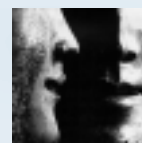




SustainAbility



United Nations  
Environment  
Programme



Engaging  
Stakeholders

# The Non-Reporting Report



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# Forewords



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## UNEP Foreword

Since 1993 when UNEP, in partnership with [SustainAbility](#), began working in the field of environmental reporting, the numbers of companies issuing corporate environmental reports (CERs) has increased dramatically. More recently, the interest of other stakeholders – such as regulators and the financial sector – has also created a greater demand for CERs which has led to exciting developments in environmental performance indicators and standardised reporting formats. In addition, various groups are calling for 'responsible entrepreneurship' and greater transparency, and the review of voluntary initiatives to ensure effective results.

All these factors indicate that reporting needs to become more widespread – in all industry sectors, and globally – for reporting to remain a credible means to communicate environmental performance. In addition, reporting means self-assessment, and is strongly linked to environmental management systems and competitiveness.

In this context, the goal of this report is not to give bad marks. We are convinced that many of the companies listed here as non-reporters have good environmental performance records. Our goal is to identify barriers to reporting and to suggest ways and means to overcome them.

The next step will be to engage non-reporters, including SMEs and companies operating in developing countries. UNEP is looking forward to continuing its cooperation with companies and industry associations which have a crucial role to play in encouraging reporting and benchmarking by member companies.

UNEP is a strong supporter of voluntary codes of conduct as they can be an important tool for improving industry's environmental performance. UNEP has worked closely with the banking and the insurance sectors to develop the UNEP statement by Financial Institutions on Environment & Sustainable Development and the Statement of Environmental Commitment by the Insurance Industry. UNEP also supports the ICC Business Charter for Sustainable Development.

As outlined in the UNEP Technical Report entitled *Voluntary Codes of Conduct for the Environment*, what is critical is that these codes are effectively implemented and lead to improvements in environmental performance. Environmental reports can be an excellent means to identify progress and measure results achieved.

Jacqueline Aloisi de Larderel  
Director  
United Nations Environment Programme  
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## SustainAbility Foreword

Ever since we began working with UNEP on company environmental reporting and stakeholder engagement, we have had in mind a survey of non-reporting companies. The idea often ended up on the back-burner, however, because of the sheer pace of development in reporting, with one sector after another coming 'on-stream' and environmental reporting beginning to evolve into 'triple bottom line' or 'sustainability' reporting.

Obviously one way to deal with non-reporters is to pass legislation requiring them to disclose environmental information. The USA went this way some time ago, and is being followed by countries like Denmark, The Netherlands, Norway and Sweden. [SustainAbility](#) has always argued that, after a period of intense, competitive experimentation in disclosure, reporting and accounting, such regulatory pressures would be essential, indeed inevitable.

One driver is the 'free rider' problem, with non-reporting companies gaining unearned benefits from the efforts of reporters. But there will be others, too, as major companies try to build a picture of the life-cycle impacts associated with their value chains. So to help things forward, we have taken a deeper look at the non-reporting issue. In some cases, too, we consider non-reporters directly alongside their reporting competitors, to turn up the heat a little!

Thanks, as ever, to Jacqueline Aloisi de Larderel and Nancy Bennet at UNEP – and to our sponsoring companies. But my most heart-felt thanks go to Shelly Fennell, Daniel Halder and Niklas Kreander for taking the somewhat over-simmered idea and producing a key contribution to the *Engaging Stakeholders* series.

John Elkington  
Chairman  
[SustainAbility](#)

# 1.0

## Introduction

'We must listen, learn and respond to the needs and values of our stakeholders. We believe that embracing a stakeholder-led approach will provide us with the best basis for successful business in the future.'

**Mads Øvlisen**

President and CEO, Novo Nordisk  
Environmental Report 1996

Over the past decade, voluntary corporate environmental reporting has expanded rapidly. More than 600 companies have produced a Corporate Environment Report (CER), over 1,000 Eco-Management and Audit System (EMAS) environmental statements are now available, and a growing number of companies release information electronically, through websites and CD-Roms.

Despite the encouraging growth rate, we cannot lose sight of the fact that reporting companies still represent only a small percentage of companies overall.

In *Engaging Stakeholders Volume 1* (1996), we concluded that the ultimate success of environmental reporting hinged on getting more companies to report. For this reason, the promotion of reporting around the world remains a high priority for the ongoing [SustainAbility/UNEP Engaging Stakeholders](#) programme.

Since then, support for greater public disclosure of environmental information has come from some rather unexpected quarters. The environment ministers from member nations of the Organization for Economic Co-operation and Development (OECD) recently approved a recommendation that all member countries take all necessary steps to increase the public availability of environmental information held by public authorities.

Several European countries have already approved legislation requiring companies to publicly report on their performance, and others may soon follow.<sup>1</sup>

Speaking at the **The Association of Chartered Certified Accountants (ACCA)** reporting awards in March 1998, UK Environment Minister Michael Meacher issued a direct challenge to British companies: report voluntarily, or it will become mandatory. He went on to, as one UK newspaper put it, 'name and shame' non-reporting companies in various sectors, while expressing appreciation for reporting companies' efforts.

Our goal in this publication is to promote reporting by exploring why some companies choose to produce CERs while others choose not to. Our focus is primarily on large – Fortune 500 – companies with significant environmental impacts. The majority of companies we looked at are headquartered in Europe or North America.

In the next sections we address the following questions:

- 1 What motivates companies to report in the first place?
- 2 Once they have reported, what benefits do they perceive?
- 3 Why have so many companies decided (so far) not to report?
- 4 Which companies produce reports – and which do not?
- 5 How do the expectations of non-reporting companies compare to the experiences of reporting companies?
- 6 What would convince non-reporting companies to change course?

We also take a special look at corporate signatories of the **International Chamber of Commerce *Business Charter on Sustainable Development***, which includes a commitment to publicly report a signatory company's progress against 16 key environmental principles.

Our conclusions are based on our recent international survey of over 50 reporting and non-reporting companies, and our continuous, worldwide discussions with companies over the advantages and disadvantages of corporate environmental reporting.

<sup>1</sup> Currently Denmark and The Netherlands, with Sweden and other countries also following suit in 1999.

The full version of  
the Non-Reporting Report  
is available directly from:

[www.sustainability.co.uk](http://www.sustainability.co.uk)

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# Engaging Stakeholders Publications

...required reading for all of us involved in preparing reports!  
**Hugh Somerville**  
 Head of Environment  
 British Airways

To order *The CEO Agenda* or any other of the *Engaging Stakeholders* publications, or for any other information, please contact **SustainAbility** at the address below:



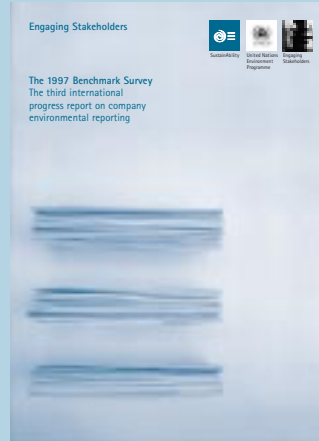
**SustainAbility/UNEP**  
*Engaging Stakeholders*  
 Volume 1: *The Benchmark Survey*  
 1996

Covers international trends in corporate environmental reporting; introduces new and revised reporting and benchmarking tools; summarises the 1996 **SustainAbility/UNEP** benchmark survey results.



**SustainAbility/UNEP**  
*Engaging Stakeholders*  
 Volume 2: *The Case Studies*  
 1996

Focuses on the activities and perspectives of twelve very different users of corporate environmental reports from countries such as Sweden and Thailand, the Danish and Dutch environment ministries, through Greenpeace and CERES to financial risk rating agencies.



**SustainAbility/UNEP**  
*Engaging Stakeholders*  
*The 1997 Benchmark Survey*  
 1997

Analyses 100 Corporate Environmental Reports (CERs) from 16 different sectors and 18 countries. The survey identifies areas of strength and weakness in company environmental reporting and highlights examples of best practice.



**SustainAbility/UNEP**  
*Engaging Stakeholders*  
*The CEO Agenda*  
 1998

Highlights the findings of an international survey of chief executive officer (CEO) perspectives on the 'triple bottom line' of sustainable development. The report discusses the board-level implications of stakeholder engagement and accountability.



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