of information through a variety of formats: hard copy, PDF and web-based communications.

For more information

This survey, detailed graphs of results, and a feedback forum are all available at the following web address:

www.globalreporting.org/survey

"As sustainability issues increasingly move towards the forefront of people's minds, sustainability reporting becomes a key form of communication."
Mervyn King
Chairman, GRI Board of Directors

Chapter 1
The survey and rationale

When GRI commissioned[1] KPMG and SustainAbility to undertake a survey in conjunction with the Readers' Choice Awards they asked us to answer the question "What do readers really think about sustainability reporting?" As Ernst Ligteringen, Chief Executive of the GRI commented "While most will agree that transparency through sustainability reporting is essential in the pursuit of sustainability, little is known about the views and experience of intended readers – the users – and how sustainability reporting influences markets and stakeholder relations."

Since the release of the earliest GRI Sustainability Reporting Guidelines in 1999, thousands of reporting organizations have adopted the Guidelines globally.[2] While a number of professional and academic studies (including KPMG's and SustainAbility's own contributions to this debate) have sought to assess quality of reports, reporting companies often have very little insight into who reads them and why.

Without this information it can be difficult to determine, for example, which aspects of current reporting practice already satisfy user needs and whether reports are perceived by readers to provide a complete, balanced and credible account of corporate sustainability performance. This affects reporters' ability to decide how to evolve their reporting policies and practices in the immediate future. It also impedes society's wider need to ensure that the use of sustainability reports leads to accountability, for such diverse user groups as communities, investors, employees, customers, journalists, and non-governmental organizations.

A year after the launch of the GRI G3 Sustainability Reporting Guidelines, this survey was designed to provide insight into the identity and views of sustainability report users around the world. And not only today's readers; we also surveyed non-readers – those who might be reading reports tomorrow.

[1] KPMG Sustainability B.V. in the Netherlands and SustainAbility Ltd., United Kingdom, received no fees or consideration for conducting this survey.
[2] GRI Sustainability Report 2007.

KPMG and SustainAbility designed the survey and analyzed the results presented in this survey report. However, we did not compile the raw data. The survey responses were collected and aggregated by Tata Consultancy Services. We are grateful to TCS for providing this service throughout the survey period.

About the survey

The survey covered a wide range of issues pertaining to readers' use of reports, their views on what makes a report a good one, and their expectations of the reporting field in general. The intention was to develop a strong baseline of information that reporters, readers and leadership organizations such as GRI would all find compelling and informative.

One set of survey questions concerned readers' reasons for using sustainability reports:
— What reports do they read?
— How do they use the reports?
— In what ways have reports ever influenced their views of a specific reporter?

A second, more specific set of questions addressed the content and delivery of the report in order to try and answer the question "what makes a really good sustainability report?" in the eyes of the user; in particular:
— Do reports address the most relevant issues?
— How important is stakeholder engagement in the reporting process?
— Which are the key issues most often missing from reports which would serve to make them more credible?

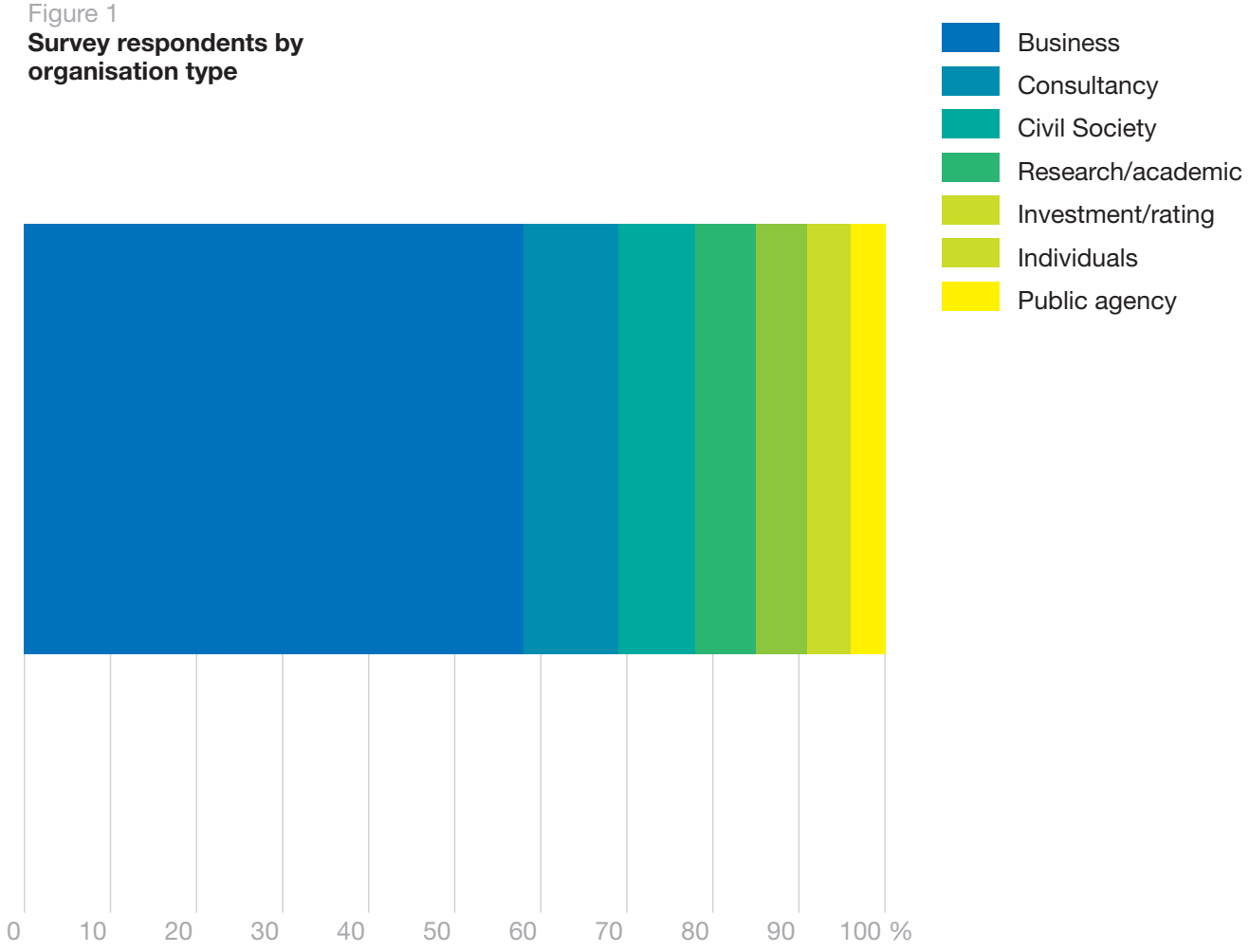
We were also keen to understand the role of reporting and standards in building trust between a reporting organisation and its stakeholders. We asked readers:
— Which issues in a report do readers feel demonstrate a real commitment to sustainability on the part of the reporter?
— Do reporting standards play a role in building trust?
— What role does assurance and the assurance provider play in this?

A separate, 4-question survey was designed especially for 'non-readers', those respondents who did not identify themselves as current report readers, to find out why such groups don't use sustainability reports. The non-readers' survey asked a number of questions about the sources of information on sustainability performance non-readers currently use and what might change their attitudes towards sustainability reporting.

The respondents

Overall the response to the survey was excellent. In the four-month period from 1 October 2007 to 31 January 2008, a total of 2,279 people completed the survey questionnaire, of which 1,827 are readers and 452 non-readers. This number provides us with detailed insight into views of both groups. In order to explore some of the results more deeply and provide illustration, we interviewed a sample of respondents at random.

Figure 1
Survey respondents by organisation type



We also invited members of the GRI Stakeholder Council – the governance body of GRI dedicated to dialogue with all of GRI's key stakeholder groups – to reflect on their own interpretations, professional experiences or personal opinions relevant to this survey. Their remarks are reproduced throughout this report.

A significant majority of the respondents represent business (small, medium and large companies) but there was also a good response from civil society organizations. We were pleased that 122 representatives from the investment and rating agencies also completed the survey (Figure 1).

Where in the world are they?

The majority of respondents originate from Europe, with over 1,000 of these from Western Europe. Considering the development and acceleration of sustainability reporting in Europe over the last 15 years, this is not a surprising result. The number of completed surveys from Latin America (over 350 from Brazil) demonstrates an increasing interest in sustainability reporting in the region (Figure 2).

The presentation of results and this report

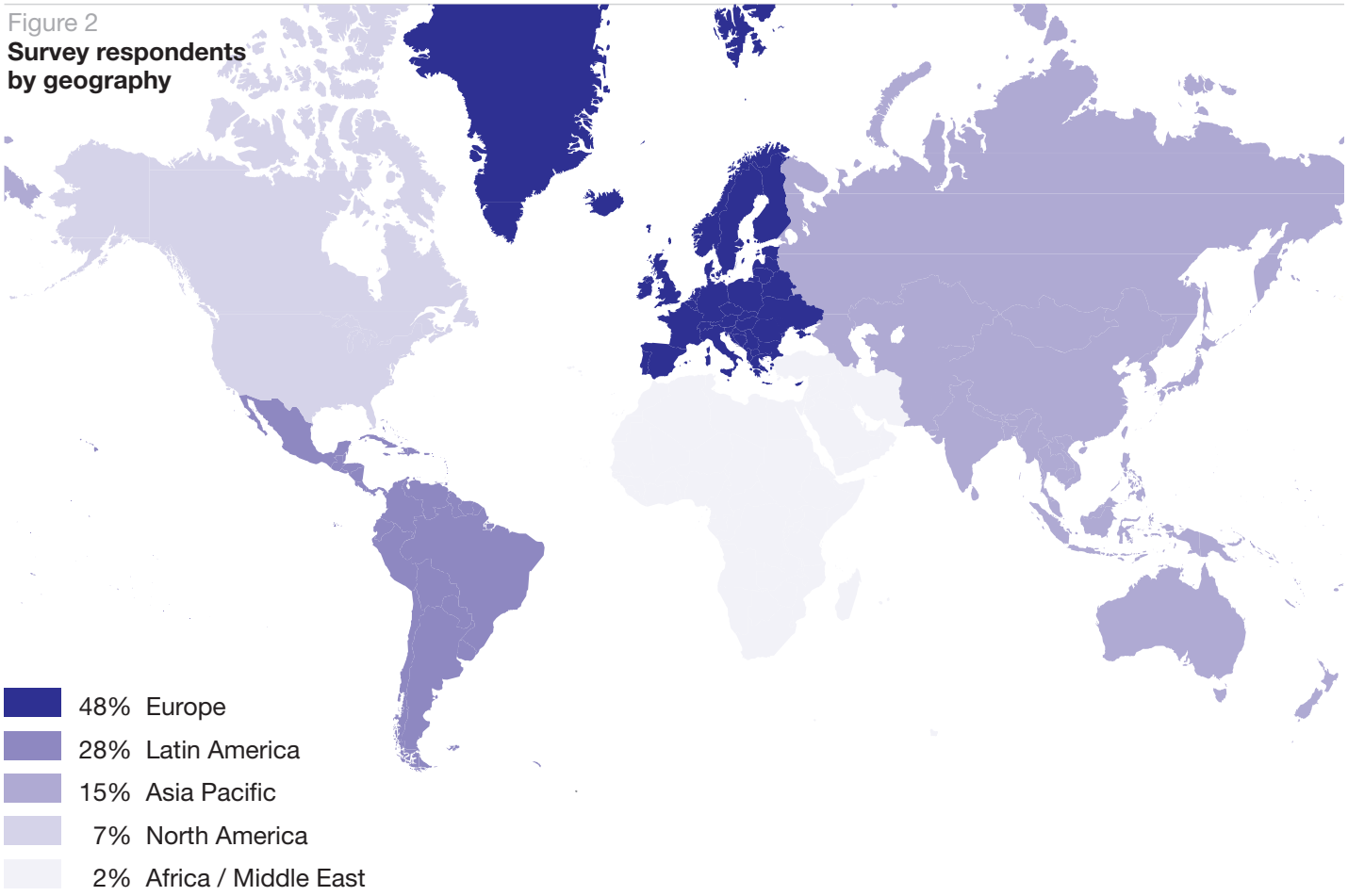
Throughout this report, responses are presented in a way intended to make the messages more easily understood. We have grouped users for the most part into three large categories:

— Business, comprising small, medium and large companies.
— Civil society, including NGO and Labor organization readers.
— Other, including investors, consultants, academics and individuals.[3]

It is hoped this approach aids understanding, rather than oversimplifies; however there may be cases where this unintentionally leaves out relevant information for some readers. For those readers interested in more detail, the full survey results are available online (details at the end of this section).

This report presents the results of the survey together with analysis and discussion. It has been designed to not only report the objective results of the survey but to provide reporters and users with additional insight and depth in relation to the main messages emerging from the raw results. The survey report is therefore not just retrospective but also forward-looking – to stimulate further debate on sustainability reporting between reporting organizations and their stakeholders.

Figure 2
Survey respondents by geography



The survey report is structured as follows:

Chapter 2
Sustainability reports: how readers use them; how they influence perceptions.
This chapter provides a basic overview of who the readers are and what they do with reports.

Chapter 3
Readers' responses to today's sustainability reports.
This section looks at readers' opinions on reporting basics.

Chapters 4, 5 and 6
Key themes.
These chapters provide a more detailed assessment of the major results of the survey:
— Reporting process.
— Report content.
— Standards and frameworks.

Chapter 7
Reader personalities.
We drew profiles of business readers and civil society readers to understand better how different user groups with direct relationships to reporting organizations relate to reports and the information they provide.

Chapter 8
The non-readers speak out.
An assessment of the needs of those survey respondents who don't currently read reports and what might make sustainability reports more relevant to them.

Chapter 9
Conclusions and recommendations.
We make suggestions for reporters, for GRI and for readers themselves as to how to improve sustainability reporting and communications in the future.

Afterword
We reflect on the future of reporting, the future of the Readers' Survey, and some lessons learned.

A message of thanks to contributors

We would like to thank all the respondents who completed the survey and by doing so contributed to this report and to the on-going debate on sustainability reporting. Thejus Philip of Tata Consultancy Services built the online survey database and collected and compiled the data for us. Johan Wempe of the Global Reporting Initiative provided essential organizational support, while Ernst Ligteringen of GRI and John Elkington and Sophia Tickell of SustainAbility provided valuable feedback. In particular, special thanks go to survey participants and GRI Stakeholder Council members who provided additional personal feedback that appears throughout this report.

You can find more information on the survey, including a full set of graphs of survey results and a feedback forum at the following web address:

www.globalreporting.org/survey

[3] The decision to emphasize the Business and Civil Society categories reflects our judgment based on both the size of these readership categories and their direct relationships with reporting organizations. We judged that while consultants marginally outnumber NGO respondents, their function is generally as an 'enabler' of reporting rather than an 'audience' in their own right. At the same time, other reader categories were considerably smaller, so not treated in depth in this report.

Chapter 2
Sustainability reports: how readers use them; how they influence perceptions

Introduction

So, what are the readers up to with reports? We wanted to know how they used reports: Are they casual glancers, or serious benchmarkers? Do reports play a major or minor role in their decisions and, how do reports influence their perceptions (indeed, do they)? These basic questions help us understand a great deal about the basic motivation for and utility of sustainability reporting (Figure 3).

What do users read?

Q1 To understand whether today's readers are specialists or generalists, the survey began by asking: do you read sustainability reports of a specific company or by different companies and/or industries? The results are the same across all user groups – today's readers read reports from multiple companies in multiple industries. Overall, only one in six limits him or herself to reading the report of a single entity.

Why do they read them?

Q3 Many reporters currently can only guess as to the reasons why people might read their report. Furthermore, it is fundamental to know whether reporting effectively makes a difference, that is, whether people who read a report use it as a basis for further decision making and real action (Figure 4).

The results suggest that sustainability reports are similar to other publications or sources of information about companies: they help improve readers' understanding of the reporter and its approach to sustainability. Up to 60 percent of the readers in our survey use reports for these purposes.

Four out of ten readers use sustainability reports for another general purpose: to benchmark the reporter against others and/or to use it for education or research. For obvious reasons these readers can be found largely amongst consultants and the academic world.

Figure 3
In this section

Readers' interests	The majority of readers read the reports of multiple companies in multiple industries
Reasons for reading	Readers use reports to improve their understanding, for benchmarking against others, to inform education or research, and as the basis for further action
Readers' actions	Reports help readers decide what products to buy, which companies to enter into partnerships with, how to direct public action, or to take investment decisions
Reporting makes a difference	Readers overwhelmingly find that reports improve their opinions of reporters

Half of the readers from Civil Society use the information for research and education, but are less interested in benchmarking (30 percent). There are however two more uses with specific aims: 35–40 percent of readers are interested in understanding the reporter's performance and/or its accountability towards society, and use sustainability reports as the basis for that judgment.

Do readers take action?

Q3A Whereas these results show that a reasonable percentage of a report's audience do something more than just reading it for background, the most direct impact of a sustainability report would lie in real action taken by the reader. And there is reason to think this happens to some extent: almost 30 percent of readers read reports so that they can inform decisions and take action on the basis of it. Figure 5 shows the nature of decisions that readers take.

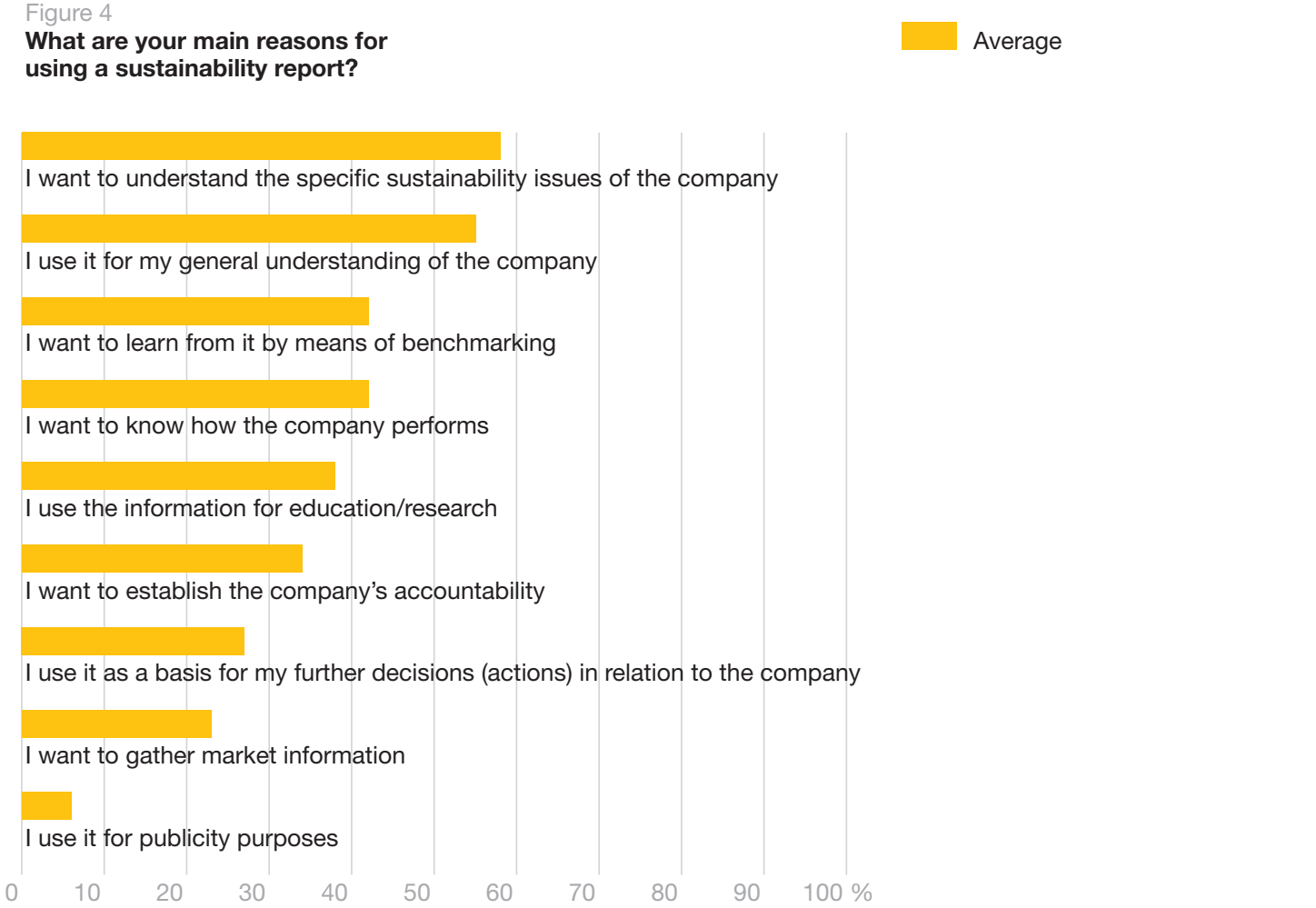
Readers' decisions can have meaningful impacts on the reporting organization: in the main, these relate to doing business with the reporter (buying its products or services) or to investing or divesting. The survey results indicate that readers outside the Business and Civil Society categories use the information to buy products or services from the reporter, more so than other readers do. It is consultants and research / academics who are most interested in this function. On the other hand, investors / analysts and consultants use the information in a sustainability report more than others do to make decisions about investing or divesting in the organization.

In addition, the report can serve as a basis for opening a dialogue between the reporter and stakeholders and for prospective job applicants to assess whether they want to work with the organization or not.

For understandable reasons Civil Society readers who use reports for decision making do this much more frequently in the context of opening a dialogue (70 percent), deciding whether to enter a partnership (55 percent) or taking public action (50 percent) than do other user groups.

From these results, we infer a number of clear connections between a sustainability report and the 'day-to-day business': a sustainability report can contribute to the reporter's ability to attract staff, business partners, investors and civil society in their various relationships with the organization.

Figure 4
What are your main reasons for using a sustainability report?



Does a sustainability report make a difference?

Q2 Following on from this, the question for reporters is often what's in it for me: does reporting improve a reporter's reputation, or does it diminish it? In this respect, the results of the survey are very strong. Overall, 90 percent of readers said their views of a reporter had been influenced by reading its sustainability report. Of these, 85 percent developed a more positive opinion of the organization. Some of these respondents also changed their opinion negatively for the organization, resulting in a total of 20 percent of the respondents saying their opinion went down. It is notable, however, that non-business (including Civil Society) readers were twice as likely as business readers to lower their opinions of a reporter after reading its report.

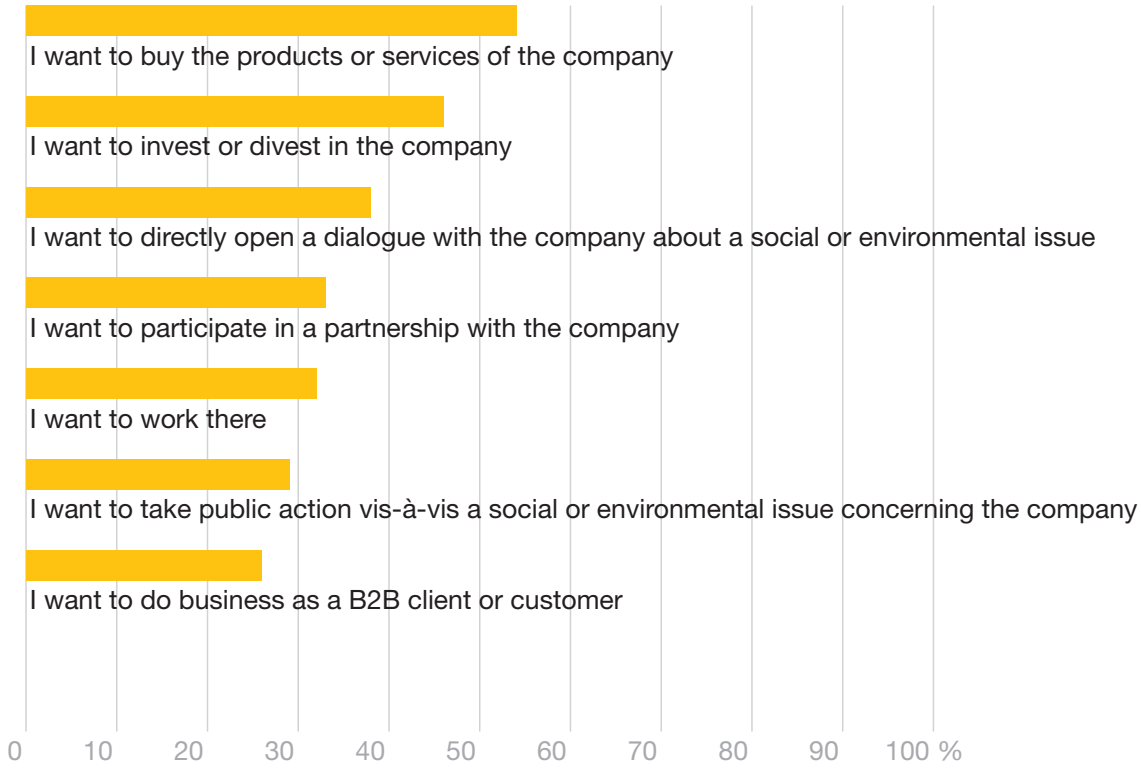
It seems clear therefore that publishing a sustainability report will have a tendency to strengthen a reporter's reputation. In light of the analysis of readers' reasons for reading explained above, it seems sensible that even if a majority of readers do not take direct action after reading a report, reporting can still be expected to contribute to the longer term reputation and even brand value of the organization.

The clarity and consistency of these findings are somewhat surprising, in fact. They suggest that not only do audiences for sustainability information exist, they are keen to understand and open to being influenced by reports. This presents an enormous opportunity for reporters to provide information that meets these needs and opens dialogue with readers who clearly want to be engaged.

Figure 5

What decisions do you take based upon a sustainability report?

Based on respondents who indicated they use a sustainability report for further decision making



Chapter 3

Readers' responses to today's sustainability reports

Readers of today's sustainability reports may be looking for a number of different functions that can all be delivered in a report. Some may be interested in the 'storytelling', the largely unchanging narrative of a reporter's sustainability story, including policy and management approaches, which tend to be consistent from one year to the next. Others are more engaged by the 'news', the developments, progress, challenges and dilemmas reporters face from year to year. And still others may be keen on mining the deep well of data a reporter might provide on performance.

The development of a sustainability report includes a number of elements that can help to determine its use and value. These relate to the content and coverage of relevant issues, and the use of specific, independent standards for reporting.

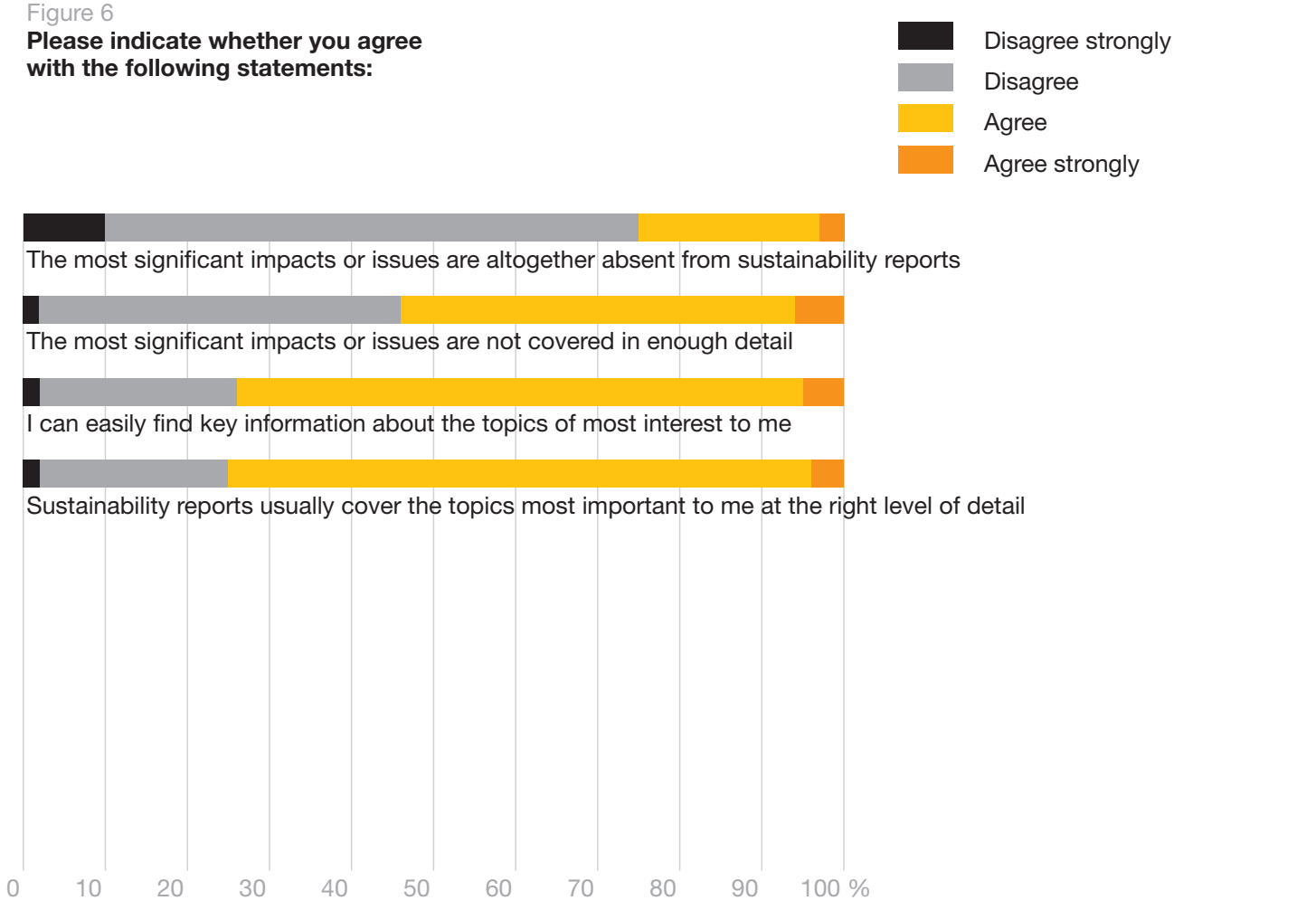
Do reports cover the right information?

Q7 It has been the subject of intense discussion in recent years whether sustainability reports provide a relevant view by addressing the relevant topics. The G3 GRI Guidelines now provide for the selection of material issues as an explicit part of an appropriate reporting process, which can help improve relevance. We therefore raised this question with the readers and their responses are encouraging (Figure 6).

The vast majority of the readers are of the opinion that sustainability reports cover the information they need in enough detail and that this information can be easily found. In general, business users are slightly more positive about the extent to which reports cover the right information at the right level of detail than are other users.

Figure 6

Please indicate whether you agree with the following statements:



However, the results aren't entirely clear: there are 25 percent who believe that the most significant impacts or issues are altogether absent from the reports, so there is still room for improvement in getting this right. The level of detail can also pose problems: a small majority of respondents believe the most significant issues aren't covered in enough detail.

The various elements that go into setting the content of a report comprise a key theme of this survey. More detail can be found in **Chapter 5: Report content**.

What is missing?

Q10 Another dimension to understanding whether reports contain the right information is whether readers believe anything is missing or left out. Whereas the analysis of responses will be further discussed in **Chapter 5: Report content**, there is one single topic that readers believe is most likely to be left out of sustainability reports: failures.

Almost one quarter of the respondents names this as the most important element that is missing in sustainability reports, a significantly higher number than other elements such as dilemmas, the sustainability impact of the reporting organization and risks and opportunities, all of which were selected by 7 percent of the respondents.

What role for standards?

Q13 Q13A Reporting standards such as the G3 GRI Guidelines and mechanisms such as assurance are intended to help improve the content and quality of reports. We wanted to know whether readers felt they were successful in doing so. The answer is a clear yes. A convincing 90 percent of readers see reporting standards as important for building trust – the G3 GRI Guidelines being seen as the most relevant by far in this area. Sector based reporting frameworks[4] come in second, enjoying slightly more favor among business respondents, while civil society respondents appreciate stakeholder engagement standards as well (Figure 7).

Assurance is also seen as valuable – both assurance of reports and of sustainability performance. As to the question of who should provide assurance, readers generally believe that professional assurance providers and experts are most suitable to provide assurance on sustainability reports and performance, whereas assurance of sustainability performance seems to be the territory of representatives of different stakeholder groups. In **Chapter 6: Standards and frameworks** we will provide deeper insight into reporting standards and assurance.

So, on the basis of the headlines above, we can infer:

- Sustainability reporting plays a valuable role in informing people about sustainability issues pertinent to a reporter.
- Reporters stand to benefit from producing a well-regarded sustainability report.
- Most reporters take care to ensure their reports cover the right information.
- Readers often suspect that a report doesn't tell them the full story, particularly where failures are concerned.
- Using the GRI Sustainability Reporting Guidelines is of significant benefit in terms of meeting readers' expectations.

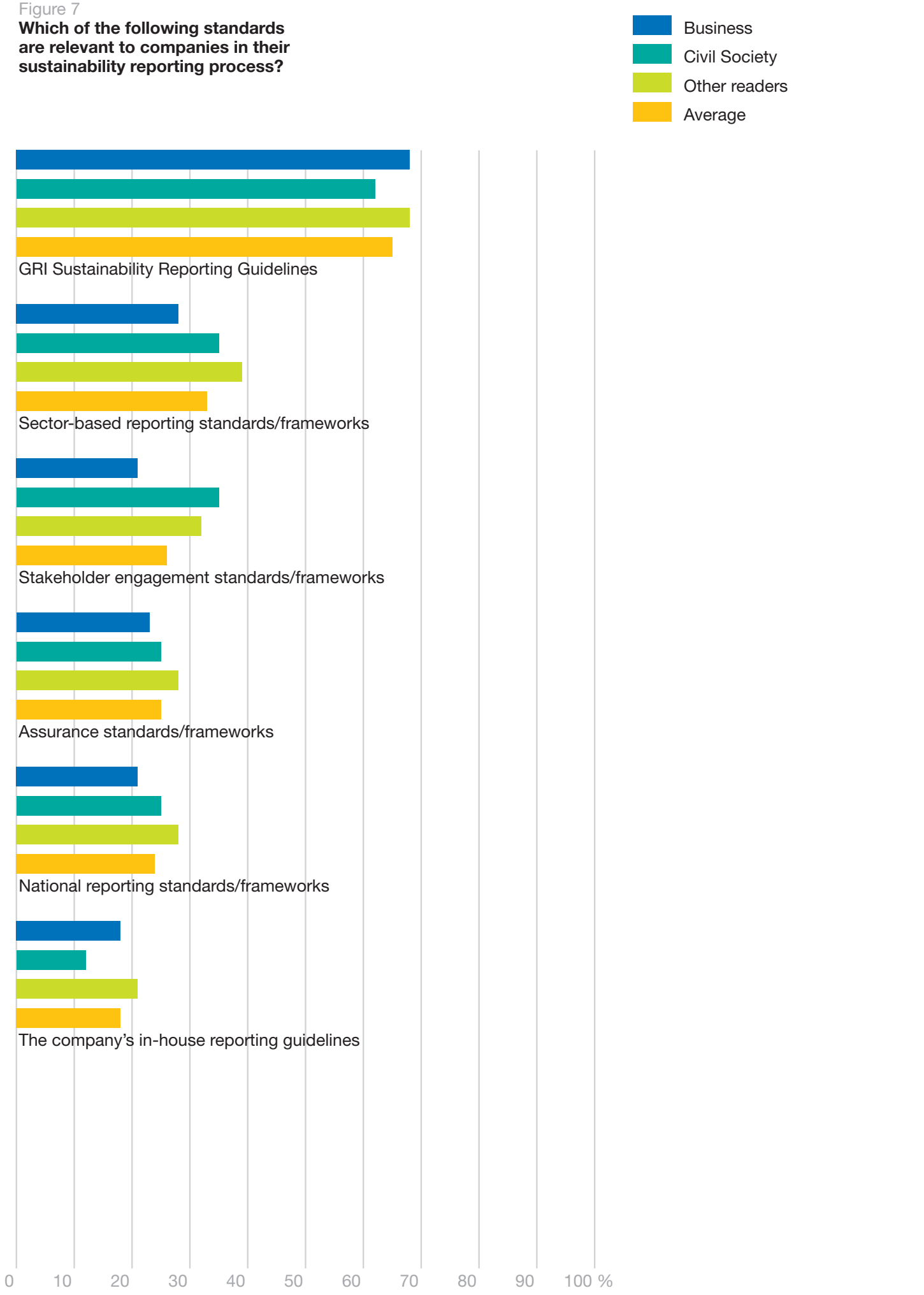
Against this backdrop, we turn our attention now to exploring the key themes in depth and how reporters might respond to them.

"Negative impacts are often linked to the highest risks. Every reader should get to know these issues and see if the report is treating them adequately and properly. You don't need to be an expert, but be prepared to put a little pressure on the company to be transparent about some of these issues."
Felipe de Lima Fagundes
NGO, Brazil

[4] The survey did not specify which frameworks are included here, but the intention is to refer to other sector-specific efforts developed by sector organizations for their own use (not the GRI Sector Supplements, which are considered part of the GRI framework).

Figure 7

Which of the following standards are relevant to companies in their sustainability reporting process?



Chapters 4–6
Key themes
A more detailed look at major results of this survey and what they might mean for report preparers and users

"If a reporting process is exclusively in the hands of management there is an obvious, inherent conflict of interest in trying to produce a report that is fair, balanced and accurate."
Pierre Habbard
Trade Union Advisory Committee to the OECD, GRI Stakeholder Council member

Chapter 4
Key theme
The reporting process

Preparing a sustainability report can be an intensive, year-round process for those who take reporting seriously. The survey results demonstrate what readers think about the key process elements (Figure 8).

Issue selection process

Q8 Developing a sustainability report typically starts with the identification of the topics or issues that will be covered. As incorporated in the G3 GRI Guidelines, the concept of materiality (addressing those issues that are important for the intended readers) can provide important guidance to this process.

Indeed, in recent years, reporters have begun to adopt a professional, systematic issue selection process involving input from stakeholders. This aligns not only with the principles of the G3 GRI Guidelines, but also with the clear views of readers: an overwhelming 90 percent of readers want reporters to describe how and with whom they have engaged in preparing their report.

If a reporter wants to show that they take stakeholder engagement seriously, the report should:
— Describe the process to identify key stakeholders.
— Include a description of the process of engaging stakeholders.
— Explain the results of such consultations.

There is thus a clear call from readers to further professionalize the issue selection process. Companies that have not yet started down the road of systematic issue selection, including transparent stakeholder engagement, might consider this as an area for improvement in the short term.

Influence on management processes

Q8A The readers are also interested in evidence of the further connections between the results from stakeholder engagement and the issues incorporated in the report.

Figure 8
In this section

Issue selection	Readers want companies to explain how and with whom they have engaged to select report content
Influence on management processes	Readers expect stakeholders' feedback to be incorporated demonstrably into strategy and targets
Critical voices	Receptivity to critical stakeholders' views in the report demonstrates serious sustainability commitment
Balance and emphasis	The readers see that a balance of good and bad news can help demonstrate genuine commitment to sustainability
Communication means	While a global report is seen as most relevant overall, half of the readers also want to read country reports. Furthermore, readers prefer annual reporting in a combination of formats, usually PDF format, hard copy and/or web-based

The desire is for a visible link between these outcomes and the strategy and targets of the organization, a theme that comes across throughout this survey report.

This might be quite challenging in practice. However, it could start for example with addressing the results of stakeholder engagement with key questions, such as:

— What does this issue mean for our day-to-day business?
— What are our policies on this?
— How do we manage it and integrate it in our normal business, including internal management reporting?

Critical voices

Q8A In the eyes of 55 percent of the readers, companies could demonstrate that they take stakeholder engagement seriously by inviting critical stakeholders to express their views in the report. "This should not be a one-off exercise however," says Johan Verburg of Oxfam International. "Companies should invite stakeholders to express their views as part of a comprehensive approach to stakeholder engagement and wider accountability. There is no use in asking stakeholders' views only in the context of reporting."

Balance and emphasis

Q7 As discussed in the preceding chapter, the survey results show some apparent contradictions in relation to the emphasis of a report, with respect to whether reports cover the most important information at the right level of detail.

The contradictions shown reflect amongst others on the balance between focus (which would entail a limitation of coverage in favor of greater strategic relevance to the issues that are covered) and full disclosure (which would enable readers to make their own judgments based on a review of detailed information on topics of interest).

This is an area where reporters can clearly add value to reporting by considering whether and in what cases these different approaches can co-exist, and where they are mutually exclusive. Many companies have begun to implement a variety of approaches such as concise print reports with detailed performance data on the web or interactive web reports, all of which can play a role in effective reporting.

For the readers setting out bad news balanced with the good news is amongst the most important aspects that would indicate a genuine commitment to sustainability. Some reporters may often be compelled to leave out the things that really went wrong. We believe, though, that trust and credibility in the reporter's performance and reporting are served by an appropriate balance. A balanced approach is "the acid test of a company's capacity to pursue the broader interest and not exclusively that of the management," said GRI Stakeholder Council member Pierre Habbard.

In the cases where significant issues for the reporter entailed failure or disappointing performance, reporters should keep in mind that stakeholders will often already be well aware of such challenges, so leaving them out of reports will seem little better than stage management. While it is understandable that reporters will not always be able to go in great depth into the nature and origin of their failures, in our view, a report should provide honest and specific information about where the challenges lie, in order to give readers a useful basis for evaluating the organization's state of affairs.

"To me, the test is whether the serious issues are acknowledged and whether a company is willing to admit it has a way to go."
Karin Ireton
Anglo American plc

Formats and frequency

Q4 Q5 Q6 Q15

There are at least three aspects of communication means relevant to readers:

— The frequency of reporting.
— The organizational level of communication.
— The format and medium.

Many companies report nowadays on an annual basis. This enables them to integrate it with the annual reporting process and/or the annual report. It also demonstrates the extent to which a reporter sees sustainability as an integral part of doing business. There is clearly no reason to change this: more than 70 percent of the readers perceive this to be the appropriate reporting frequency. Of the other respondents 12 percent want more frequent reporting. A small minority of 6 percent would like to receive a report on an ad hoc basis, whenever a relevant issue appears.

Overall it appears that the current practice of issuing global or corporate reports is fit for purpose, as the vast majority of the readers appreciate these reports. Nonetheless more than half of readers also find value in country-level reports. This may be a more significant possibility for reporters in particular countries of interest in sustainability terms, or in locations where there is a particularly engaged local audience. Reviewing this issue with stakeholders is bound to generate some insight for reporters.

While sustainability reporting began with hard copy reports alone, in more recent years, reporters have combined hard copy with web-based information. Now, some reporters are experimenting with reporting solely on the web, often in interactive, searchable formats. While this seems a sensible approach for many reporters, it appears that readers are not fully comfortable with this. Interestingly the single most popular format among survey respondents is the PDF format, though it should be noted that this does not refer to PDF alone, but in combination with other formats, notably stand-alone hard copy and web-based interactive reporting. The PDF format is followed by stand-alone hard copy and web-based interactive reporting.

The preference for PDF formatted reports is somewhat puzzling, as these are generally nothing more than electronic copies of stand-alone hard copy reports. On the other hand, a PDF report enables readers to access the report easily, to carry it electronically and to search it electronically. It may also be the case that some readers find hard copy and PDF reports reassuring: they have a beginning, middle and end, and unlike websites, it is relatively straightforward to see what they contain and don't contain.

Often, different formats aren't used well by reporters to add value. It would be useful to explore how readers use different formats for different purposes, and how reporters can use a variety of these formats to reach as many readers as possible.

At the same time, there is a trend towards aligning the sustainability reporting process with the annual reporting process. Many companies publish both reports simultaneously, with the intention of underscoring the relevance of sustainability for the business. The vast majority of readers are aligned with this thinking, and indeed desire reports in future to be integrated with annual financial reports. Interestingly 12 percent of the respondents would wish to receive a sustainability report more frequently.

We believe there can be real value in reporting companies' considering and implementing aligned processes for sustainability reporting and financial reporting, to meet readers' needs. In practice, this can be difficult, given the highly regulated format of many annual financial reports, which can make a complex story such as sustainability even more challenging and less accessible.

Chapter 5
Key theme
Report content

When it comes to what reports actually say, readers identified six main areas for particular emphasis and improvement (Figure 9).

Link between sustainability strategy and overall strategy

Q9 Q11 When we asked readers what they thought were the elements most important to make a report a good report, the link to strategy was the top answer – for both current readers and non-readers alike. We believe this reflects readers' desire to understand sustainability issues, not for their own sake, but in terms of how organizations can change, adapt and respond to the risks and opportunities faced as a result.

Reports quite often speak of an organization's 'sustainability strategy'. This may include how the reporter identifies its most important sustainability issues; how responsibility for these issues is managed and governed; targets; stakeholder engagement and so forth.

The survey results clearly demonstrate that this is not enough by itself. Reporters are expected to demonstrate how they take account of key sustainability issues and trends through ordinary business strategy processes, such as:

— Risk management.
— Resource management (physical and human).
— Purchasing and value chain management.
— Research and development.
— Market shaping activities.
— Lobbying and other influence activities.

The implication is that readers tend to believe that if sustainability concerns are a clear part of business strategy, reporters are more likely to act on them robustly, proactively and effectively. "One of our goals in producing our sustainability report," said Karin Ireton of Anglo American plc, a GRI Stakeholder Council member, "is to show how these ideas are embedded in the business."

Figure 9
In this section

Link between sustainability strategy and overall strategy	Readers want to see how sustainability strategy connects with core business strategy
Commitment to sustainability	Readers want to understand what reporters consider 'sustainability' to be in the context of their business
Sustainability impact	Readers want to understand the reporter's direct and indirect sustainability footprint
Actions taken to address sustainability issues	Readers want to see how reporters respond to the issues across strategy, operations, product development and other aspects of business
Innovative thinking	Readers want to know what products, services or business models will drive reporters' sustainability performance – and business value – in the future
Translation of sustainability strategy into local business	Readers want to see how sustainability strategy and central policy come alive at local level

Commitment to sustainability

Q12 In the context of a sustainability report, readers want to know whether the reporter believes in and intends to work toward a vision of sustainability, and what this means in practice. It is reasonable for readers to assume that any organization that takes the trouble to issue a sustainability report aims to demonstrate its performance in meeting the goal of sustainability, but this remains largely undefined. We asked readers what demonstrates a real commitment to sustainability, and the results show that readers are asking for more specific evidence of:

- A thorough stakeholder engagement process.
- The link with the overall business strategy.
- Targets and results with explanation.
- A balance between good news and bad news.
- External verification of information.

The above preferences suggest that, for readers, a commitment to sustainability means a genuine, open process that emphasizes tangible results, goals and targets, and is presented honestly, without 'spin'.

It is noteworthy that the results show no correlation between the extensiveness of a report's coverage and readers' perception of commitment to sustainability: extensiveness was shown to be the least-important indicator of commitment to sustainability in the survey. "I want to see that companies are constantly challenging themselves," said Lisa Dechaine of Edmonton Airports, Canada.

Sustainability impact

It can be challenging to extrapolate the specific sustainability impacts associated with a particular reporter's activities through a report. Beyond seeing how reporters take account of sustainability issues in planning and strategy, readers want to be able to assess how that activity translates into performance today. This includes:

- The aspects of sustainability that reporters' operations affect most (and vice versa).
- Relationship between a report's boundary and a reporter's sustainability impacts.
- The real location and magnitude of a reporter's sustainability impacts.

Readers could be interpreted as saying that they want to be able to understand the totality of a reporter's impact, both direct and indirect. This may reflect some concern that it remains difficult to know how to hold major actors accountable for their full sustainability impacts. There is a clear link to the Completeness principle in the G3 GRI Guidelines, as well as the boundary-setting process, both of which seek to encourage reporters to clarify the scope of their sustainability impacts in terms of what is covered in reports. In practical terms, this might mean that if, for example, a reporter has significant sustainability impact through its supply chain or the use of its products by consumers, readers would expect these issues to figure prominently in any discussion of strategy or performance.

Actions taken to address sustainability issues

Readers told us they want to see companies providing direct and useful information, not just about what their sustainability impacts are, but what they are doing about these impacts in concrete terms. This preference suggests a clear link between commitment to sustainability and sustainability impact (described above) that might be expressed as:

"A company's sustainability impact includes both direct and indirect impacts. We live in an interdependent world: thinking systemically is necessary."
Felipe de Lima Fagundes
NGO, Brazil

— What vision of sustainability is the reporter committed to achieving?
— How big is the reporter's real sustainability impact, and where does it occur.
— What is the reporter doing on the ground to address these impacts, both positive and negative?

This means reporters need to be clear in providing evidence of how their key sustainability impacts are addressed in strategy, operations, product development, sales, relationships with customers, investors, government and other stakeholders. It also suggests reporters should provide sufficient detail on the specific performance management activities they undertake to address key strategic sustainability goals.

Innovative thinking

Business and other forms of enterprise innovate all the time: new product or service delivery concepts, new ways of reaching markets and new relationships with customers constantly contribute to an organization's competitiveness, as well as its ability to address sustainability issues effectively.

Readers have indicated that they would like to be able to see in sustainability reports how this process unfolds, and how reporters are using innovative thinking to solve the sustainability challenges their reports address. In this way, sustainability reports are seen to be relevant not only to today's activity, but to what happens tomorrow.

To many companies, discussion of innovation tends to focus on somewhat simple evolution of their current products and business models – a new market for an existing product or service, for instance. For others, innovation presents a more radical and disruptive activity; what the economist Joseph Schumpeter called 'creative destruction.'
In any event, innovative activity can add an enormous level of insight to sustainability reports, and reporters could usefully discuss how new ideas are encouraged inside their organizations, and how these are linked to sustainability goals and strategy.

Translation of sustainability strategy into local business

While the link between sustainability strategy and core business strategy is seen as the most important issue for report quality, readers are also keen to see how the process of setting sustainability strategy – often a global, corporate activity – translates into policy and action on the ground. This may take the form of:
— Information on community-level management and activities.
— Analysis of how performance is taken account of at corporate and local level.
— Evidence of whether operations (including at local level) meet corporate policy or expectations in practice.
— Analysis of any important differences between business units or regions in approach or performance.

Linking the local with the global is also seen as a challenge for reporters: "Companies might get reports from ground level, but as they pass through the different organizational layers, the information you get at the other end can be different. Out of necessity, local level information is edited and reinterpreted for a global audience, and sometimes its meaning changes," said Glenn Paje of Development Workshop, Canada.

Chapter 6
Key theme Standards and Frameworks

One of the questions which we wanted to try and answer through the survey was whether reporting according to recognized standards contributes to building trust between companies and their stakeholders and, if so, which standards are globally recognized by readers. Apart from the use of reporting standards, is assurance important for readers? And if so, what sort of assurance, and who should provide it?

In relation to the questions on reporting standards readers were very clear in their responses. However, opinions were divided on the role of assurance and on the assurance providers.

Figure 10
In this section

The role of reporting standards	Most readers believe that reporting standards are very important for building trust
Which reporting standards are the most relevant	The GRI Sustainability Reporting Guidelines are the clear leader
Importance of assurance	The majority of readers think assurance is important on sustainability performance and half of the readers wish to see assurance on report content
Assurance providers for sustainability reporting	When it comes to assurance on reporting, readers showed a preference for a professional assurance provider, ahead of experts and stakeholder groups
Assurance providers for sustainability performance	Readers prefer an expert when it comes to assurance on performance, just ahead of stakeholder groups and professional assurance providers
What assurance must demonstrate	Transparency in the activities undertaken was the most important factor in relation to assurance, followed by the reliability (reputation) of the assurance provider

The role of reporting standards

Q13 Q13A Reporting standards play an important role in sustainability reporting. Not only do they provide a 'level playing field' – the baseline criteria for companies to report against – but, in doing so, they enable readers to compare the sustainability performance of a reporter over time or against other companies in the same sector. This was reflected in the survey results where nearly 90 percent of readers believe that reporting standards are important for building trust between a reporter and its stakeholders.

Reporting standards clearly provide a common denominator which over the last 10 years has resulted in more complete and comparable reporting compared with earlier years. During the early years of reporting in the early 1990s, many commentators felt that PR and 'greenwash' seemed more important than professionalism and accountability.

The rise of standards does seem to have had a positive impact in this regard. “Standards are essential,” says Felipe de Lima Fagundes of a Brazilian NGO, “They’re a great way to compare reports.”

In terms of the relevance of available reporting standards readers showed a very clear preference for the GRI Sustainability Reporting Guidelines – recognized by nearly two-thirds of readers as the leading global standard in this field (Figure 11). Of the other categories sector-based reporting frameworks scored the highest – perhaps reflecting the need for reporting standards to play a role in facilitating comparability of sustainability performance across a sector.

Readers have a generally low opinion, however, of company-internal and national reporting guidelines. This may reflect the fact that reporting companies include a great many multinationals; in their case, reporting guidelines that transcend national boundaries and yet are not under the sole discretion of the reporter add more credibility.

How far a reporter actually complies with an internationally recognized standard such at the G3 GRI Guidelines (including the detailed indicator protocols), however, may affect readers’ perception of the value of those standards. The question therefore remains as to whether, without mandatory reporting against an internationally recognized standard, readers can actually compare the sustainability performance of companies against one another.

The importance of assurance

Q14 While there appears to be no doubt in readers’ minds that assurance is important, the results are distinct for assurance on sustainability performance (65 percent) and assurance on sustainability reporting (50 percent), although clearly some readers stated that both are important (Figure 12). Assurance is an intensive process for reporters – failing to get it right can be a costly experiment, while a well-chosen, innovative, engaging process can add real value for both reporters and readers.

Given the high levels of response regarding assurance on sustainability performance, it would be a reasonable assumption to make that there are established standards and approaches to good practice that can be widely applied. For the most part, this is not in fact the case. Assurance on sustainability performance may take many different forms, but in essence it presents an opinion on whether the performance of the reporter is ‘good’ or ‘bad’.

Figure 11
Which of the following standards are relevant to companies in their sustainability reporting process?

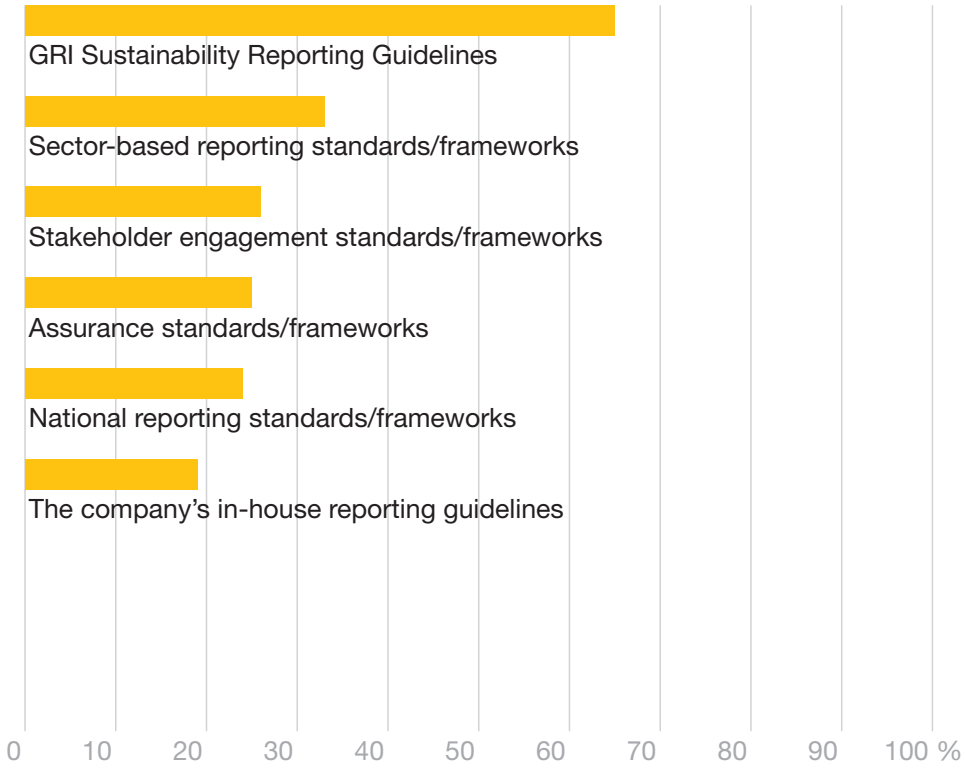
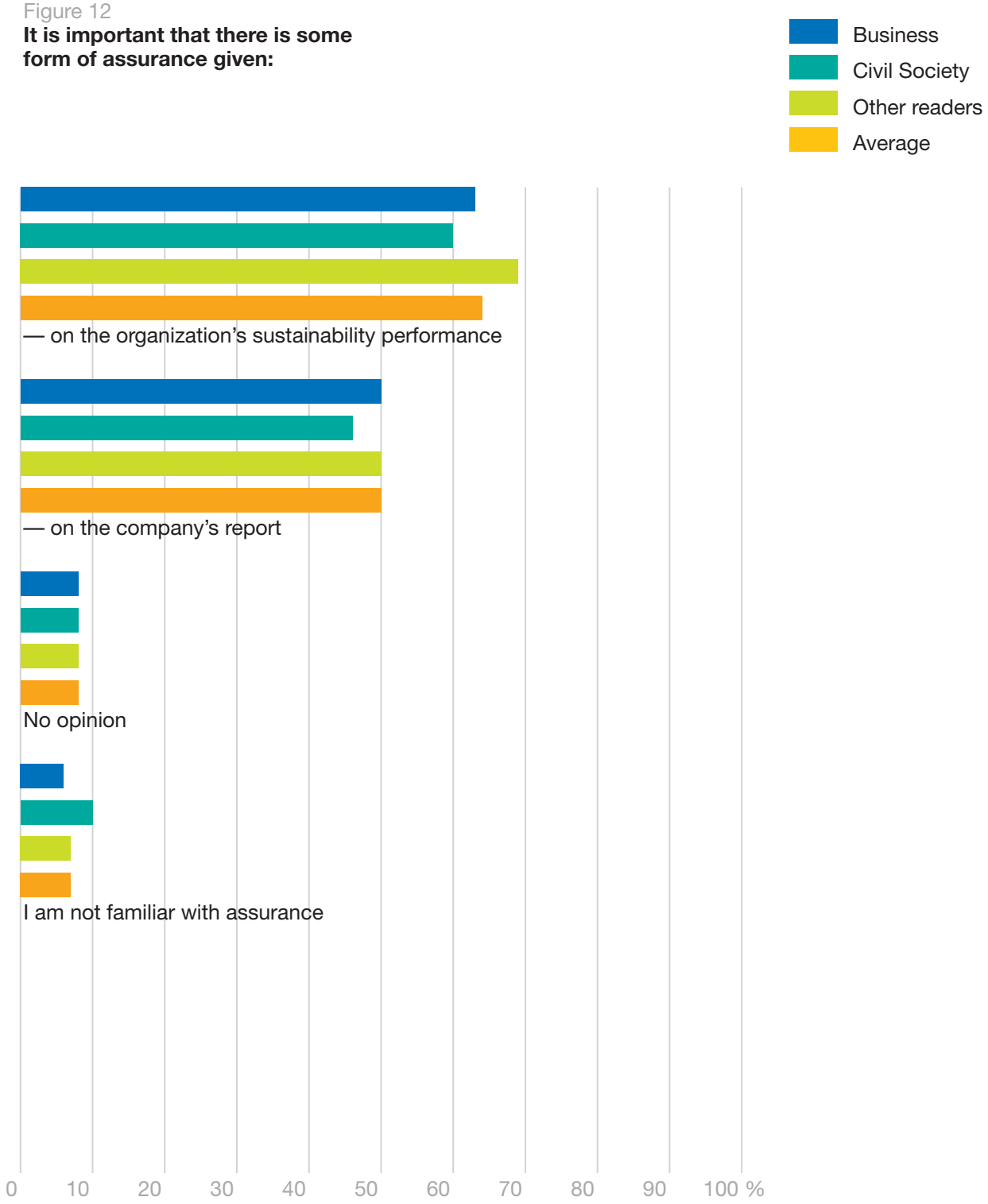


Figure 12
It is important that there is some form of assurance given:



"Sustainability reports should be audited, just like financial reports."
Lisa Dechaine
Edmonton Airports, Canada

There are some recognized international standards for certain aspects of sustainability management or performance (such as the SA8000 workplace practice standard or ISO 14001 environmental management standard), but there are not many of these, and they tend to be very issue-focused (and so, depending on the reporter's material issues, have only limited application in a broad exercise such as a sustainability report).

Nevertheless, such assurance may be seen as helpful for readers in regard to decisions about whom to buy from or work for. However, oftentimes what is referred to as performance assurance is based not on an established performance standard, but only on the opinions and experience of the person providing comment. While this sort of opinion may be helpful to readers, it begs the question as to how reliable it can be, being more anecdotal than evidence-based.

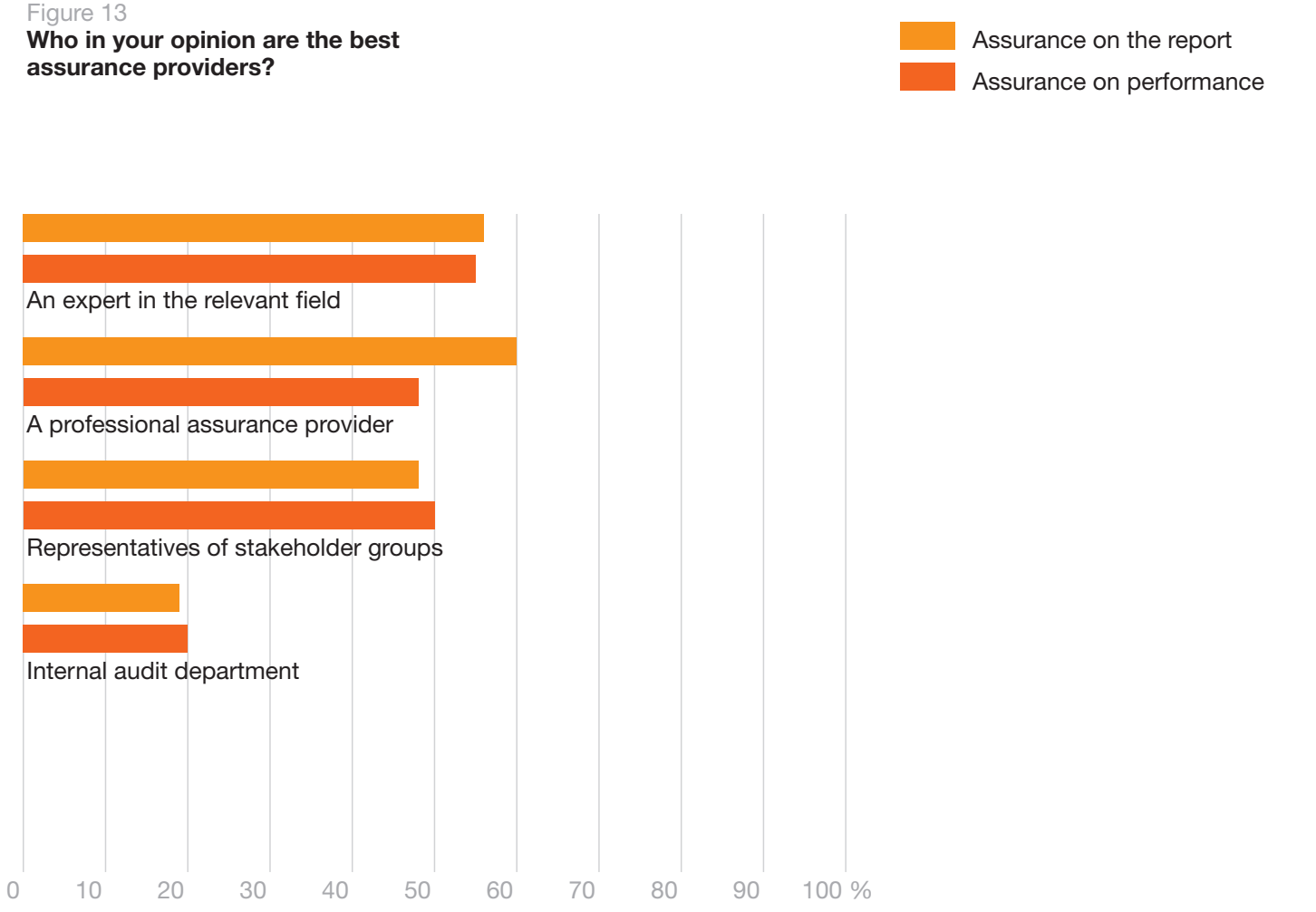
On the other hand sustainability reporting is, in itself, not just about transparency but about reporting the sustainability performance of an organization – qualitatively in terms of governance, policies and management systems and quantitatively in terms of performance data and targets. If companies report material, consistent and comparable information based on a global reporting standard and this information is independently assured, the quality of performance – whether good or bad – should be clear through comparison with peers in a sector or in a country. Whether readers perceive this to be the case, however, will determine the future of sustainability performance assurance.

Assurance providers: reporting v. performance

Q14A Q14B So who should provide sustainability assurance? For assurance on sustainability reports, scores were close, but readers expressed a slight preference for professional assurance providers. This was followed by experts, with representatives of stakeholder groups a somewhat more distant third.

The picture is different regarding assurance on sustainability performance, however, with responses essentially equal for experts, professional assurance providers and stakeholder representatives, on average – however, civil society respondents expressed a strong preference for stakeholder representatives in this respect (Figure 13).

Figure 13
Who in your opinion are the best assurance providers?



There is simply no clear leader in readers' opinions when it comes to delivering assurance, either on reports or on sustainability performance. Perhaps the message here to reporters is that different user groups may need different types of assurance. Different decisions are aided by different approaches to assurance. Reporters (and readers) might well benefit from a variety of approaches, each targeting the decision-making needs of a particular audience; and each one sensitive to how different readers perceive the credibility of assurance providers.

A stakeholder panel, for example, cannot replace a professional assurance provider and vice versa. By combining the challenging voices of stakeholders or a sustainability expert on the report content with assurance on the reliability of the information in the report, a reporter may be able to satisfy the assurance needs of a much wider range of readers.

It should be noted that the G3 GRI Guidelines recommend that reports undergo assurance, and that this should abide by particular process and content expectations.[5] The G3 reporting principles on Report Content (materiality, stakeholder inclusiveness, sustainability context, completeness) and Report Quality (balance, clarity, accuracy, timeliness, comparability, reliability) define the expectations for reports, and the extent to which a report meets these may be tested by a variety of assurance exercises.

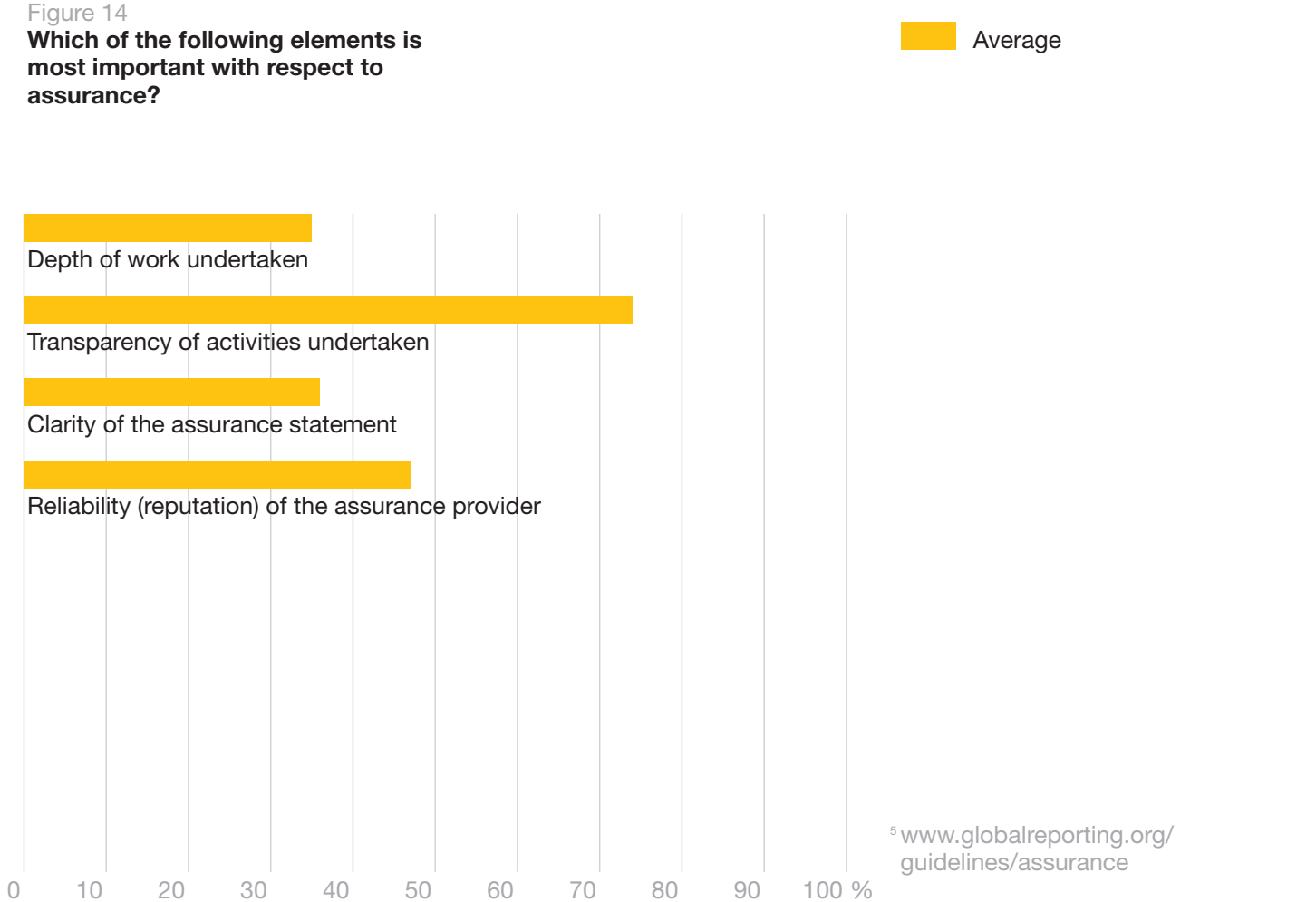
What assurance must demonstrate

Q14C We asked readers what aspects of an assurance exercise are most important to them in determining whether it meets their expectations (Figure 14). Readers really want to know what the assurance provider has done in order to reach his or her conclusions. This calls for greater transparency around the assurance process – either from the assurance provider or from the reporting organization, or indeed both.

Despite the requirement in the G3 GRI Guidelines to disclose information about the assurance engagement, levels of detail provided can vary greatly, even at times limited to just a sentence or two in the sustainability report, although there are some companies that provide considerable detail (in printed reports or on websites) on the assurance process. The assurance provider too needs to consider how to address this in reporting to readers – after all the readers are the real target audience for the assurance statement.

Readers also want an assurance provider with a reliable reputation. It is difficult to interpret what exactly is meant here, but it is clear that credibility, expertise and independence all play a role in creating trust.

Figure 14
Which of the following elements is most important with respect to assurance?



[5] www.globalreporting.org/guidelines/assurance

Chapter 7
Reader personalities

So, what sets out different reader groups as unique? We wanted to find out whether there were any common themes we could identify within distinct categories.

In truth, the survey suggests not much separates different reader groups in terms of what they expect to see in a quality report. All readers are primarily concerned with using reports to further their understanding of the sustainability issues faced by a reporting organization.

There are, however, some differences in their behavior and preferences. As Business readers on the one hand and Civil Society organizations on the other hand are the stakeholder groups with the most direct presumed interaction via reports (either seeking to influence or be influenced by them), the analysis is focused on these two user groups.[6]

These characteristics are perhaps not surprising, merely reflecting the different roles of these types of readers in society.

The Business readers are more interested in using reports for benchmarking, possibly because companies are keen to understand how well they do compared with their peers. Meanwhile, the Civil Society readers are more interested in country-level reports than other readers, possibly because such organizations often lead country-level campaigns. This is much as one would expect.

Furthermore, on many of the basics there is very little or no disagreement among reader personalities: all reader groups cite the same top elements as necessary to make a report a good one (Figure 9). They have the same opinions about what they find to be the most important elements of assurance (Figure 14). And a significant majority across reader groups has been positively influenced by reading a company's sustainability report. Indeed, the often-cited contention that reporters cannot possibly satisfy many different stakeholder groups may need to be revisited.

Figure 15
In this section

Differences are minimal	The survey shows very few substantial differences in expectations of reports between reader groups
Role of stakeholders	One area of difference is in terms of how stakeholders' views are incorporated into the reporting process; and what reports should describe about the relationship between the reporter and its stakeholders
What readers use reports for	The real difference between reader groups is what they do with reports, reflecting the differences in their essential roles

[6] It is furthermore worth noting that Business and Civil Society readers demonstrate some of the widest differences in behavior, and therefore lend themselves to direct comparison more readily than others.

There are also some telling divergences, however, and together these areas of convergence and divergence raise some intriguing debate about the role sustainability reporting plays among different report readers, the specific practices involved, and the future of reporting.

The role of stakeholders

Beliefs about how stakeholders relate to reporting organizations and to the role of reports demonstrate some of the key differences in reader personalities and beliefs.

Across both the Business and the Civil Society categories, readers are in agreement as to what reports should describe about stakeholder engagement as part of the report's issue selection process[7] (Figure 17).

What these results seem to demonstrate is that stakeholder engagement has become a far more routine process than was the case in the past. Whereas 10 years ago, proactive and professional stakeholder engagement was considered rather progressive – and necessary to defuse a company's critics – it has now entered the mainstream in a more powerful way. Many companies – and other report users – now accept that stakeholder engagement has value, whether it is used only to glean feedback on previous reports, set a new reporting strategy, or even look for an innovative new approach to the business.

Reporters may find that putting engagement into practice may be made more straightforward through the use of standards and frameworks for engagement. On this point, the Civil Society readers showed considerably more enthusiasm than did the Business readers.

Users also differed slightly in their opinions of assurance providers on sustainability performance, with the Civil Society readers favoring stakeholder representatives over experts and professional assurance providers – perhaps reflecting a belief that interpretations of performance are most reliable when provided by those most directly affected.

In terms of future trends in reporting, readers of all personalities saw many things in common, but differed on the concept of stakeholder group reporting (reports tailored to the needs of specific stakeholder groups, perhaps investors or communities). The Civil Society readers saw stakeholder group reporting as one of their top preferences for future reporting trends, while the Business readers saw this as one of the least appealing future possibilities. It seems clear that some debate on this issue would illuminate more about the potential value of stakeholder group reporting for all user groups.

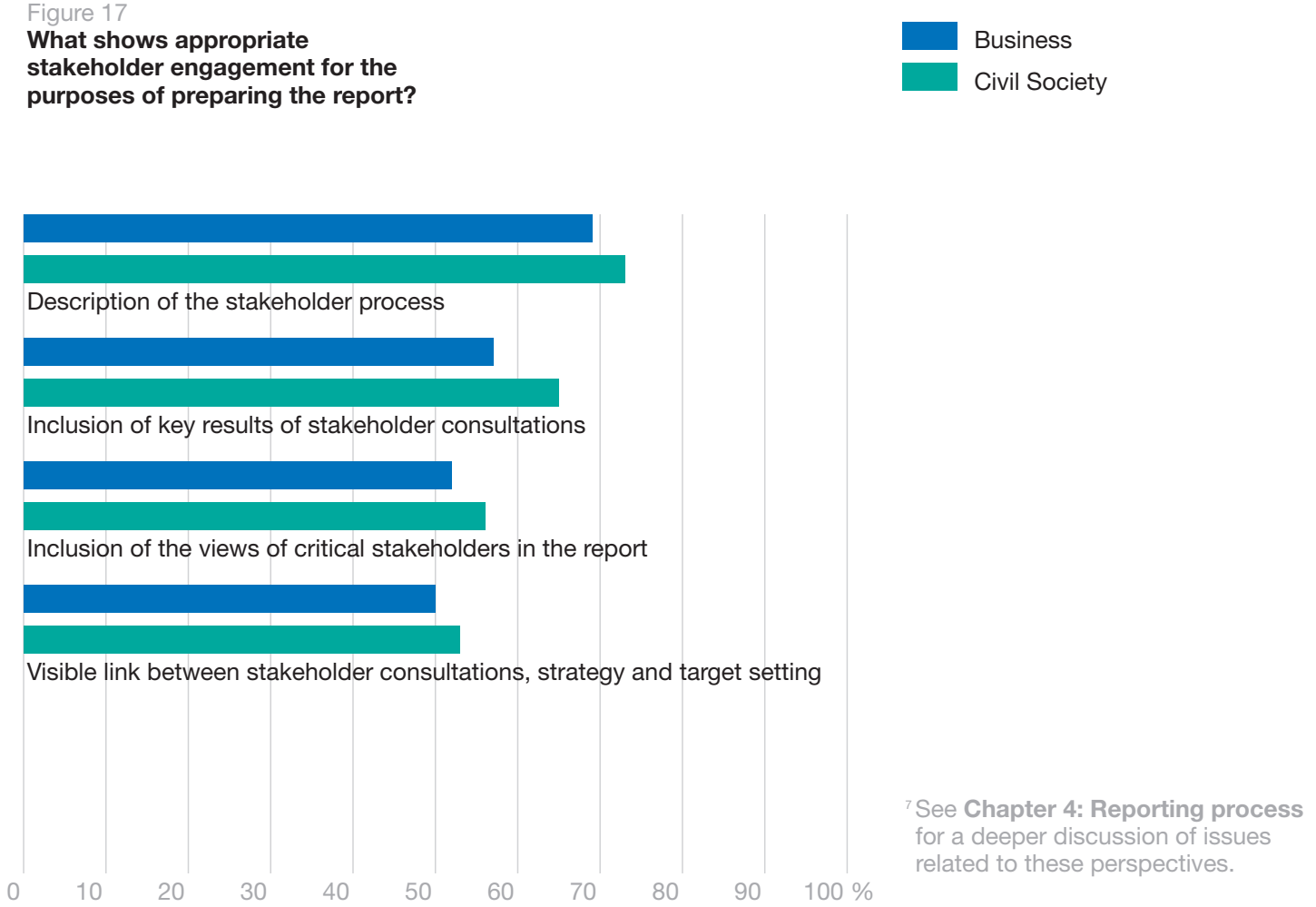
Figure 16
User groups

	Business	Civil Society
Reader categories	The Business category comprises small, medium and large companies, with no distinctions between management levels.	This category is comprised of NGO and Labor readers, whose preferences display a clear alignment of objectives and roles.
Relationship to reporters	These readers are sometimes one and the same with the reporters. Otherwise, they have for the most part a business relationship with reporters. They include customers, peers and competitors.	These readers are active stake-holders of the companies whose reports they read. They work as advisors, reformers, educators.
What they seek to do	The Business readers want to buy or invest with as much information as possible. They seek to understand leading practice and reward the best performers. They use reports for benchmarking performance, either their own or others', but there is also some interest in dialogue and partnership with reporters.	The Civil Society readers mainly seek direct dialogue with reporters. They are interested in partnership with credible companies, as well as public action against those they regard as poor performers. They may also include active shareholders and consumer educators. Their aim is to use information to make decisions that will influence companies' behavior; send a message; inform others.

But perhaps the most important message of all here is that there is so little difference between the core views of report readers across these two categories – often assumed to be in such deep conflict that a sustainability report that meets both groups' needs might even be impossible. If today's readers are anything to go by, it seems that, regardless of the different uses readers may have for sustainability reports, they share a common understanding of what sustainability means for business, and what reports can do to help encourage this.

"It is interesting to see that stakeholders are now also engaged to express their opinion in a CSR report. However, this should be seen as complementary to rather than replacing the role of professional assurance providers."
Johan Verburg
Oxfam International,
GRI Stakeholder Council member

Figure 17
What shows appropriate stakeholder engagement for the purposes of preparing the report?



[7] See **Chapter 4: Reporting process** for a deeper discussion of issues related to these perspectives.

Chapter 8
The non-readers speak out

A distinct group of 450 respondents provided deeper insight into the 'silent majority' of the non-readers. They have a number of intriguing messages to reporters (Figure 18).

Profiling the non-readers

Non-readers comprise the same general geography and organisation type as the users in our survey (Figures 19 and 20).

Access to sustainability reports

NRQ1 Our question as to why non-readers do not use sustainability reports already suggests many possible areas for improvement in sustainability reporting (Figure 21).

About 35 percent of the non-readers indicate that they find reports too lengthy or websites too difficult to navigate given the time they have available. This could be interpreted as an indication that reports try to be 'all things to all people' – with the result that they fail to reach at least part of their intended audience. One issue flagged by one of our reader interviewees, Felipe de Lima Fagundes of a Brazilian NGO, is that the volume of reports might overwhelm readers and impede trust as a result: "Some of these reports are 200 pages. The first thought I have is that they might be trying to hide a few things in all that information."

At the same time, the problem may arise from the lack of an established means of assessing sustainability information in reports. It might then be said that reports provide 'too much information, too little meaning.'

Figure 18
In this section

Access to sustainability reports	Non-readers do not perceive the value of sustainability reports and find reports too lengthy and hard to navigate
Other means to learn about sustainability performance	Non-readers feel they have more direct means of communication with companies to satisfy their information needs
Encouraging non-readers to use sustainability reports	Non-readers need to have the benefits and value of sustainability reporting demonstrated better for their purposes
Information needs	The information needs of non-readers are similar to the readers' expectations of sustainability reports

Figure 19
Non-readers by geography

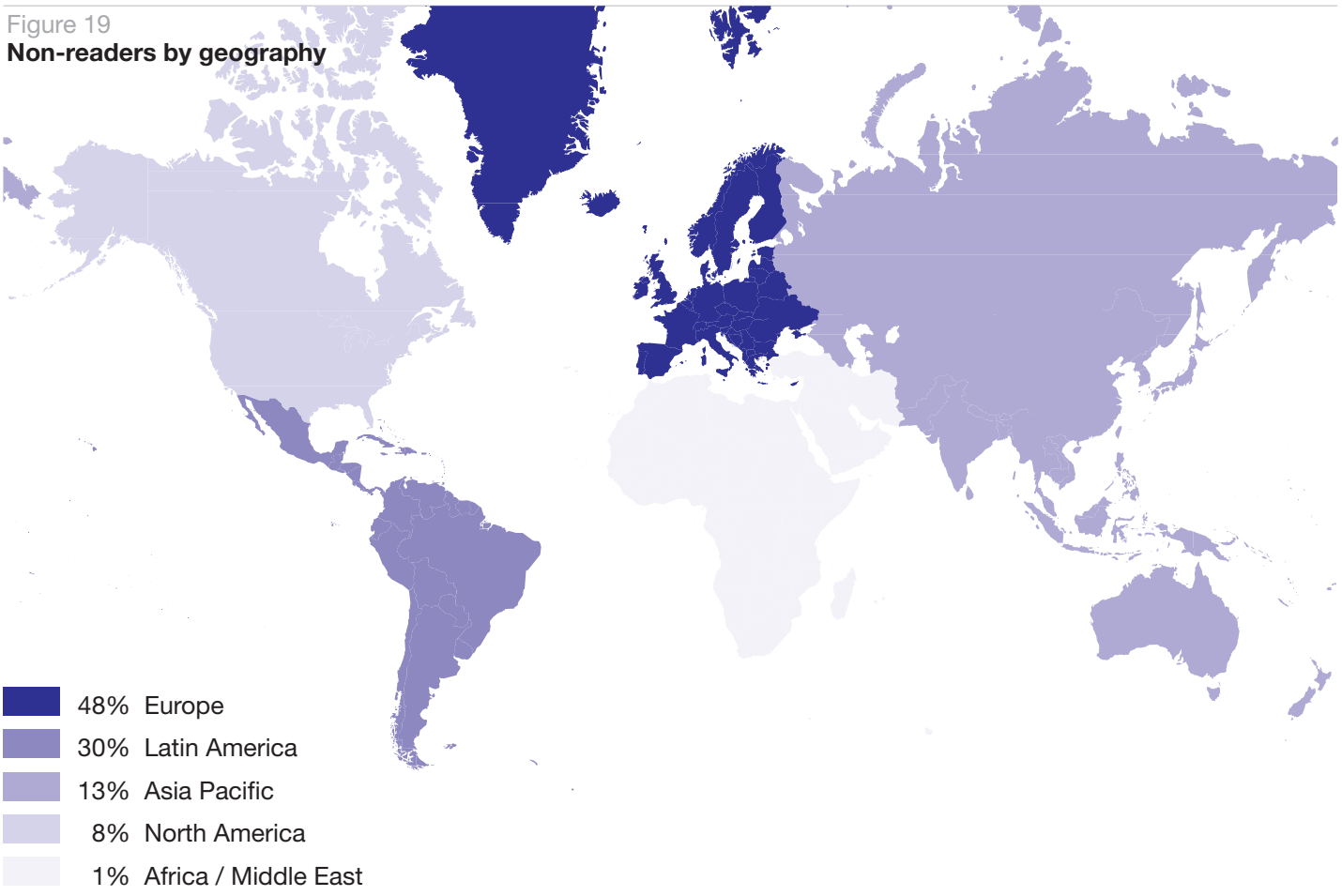
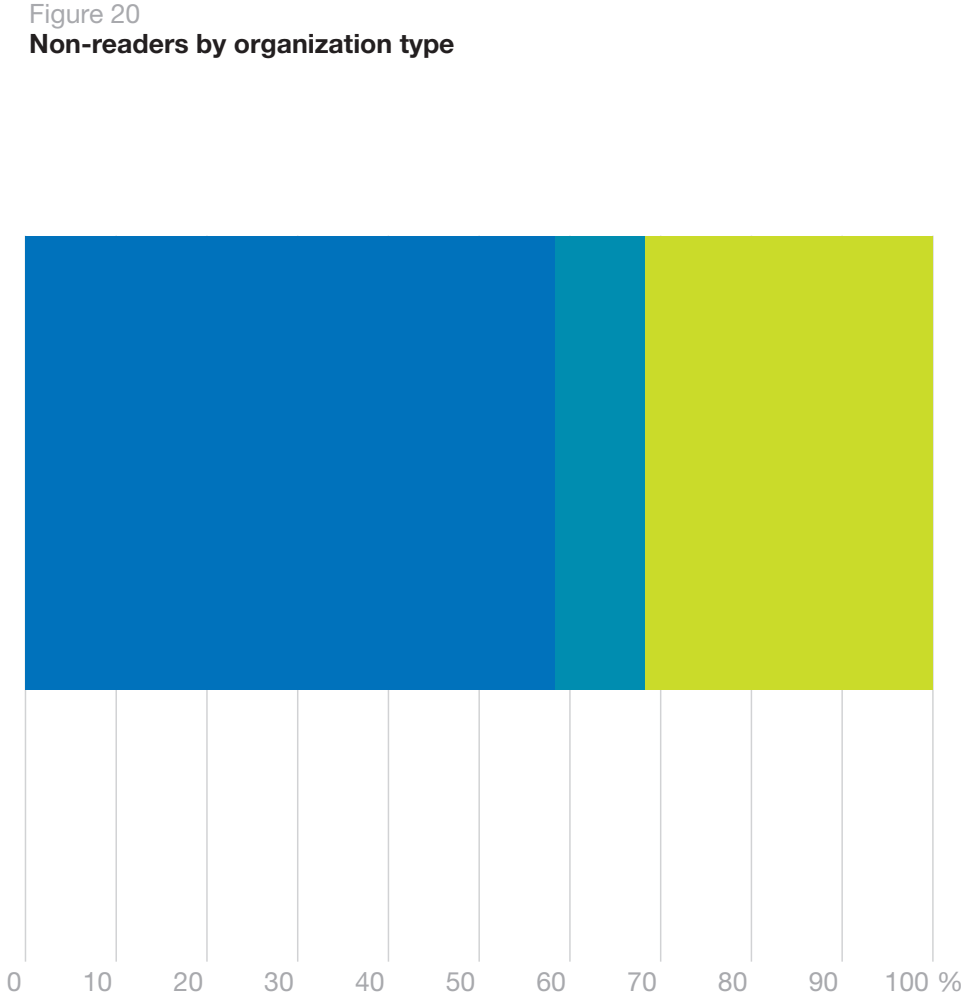


Figure 20
Non-readers by organization type



Other barriers for non-readers include:
— One-third of the non-readers are not aware of the possible value of sustainability reports. Interestingly, the largest proportion of these respondents stem from the business world.
— About one fifth of the non-reader respondents do not know how to use a sustainability report for decision making.
— The results do not suggest that trust (that is, a lack of trust in sustainability reports) plays a significant role in non-readers' failure to use sustainability reports.

This was one area we explored with non-readers in our interviews. Said Glenn Paje, of Canada-based NGO Development Workshop, "I usually have to gather information across sources and draw my own conclusions from that. No single source of information would provide you with the complete picture."

There seems to be a clear route to increase the use of sustainability reports: raising awareness about the use and value of reports and creating an easy-to-access environment could result on its own in higher numbers of readers.

Other means to learn about sustainability performance

NRQ2 There are obviously other means than a sustainability report to satisfy one's information needs, as about 25 percent of the non-readers responded:
— Respondents from business indicate that direct contact with the reporter is an important means to serve their information needs.
— For users in non-business groups, such as civil society organizations, academia and research, the public media play another important role in terms of gaining insight into companies' sustainability issues; as do direct discussions with other knowledgeable parties such as employees, suppliers and NGOs.

It is reasonable to think that a range of considerations comes into play in determining what sources of information users find best. Alternatives to sustainability reports may be seen as more efficient, more independent or more readily understandable than reports. At the same time, we wonder if, for some non-readers, sustainability reports by individual companies will ever meet their needs – perhaps some users will always be more interested in sector-based reporting or other basis of addressing sustainability. Addressing these views is essential for reporters to ensure they provide the information their stakeholders need.

Figure 21
Why do you not currently use sustainability reports?

Encouraging non-readers to use sustainability reports

NRQ3 The survey suggests non-readers can be transformed into readers. This does not depend on further research into their needs. Although there is some degree of advancement to be achieved in building trust through verification or improved quality of the report, the main road to getting more people to read sustainability reports involves better communication (Figure 22).

Better communications means:
- Improved explanations of the actual sustainability performance of the reporting organization.
- Respondents in business environments need to see and understand the benefits of strong management of sustainability issues in business.
- More could be done about demonstrating to the group of 'non-believers' the value and utility of sustainability reporting.

This seems a call for further communication and development work: there is a large group of relevant intended users who would change their behavior if they had a better understanding of the wider concept of sustainability reporting and its relevance to business.

Information needs of non-readers

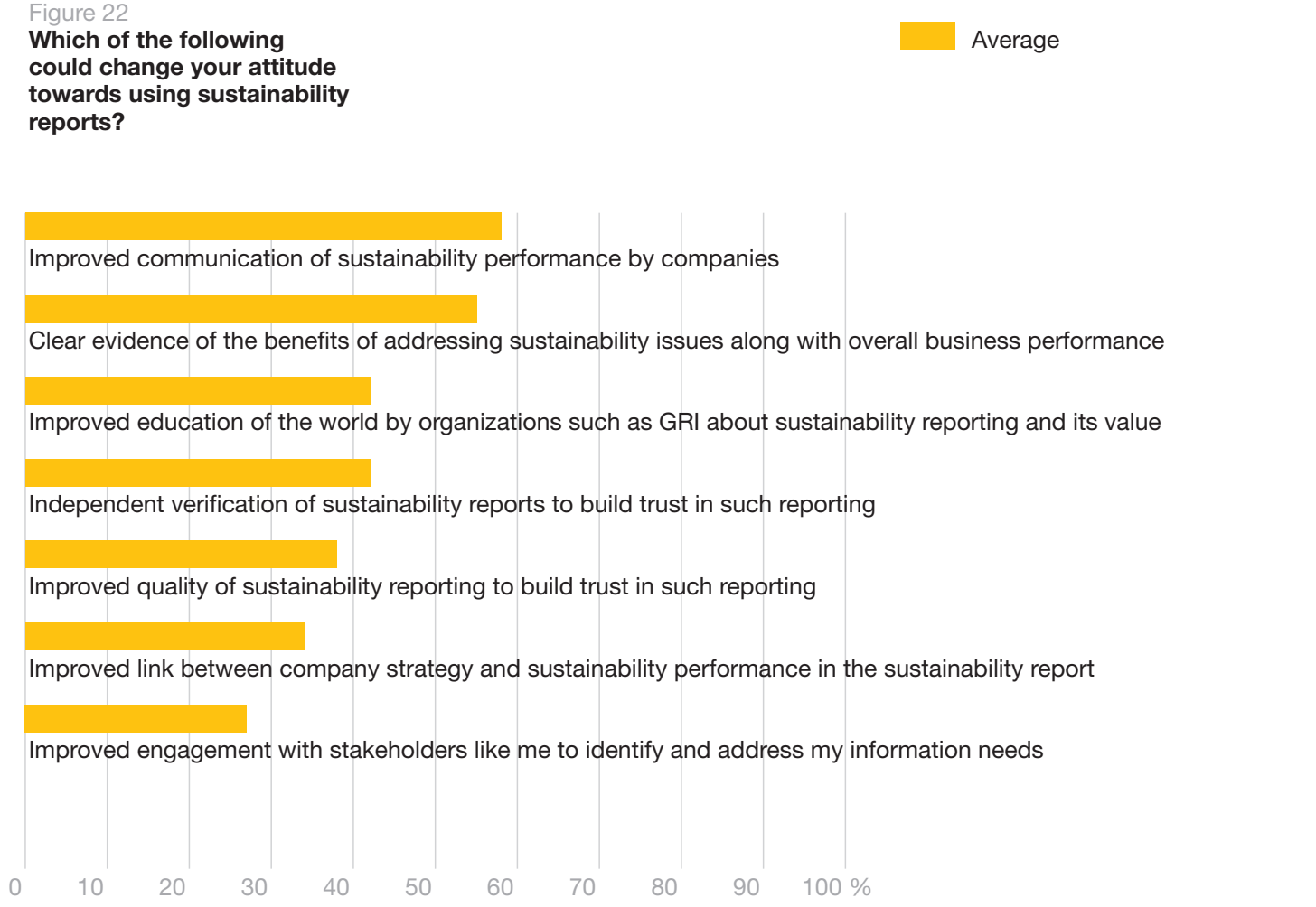
NRQ4 If they were to use sustainability reports, we asked, what information would non-readers expect reports to contain? This resulted in a reassuring response: four out of the top five reporting elements identified by non-readers are the same as for the group of current users (Figure 23).

So we can see that essentially the reporting wish list is the same for non-readers as for readers. Given the level of unanimity on this, it seems straightforward that reporters would do well to address these elements as completely as possible in their sustainability reports.

But non-readers would still potentially have difficulty in terms of the efficiency, accessibility and ability to assess the meaning of reports, unless these needs were also specifically addressed in future developments.

There is low-hanging fruit, however: through some simple improvements in the communication value of reports, it may be relatively easy to widen readership. Deeper victory could be achieved through efforts to improve agreement and understanding of the meaning of sustainability information in terms of users' needs. This could help turn non-readers into active information consumers, because the information works for them.

Figure 22
Which of the following could change your attitude towards using sustainability reports?



"Awards programs are still favoring the high-gloss, multi-color-graphics, expensive report, which is discouraging many others from starting down the reporting path. We need a big name award for a succinct, low cost, highly material, highly transparent report."
Bill Blackburn
William Blackburn Consulting,
GRI Stakeholder Council member

Figure 23
Reporting elements of most value

	Non-readers		Readers
1	Link between sustainability strategy and overall strategy	1	Link between sustainability strategy and overall strategy
2	Commitment of the company to sustainability	2	Commitment of the company to sustainability
3	Innovative thinking	3	Sustainability impact
4	Sustainability impact	4	Translation of sustainability strategy into local business
5	Actions taken to address sustainability	5	Actions taken to address sustainability

Chapter 9
Conclusions and recommendations

The survey respondents have provided an impressive amount of information about their views and needs with respect to sustainability reporting. While the full implications of this survey will become more apparent after several survey cycles to come, some of the main messages for 2008 are given below (Figure 24).

So, what can be done with these findings to improve reporting in the future? In Figures 25, 26 and 27 we have collected future developments to be considered by reporters, the readers of reports and GRI as the commissioner of this survey and a major proponent of sustainability reporting globally. We have also indicated the priority that each of the recommendations in our view could have, by attaching the term for follow-up to each recommendation.

Figure 24
Key messages

Readers have similar expectations	Across user groups and geography, and between current readers and non-readers, there is virtual unanimity about what makes a good sustainability report.
Failures felt to be missing	Readers of all sorts believe reporters are most likely to omit failures from their sustainability reports.
A stronger role for stakeholders	The respondents want reporters to address stakeholders' needs in the reporting process and management; and to see stakeholders' views included in the sustainability report.
Integrating sustainability in core business processes	Readers are calling for reporters to explain the connection between the sustainability strategy and the core business strategy.
Reputation and trust	A sustainability report has a positive impact on a reporter's reputation; however readers want to be confident of a reporter's commitment to sustainability.
Ensuring credibility	A balanced tone, involvement of stakeholders, reporting standards and assurance contribute to ensuring credibility.
Improving communication about the value of sustainability for business performance	Reporters are asked to demonstrate the benefits of addressing sustain-ability issues for business performance and to explain how innovative thinking is used to solve tomorrow's challenges.
Addressing the needs of non-readers	Non-readers complain of not having the time to navigate lengthy reports or websites; and of lacking understanding of the value of sustainability reporting for their needs.

Due to the nature of the survey, many of our findings relate to points that reporters can address. The table below summarizes some of the actions that reporters could consider to their benefit much of it quite straightforward.

Figure 25
What reporters can do

Reporting element	Term	Points to consider
General characteristics	Short	The frequency of sustainability reporting should be aligned with that of annual reports.
		Use a variety of formats, including PDF, hard copy and web based reporting.
	Medium	Assess the need for country-level reports, in addition to the more common corporate report.
	Long	Integrate the sustainability report with the annual report into a single document and process.
Reporting process	Short	All reports should be developed using a structured, systematic and professional issue selection process.
		Reports should describe stakeholders and the way they are engaged.
	Medium	Reports should explain the impacts of stakeholders' feedback on strategy and targets.
		Provide space for key stakeholders to express their views in the report.
	Long	Demonstrate how business strategy evolves over time to take account of sustainability issues and strategy.
Report content	Short	Adopt an appropriate balance of 'good and bad news', including sufficient coverage of failures.
	Medium	Explain how the reporter's sustainability strategy interconnects with its core business strategy.
		Provide sufficient context as to the reporter's sustainability impact.
Standards and frameworks	Short	Use a credible, well-regarded external reporting standard, such as G3 GRI Guidelines.
	Medium	Engage suitable and credible assurance providers to give opinions on the report and on performance.

As a standard setter GRI can surely play a role in further progressing sustainability reporting on the basis of the survey results. We see the following main actions that GRI could take.

Figure 26
What GRI can do

Reporting element	Term	Points to consider
Getting clarity about assurance needs	Short	Facilitate a process to clarify the need for specific types of assurance and the roles of assurance providers.
Stepping up communication efforts	Short	Facilitate dialogue on the link between sustainability and business value to clarify this for the benefit of readers and non-readers.
Stakeholder engagement guidelines	Medium	Provide further guidance on reporting on stakeholder engagement in reporting processes.
Linking sustainability to core business processes	Medium	Strengthen the links between sustainability issues with core business. Finding ways to make these links explicit and developing more detailed guidelines on how to do this could be seen as a task for GRI to explore with reporters.
Initiating further insight and debate	Long	Consider a dialogue to establish how users can interpret sustainability information in reports.

The results of this survey clearly show a number of useful insights for reporters to consider when improving sustainability reporting. Could readers do more than participating in surveys of this kind when asked? We think they can.

Figure 27
What readers can do

Reporting element	Term	Points to consider
Interacting with reporters on needs and expectations	Short	Provide proactive feedback on information needs and reporters' successes and failures in meeting those needs. For example, readers should check reports for an email address for report feedback, and consider sending a few lines in response, whether positive or negative. Reporters know that receiving even a few comments is only the tip of the iceberg of readers' opinions, and will respond if given clear enough signals.
Get involved in the future of reporting	Short	Make sure organizations like GRI can tap into your experiences and views when pushing for developments in reporting that will reflect your needs. Sign up for the Readers' Survey discussion forum at the following web address, and let us know whether you agree or disagree with our findings, and how you want to see reports change in the future. www.globalreporting.org/survey
Respond actively	Medium	Take action on the basis of what you read in reports, whether in buying goods and services, establishing partnerships or campaigns – and let the reporters know when you do.

Afterword

Now that our findings have been presented and this survey report is complete, it seems time to reflect on the future of sustainability reporting and on the survey – hopefully, to stimulate further thinking and to prepare for next steps.

2020 vision

This survey has indicated a variety of readers' needs that could help the value of sustainability reports through their eyes. We also asked some specific questions about the future of reporting. If we step forward to 2020 for a moment with these needs in mind, what might we see in future? Our survey respondents flagged up their preferences for what should and should not be part of the future of reporting (Figure 28).

While there are some clear messages in this feedback, it would be especially helpful to research how readers see these evolutions taking place, why, and what the ultimate goal might look like. The 2020 vision might comprise some of the elements shown below (Figure 29).

Figure 28
Preferences for future reporting

Yes	No
Reports integrated with annual reports	Sustainability reporting only addresses issues relevant to company strategy
Reports provide more information on processes for sustainability management	Development of single-issue oriented reports and reporting
More information on economic impacts of reporters	Reporting in solely web-based formats

Reflection on the survey

It is with great pleasure that we have conducted this broad ranging survey of readers' views on sustainability reporting. We have worked to develop a collective picture of readers' needs and to translate these into actions. In addition, readers are invited to conduct their own further research into the detailed answers to the individual questions, by using the more detailed graphs on the discussion forum on the web.

Obviously things can be done better in the future. Some questions in the survey could potentially benefit from greater clarity, which can be addressed in future versions. Also, this survey was conducted as a separate exercise to the scoring of reports in the Readers' Choice Awards – in the future, a closer alignment between these two would enable some interesting analysis of results, linking readers with today's sustainability reports more closely.

Furthermore, as we worked to prepare this report, we generated many ideas that might have proven valuable, engaging or stimulating for you, our readers – such as the interactivity of the report – that we simply could not action, whether for reasons of logistics, timing, cost or specialist skills. We hope this exercise could be expanded in the future to make more of these opportunities.

Lastly, the task of interpretation is tricky. While between our organizations, KPMG Sustainability B.V. and SustainAbility Ltd. have considerable experience and expertise in the sustainability reporting field, we are not mind-readers. We hope we got it largely right, and we hope you will let us know if we got it wrong.

The future of the survey

This is the first GRI Readers' survey, so the obvious question arises as to whether there should be a second survey of this kind. In our view the answer to this question is a straight 'yes'. We see great value in asking those who use the information about their needs, as that is an ultimate goal of reporting. This not only helps to stimulate progress in reporting, it has a positive feedback effect on all parties, as readers also stand to learn more about reporting and their own needs.

Through this survey, we've established a clear readers' view on many core issues, so future surveys could likely focus on different readers' roles, on the subtler and deeper elements of how readers derive meaning from sustainability information, and roles and responsibilities of professional service providers who support reporting efforts; as well as the role for future regulation.

Please let us know what you would find most valuable. We look forward to contributing to the next edition.

We would welcome any feedback you have on the survey. We invite you to contact us via the interactive discussion forum at the following web address:

www.globalreporting.org/survey

Figure 29
2020 vision

The end of sustainability reports	Fully integrated in annual reports and other corporate communications
Seamless accessibility	Information embedded in a variety of hard copy, PDF and web-based communications
Stakeholders' roles integrated	Reporting developed based on continuous stakeholder dialogue linked to the business agenda, and fully reflected in reporting
Translation into business	Sustainability elements are translated into business targets, linked to company strategy
Sustainability and innovation	Discussion in the report of how process and product innovation has been incorporated to take account of sustainability needs
The business case is established	Clarity of approach to sustainability issues has obviated the need to demonstrate the value of sustainability to the business
More and more active readers	The number of users of sustainability reports has increased to a majority of all relevant readers, as does their use of reports for decision making
Trust and reliability	Globally accepted standards and stronger, relevant assurance activities build comparability and trust in reporting

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