

# Reporting all over the world

The continuing growth in environmental reporting around the world has seen companies adopting differing approaches for a variety of reasons. **Paul Scott** reports

**C**ompanies from over 30 countries now regularly publish environmental and social reports. But the drivers behind reporting – and, consequently, the types of report produced – tend to be geographically distinct.

## North America

North American companies led the way in the first wave of environmental reporting in the late 1980s. Reacting to regulatory pressures and lobbying by non-governmental organisations, they wanted to tell 'their side of the story'. Initial levels of disclosure were high in terms of emissions and discharges, but this was more a reflection of US legislation (the 1987 'Right to Know' Act<sup>1</sup> obliging large users of toxic substances to reveal emissions data) than any particular desire to open the books.

Over the past decade it has become apparent that US companies are reluctant to publish any environmental information not already in the public domain, or required by law. This is largely due to corporate lawyers protecting their companies from potential lawsuits by restricting the flow of such information – considered necessary in view of the litigious nature of American culture, and the high costs associated with losing claims brought in US courts. If a plaintiff needs to establish that a company had prior knowledge of salient facts, the best kind of evidence would be a public report setting out the details – so publication of any such information is avoided. This has had the unfortunate effect of discouraging even progressive, innovative companies from publishing anything more than generalised, anodyne reports with

1 SARA Title 13 – which established the Toxic Release Inventory

2 Eco-Management and Audit Scheme – a voluntary form of site reporting adopted by the European Union in 1995

a strong public relations focus. The few companies trying to break this mould – such as Ford Motor Company, Baxter and IBM – deserve all the recognition they can get.

## Europe

Europe is the most productive reporting area, with companies from 13 countries publishing reports. The UK is among the most prominent, both as an early adopter of reporting, and in terms of reports produced. Germany is almost as significant in terms of stand-alone, full reports. However, our figures do not include EMAS<sup>2</sup> reports. Including these would make Germany the most productive country world-wide, as it accounts for nearly 80% of some 2,800 published EMAS reports. Many German companies have discontinued stand-alone environmental and social reports in favour of EMAS reports.

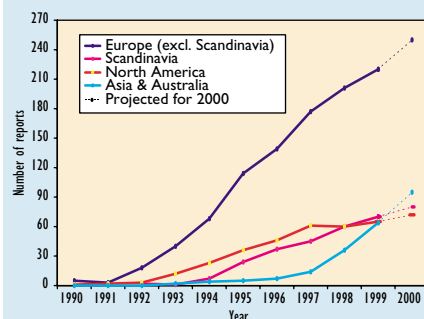
There is a marked difference in reporting approach between the UK and Germany.

UK companies tend to look at their impacts 'in the round', with significant indirect impacts considered as well as the more straightforward ones. German reports tend towards analyses of inputs-outputs, sometimes in considerable detail. However, these analyses rarely include indirect impacts.

For example, a German financial institution might show all inputs and outputs through the company, including materials (paper, canteen food and waste, laser cartridges) and energy and water use. Its UK peer might have less data on materials and utilities used, but would typically consider the wider implications of where investments are made, and where cash-flows can do the most to reduce social and environmental impacts – the major impacts associated with this sector.

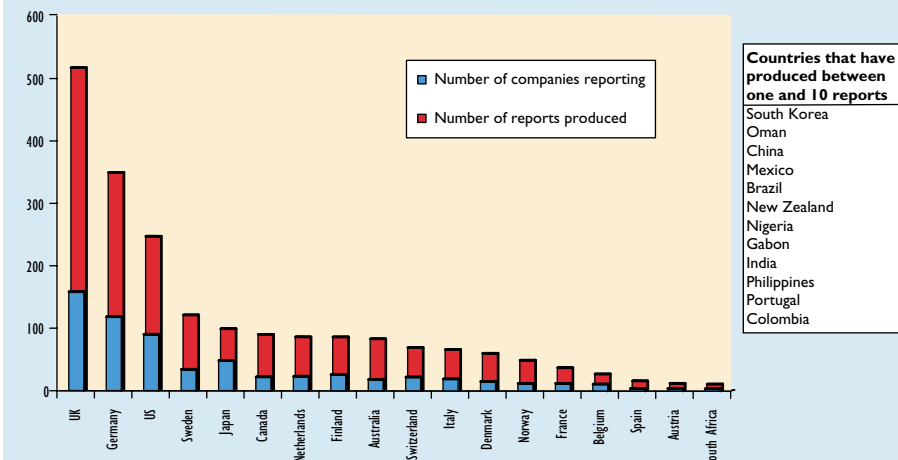
There are noticeable divergences of approach across Europe, with northern countries – and particularly those in Scandinavia – reporting more frequently than southern and eastern European countries. France, Spain, Portugal and Greece all show low productivity in this area. This correlates broadly with the production of EMAS reports, but less

1. Growth in reporting by region, 1990–2000



Source: www.corporate-register.com; based on 1,673 hard-copy reports (excluding reports from 2000)

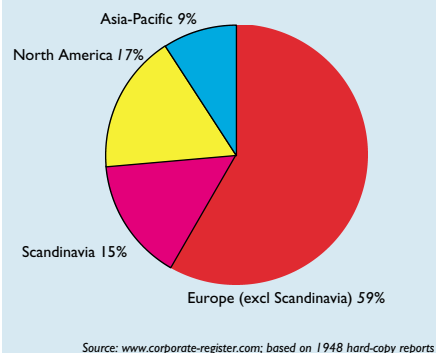
2. Global reporting by country, 1990–2000



- Countries that have produced between one and 10 reports**
- South Korea
  - Oman
  - China
  - Mexico
  - Brazil
  - New Zealand
  - Nigeria
  - Gabon
  - India
  - Philippines
  - Portugal
  - Colombia

Source: www.corporate-register.com; based on 1,953 hard-copy reports (excl. countries with fewer than 10 reports)

### 3. Reporting by region, 1990–2000



with the numbers of companies with environmental management systems certified to ISO 14001 where France and Spain have a stronger showing.

#### Asia-Pacific

Despite a slow start, environmental reporting is beginning to take off in Asia – particularly with a recent surge in reporting by Japanese companies. Most Japanese reports follow a similar layout and style, with lots of specific detail and with the emphasis on product improvements; crowded pages with several graphics and tables on each; and a focus on ‘good news’.

As is often the case in Japan, once a few companies broke rank and began reporting, others then followed swiftly. Some recent Japanese reports are among the world’s best, such as those from Omron, Toyota and Honda.

Japan leads the world in ISO 14001 registrations, with well over 2,000, compared with Germany at around 1,500, the UK at over 1,000 and all other countries trailing far behind. Japanese companies may well decide that reporting is a similar area at which to direct their efforts – in which case, expect to see a flood of reports.

Australia is producing a steady stream of reports, particularly in the mining sector; but the performance of other Asia-Pacific countries is patchy.

#### Reporting initiatives

Over the past five years, several European countries have introduced legislation on public environmental reporting (Denmark, the Netherlands, Norway, and Sweden) but, while this will increase the volume of available corporate environmental information, little of it will be in-depth.

The trend seems to be for such information to follow the EMAS model of emissions data from individual sites, rather than the big picture of policy, impacts, product strategy and general context throughout an entire company, which is the norm in a full environmental report. The Global Reporting

Initiative<sup>3</sup> is gathering momentum world-wide – while remaining entirely voluntary – and is developing as a model for publishing both broad and detailed information.

#### Social reporting

European companies are beginning to add a social component to their reports, but social reporting has yet to make much impact in either North America or the Asia-Pacific. A very few companies in the US, including The Home Depot and Boeing, are beginning to recognise social reporting, together with a few community reports (such as Sun Microsystems and BankAmerica). In Canada even fewer companies have taken this step – notably VanCity. Japan is showing a marked growth in reporting after a late start, and although over 98% of its reports are exclusively environmental, the first stirrings of social reporting can be discerned. <sup>3</sup>

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*Readers interested in environmental and social reporting may like to visit [www.corporate-register.com](http://www.corporate-register.com), which gives details of over 2,000 individual reports, and offers extensive search facilities.*

<sup>3</sup> See [www.globalreporting.org](http://www.globalreporting.org)