



Integrated Environmental Management Information Series

Environmental Reporting

17



Department of
Environmental Affairs and Tourism

Other topics in the series of overview information reports on the concepts of, and approaches to, integrated environmental management are listed below. Further titles in this series are being prepared and will be made available periodically. Sequence of release and titles are subject to change.

Information Series 0:	Overview of Integrated Environmental Management
Information Series 1:	Screening
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REFERENCING

When referencing this document, it should be cited as follows:
DEAT (2005) Environmental Reporting, Integrated Environmental Management Information Series 17, Department of Environmental Affairs and Tourism (DEAT), Pretoria

ISBN

0-9584729-3-9

PREFACE

This document is one of a series of overview information documents on the concepts of, and approaches to, integrated environmental management (IEM). IEM is a key instrument of South Africa's National Environmental Management Act (NEMA). South Africa's NEMA promotes the integrated environmental management of activities that may have a significant effect (positive and negative) on the environment. IEM provides the overarching framework for the integration of environmental assessment and management principles into environmental decision-making. It includes the use of several environmental assessment and management tools that are appropriate for the various levels of decision-making.

The aim of this document series is to provide general information on techniques, tools and processes for environmental assessment and management. The material in this document draws upon experience and knowledge from South African practitioners and authorities, and published literature on international best practice.

ACKNOWLEDGEMENTS

The author acknowledges, with grateful thanks, the ongoing support and freely given assistance provided through ongoing networking and cooperation that he receives from all colleagues, peers and clients in his research, development and writing work. The opinions expressed and conclusions drawn are those of the author's and are not necessarily the official view of the publisher, the Department of Environmental Affairs and Tourism. The author and publisher make no representation or warranty, expressed or implied, as to the completeness, correctness or utility of the information in this publication. Whilst every effort has been made to ensure that the information contained herein is accurate, the author and publisher assume no liability of any kind whatsoever resulting from the use or reliance upon the contents of this publication.

NOTE

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SUMMARY

Environmental reporting is carried out by many different organisations and bodies and manifests itself in many different forms, from country-level environmental reporting through to corporate environmental reporting. For a number of years, companies have begun to produce regular environment or sustainability reports which detail the company's impacts upon the environment and the ways and means that the impacts are measured and monitored. Environmental reports can be presented in many different ways. They can be electronic and circulated on the Internet or they can be printed on glossy paper and include pictures and illustrations. All of these options influence whether or not the reports will be read and how effective their contents will be in influencing people to make decisions, take actions or change their behaviour.

This document looks at a brief history of corporate environmental reporting and how it has developed nationally and internationally. It tries to give insights into the kind of aspects that need to be taken into account when preparing corporate environmental reports. Changes in environmental reporting methods, approaches and techniques are occurring so rapidly that new initiatives are being created all the time. The content of this document should be seen as merely suggesting some options for corporate environmental reporting, and further exploration of the subject is recommended. At the end of the document an extensive reference and further reading list and a detailed list of websites is provided.

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1. INTRODUCTION

As early as 1992, when the Rio Declaration on Environment and Development and Agenda 21 were adopted during the United Nations Conference on Environment and Development (United Nations, 1992), people recognised the need for sound environmental information for improved decision-making. Environmental reporting arose out of this need for information, and can be found in many forms today:

- Country reporting to international conventions (e.g. United Nations Framework Convention on Climate Change);
- Environmental reporting by non-governmental environmental agencies (e.g. World Conservation Union and World Resources Institute);
- State of the Environment Reporting at global, regional, national and sub-national level;
- Corporate environmental reporting; and
- Sustainability reporting.

Although many types of environmental reporting are conducted, the focus of this particular document is on corporate environmental reporting.

2. PURPOSE OF THIS DOCUMENT

The purpose of this document is to provide an introduction to corporate environmental reporting.

Basic guidance is provided as to the framework required for corporate environmental reporting and how to go about the process of reporting. A number of practical suggestions are put forward as to what preparations are required for sound reporting, as well as an extensive reference section on sources of information that may be useful. Many of the basic principles of corporate environmental reporting can be applied to other types of environmental reporting.

3. CORPORATE ENVIRONMENTAL REPORTING

3.1. History of corporate reporting

Reporting in the corporate world first began in the form of financial reporting, and was used as a means of informing shareholders about the financial performance of a company. Additional types of corporate reporting are now being used to gather a wider range of information, including health and safety reporting, quality reporting, environmental reporting, social responsibility reporting, and most recently sustainability reporting (see Box 1). These newer types of reporting are typically used to inform stakeholders (who include customers, employees, neighbours, investors, government, non-governmental organisations (NGO's), civic associations and the public) about the overall performance of the organisation.

Box 1 - Trends in Corporate Reporting

1930s –	Financial reporting
1970s –	Social accounting
1980/90s –	Environmental reporting
1990s –	Business reporting, non-financial reporting, “Value Reporting”, Intangibles accounting
2000+ –	Sustainability reporting
2010 ? –	Total performance reporting?

(Adapted from White, 2003)

There is little doubt that corporate environmental reporting has become an international priority. In the Johannesburg Plan of Implementation (United Nations, 2002), signed at the World Summit on Sustainable

Development, specific reference was made to the role of corporations in meeting the challenges of sustainable development. Box 2 highlights the relevant text.

Box 2: Johannesburg Plan of Implementation

Paragraph 18(a): Encourage industry to improve social and environmental performance through voluntary initiatives, including environmental management systems, codes of conduct, certification and public reporting on environmental and social issues, taking into account such initiatives as the International Organization for Standardization (ISO) standards and Global Reporting Initiative (GRI) guidelines on sustainability reporting, bearing in mind principle 11 of the Rio Declaration on Environment and Development...**Paragraph 49:** Actively promote corporate responsibility and accountability, based on the Rio principles, including through the full development of effective implementation of intergovernmental agreements and measures, international initiatives and public-private partnerships and appropriate national regulations, and support continuous improvement in corporate practices in all countries... (United Nations, 2002)

3.2. The shift towards corporate environmental reporting

Corporate environmental reporting began in response to community and NGO pressure on companies to show a move towards greater environmental practice.

Corporate environmental reporting was traditionally a voluntary process but from the mid-1990s, a number of countries began to introduce mandatory reporting requirements. In 1996 Denmark was the first country to introduce the requirement for public environmental reporting for companies, followed by Norway, Sweden and the Netherlands in 1999 (Scott, 2001a). Public and private companies in Australia are expected to report on economic, social and environmental issues in terms of an amendment to the Companies Act which came into effect from 2000. In the European Union (EU), a European Pollutant Emission Register (EPER) has been established and member states have had to adapt or introduce national legislation to establish national emission registration and reporting systems. In the

United States of America reporting on specific toxic chemicals is required in terms of the Toxic Release Inventory (TRI; KPMG, 1999). The United Kingdom is introducing changes to company law which will require the mandatory filing of an Operating and Financial Review (OFR) from January 2005 and will include environmental, social and community issues (Anon, 2004).

Corporate environmental reporting has undergone a change in the focus of the contents, reflecting a similar shift in the use and management of information within the corporate structure. It is difficult to pinpoint any particular reason behind this shift, but the driver is most likely the emerging philosophy of corporate governance and accountability. The shift in focus is illustrated in Table 1. The shift illustrates quite clearly that stakeholders will no longer passively accept information or part-information. They want to engage companies on data and question its reliability and relevance.

Table 1 - Corporate Environmental Reports Shift in Focus

Original Focus	Emerging Focus
One-way passive communication	Multi-way, active dialogue
Verification as an option	Verification as a standard
Single, company progress reporting management system	Benchmarking, life cycles, business design, strategy
Inputs and outputs	Impacts and Outcomes
Ad-hoc operating standards	Global operating standards
Public relations	Corporate Governance
Voluntary reporting	Mandatory reporting
Company determines reporting boundaries	Boundaries set through stakeholder dialogue
Environmental performance	Triple Bottom Line

(Agrifood Forum UNEP, 2000)

It must be noted that the emerging focus represents an ideal which is achieved by few companies. However where the original focus was based on what companies chose to report, the emerging focus depends on what users want company information provided on. Corporate environmental reports have become the tools used in assessing the reliability and accountability of companies to manage their non-financial assets and liabilities.

3.3. Why corporate environmental reporting?

The historical reasons for undertaking environmental reporting vary from region to region. Studies indicate that the main drivers in Europe included duty to the environment, public relations, gaining a competitive advantage, and legal compliance. In North America shareholder pressure seemed to be more significant than legal compliance. In Japan consumer and shareholder pressure, campaign interest groups, environmental duty and public relations all scored higher than legal compliance as reasons for undertaking environmental reporting (Wheeler and Elkington, 2001).

The use of environmental reports depends very much upon the target audience of the report. Corporate environmental reports are used by investors to check whether there are environmental liabilities which if not properly managed could cost them heavy losses in dividends and returns on their investments. There are indications that the contents of environmental reports are being used more extensively by NGOs and pressure groups to encourage greater responsibility towards the environment. In some cases, there is opposition to certain types of environmental reports because it is believed that they release information which could be used by other parties for their own gain. For example, companies, by analysing the environmental statistics of their competitors, could gain valuable insights into their technology being used and gain competitive advantage. There are also calls from some quarters for more information in environmental reports to enable a better picture to be built of environmental performance. As with any form of reporting, the cost of generating the information and producing the reports must be carefully weighed against the benefits gained from the reports.

Some of the benefits of corporate environmental reporting include:

- * Improved organisational reputation;
- * Enhanced transparency, accountability and responsible governance;
- * Enhanced communication with stakeholders;
- * Contribution to wider education of the public;
- * Improved risk management;
- * Identification of potential opportunities for the reduction of resource use and operating costs;
- * Improved customer confidence and exposure; and
- * Improved competitive advantage (DEFRA, 2001; Merrick and Crookshanks, 2001, Australian Government, 2004).

4. CORPORATE ENVIRONMENTAL REPORTING IN SOUTH AFRICA

The formalisation of corporate environmental reporting and its successors in South Africa commenced with the publication of the South African Institute of Directors' "King Report on Corporate Governance for South Africa 2001". This set of guidelines (described by some as a voluntary code of conduct destined to become mandatory), in addition to spelling out minimum standards for governance by company directors, also tackled non-financial matters such as health, safety and environment, ethics, social issues and the importance of reporting these non-financial matters.

Early in 2004, the Johannesburg Securities Exchange (JSE) launched its Socially Responsible Investment Index ("SRI Index") which set out to measure and monitor JSE members to enable investors to judge their social responsibility (including health, safety, environmental and social issues) performance. The JSE has also indicated that it expects its members to report on "Triple Bottom Line" matters on a regular basis.

A number of South African companies have been producing environmental reports since the 1990s and these have been tracked through the annual KPMG Environmental Reporting Awards (recently changed to Sustainability Reporting Awards). Many of the companies that have shown notable successes in this field of reporting began by implementing the ISO 14001 standard and have begun to move to sustainability reporting. Although there are a few companies that have graduated to sustainability reporting and are using the Global Reporting Initiative (GRI) Guidelines, there are still fewer companies that have been successful in achieving appropriate levels of reporting which enable effective benchmarking against other international companies and multi-nationals.

5. GUIDELINES FOR CORPORATE ENVIRONMENTAL REPORTING

There is no current legal requirement in South Africa for corporate environmental reporting. Having said that, there appear to be few obstacles preventing regulatory authorities from including reporting as a condition of permit or licence.

There are numerous international guidelines and codes of conduct available for reporting (a list can be found in Sections 10 and 11 of this document). Some of the better known include the Australian Framework for Public Environmental Reporting, the DEFRA General Guidelines on Environmental Reporting, and the International Council for Chemical Associations' Responsible Care - Health Safety and Environmental Reporting Guidelines (World Resources Institute, 2003, www.enviroreporting.com). Perhaps the most widely used and respected of all the guidelines are those produced by the Global Reporting Initiative.

¹ Specific guidance on environmental performance measurement and reporting can be found by consulting ISO 14031: Environmental Performance-Guidelines.

5.1. Global Reporting Initiative (GRI)

The GRI has become the premier guideline for corporate reporting, and the transparency of the reporting framework makes it an important comparative tool which underlines integrity and openness. The guideline seeks to ensure that a report:

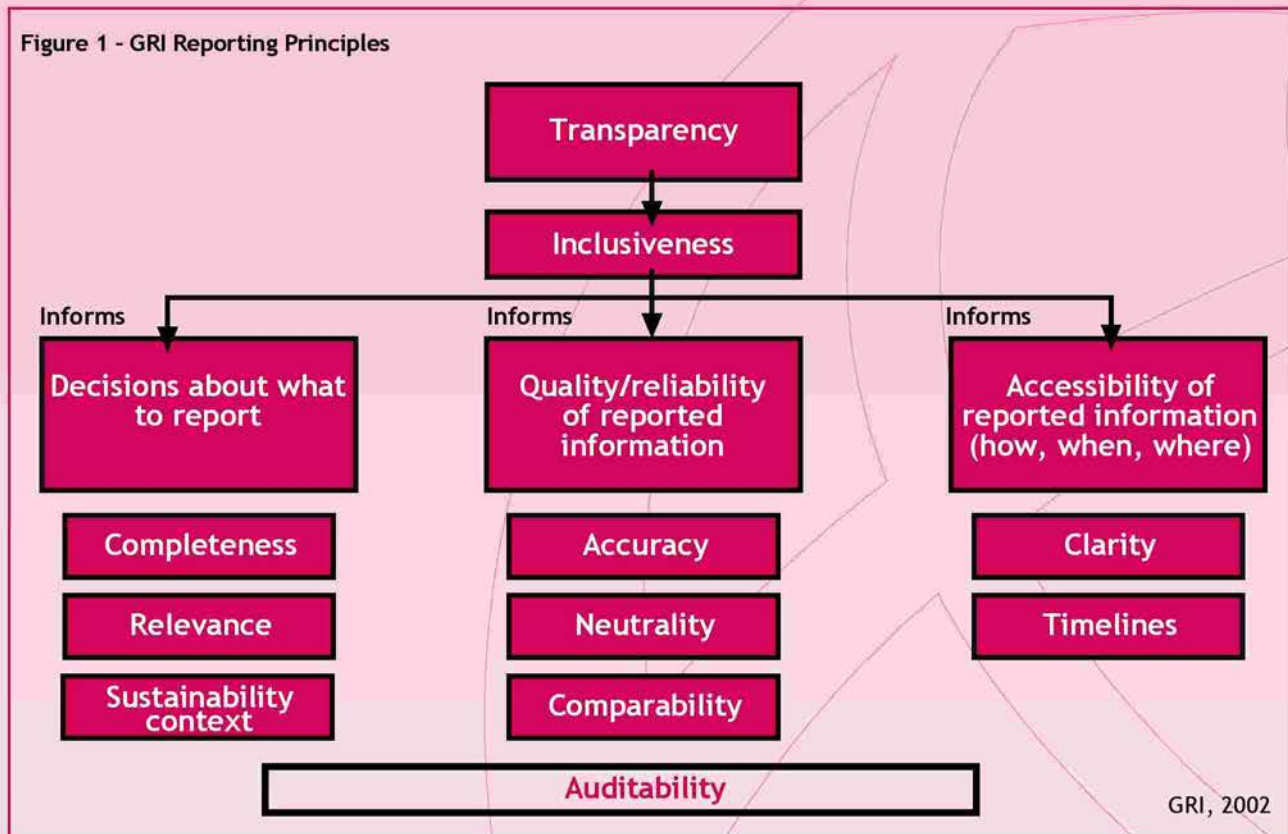
- Presents a balanced and reasonable account of economic, environmental and social performance, and

resulting contribution of the organisation to sustainable development;

- Facilitates comparisons over time;
- Facilitates comparisons across different organisations; and
- Credibly addresses issues of concern to stakeholders.

The key elements of the GRI principles are displayed in Figure 1.

Figure 1 - GRI Reporting Principles



The GRI guidelines and templates can be downloaded freely from <http://www.globalreporting.org>.

6. VARIATIONS OF CORPORATE ENVIRONMENTAL REPORTING

There are a number of different forms of corporate environmental reporting undertaken by organisations internationally. The choice of report is based on the focus that the company wishes to project.

6.1. Sustainability reporting

Sustainability reporting has only gained significant momentum since 2000 and accelerated with the release of the GRI Guidelines (first issued in 2000 and revised in 2002, which coincided with the World Summit on Sustainable Development held in Johannesburg) (KPMG, 2002).

AccountAbility, a UK-based institute promoting business accountability, has introduced the AccountAbility Rating to assess company sustainability reports. AccountAbility reviewed the sustainability reports from the Fortune Global 100 (the world's top 100 companies with the highest revenues) and showed that 72% of G-100 companies issued sustainability reports by 2004, whereas only 48% had done so by 2003 (Baue, 2004a).

6.2. "Triple Bottom Line"

"Triple Bottom Line" is a term developed to explain the need to broaden the focus of "bottom line" financial profits to include social and environmental "bottom lines". The argument presented is that much financial profit is made at the cost of deterioration in social and environmental health and the use of so-called "free"

economic goods such as air and water to dispose of wastes and emissions at little or no financial cost.

"Triple Bottom Line" and sustainability reports are very similar in nature. The Australian focus has been to make greater use of the term "Triple Bottom Line", to the extent that one of the main Australian guides to environmental reporting is called "Triple Bottom Line Reporting in Australia" (Environment Australia, 2003).

6.3. Corporate social responsibility (CSR) reporting

Corporate social responsibility is not a new topic in business. Building an ethical base to business practice has been the aspiration of many businesses throughout the world. Corporate social responsibility involves sensitivity and action on issues such as human rights, employees rights, environmental protection, community involvement, supplier relations monitoring and stakeholder rights (Watts and Holm, 1999).

Measurement, monitoring and reporting of these non-financial issues is not an easy task. Methods used include benchmarking, use of accreditation processes (e.g. Social Accountability - SA 8000, AccountAbility 1000, ISO 9000, ISO 14000, OHSAS 18001 and Investors in People), social screening services and rating systems, site-specific assessments and project appraisals.

6.4. Global compact

In January 1999 the Secretary-General of the United Nations (UN), Kofi Annan, called on business leaders at the Davos World Economic Forum to join the UN, and other actors,

to help provide the social pillars that a sustainable global economy requires. He proposed a "Global Compact" or charter which promoted nine principles (see Box 3) from the Universal Declaration of Human Rights, the Declaration of Fundamental Principles and Rights at Work of the International Labour Organisation and the Rio Declaration on Environment and Development (Fussler, Cramer and van der Vegt, 2004). The principles comprised the core elements of the UN normative agenda as it relates to business, human dignity, decent work and environmental sustainability. The Charter evolved into a programme and

over 1000 companies worldwide participate in it, along with 20 transnational NGOs, international labour federations representing 150 million workers, and five UN agencies. The GRI has entered into an alliance with the Global Compact to develop tools and protocols for the implementation, measurement, monitoring and reporting of the nine principles. The Global Compact represents an attempt at the practical implementation of sustainable development and sustainability principles and by linking with GRI, one can recognise the evolution of environmental reporting to sustainability reporting.

Box 3 - Nine Principles of the Global Compact

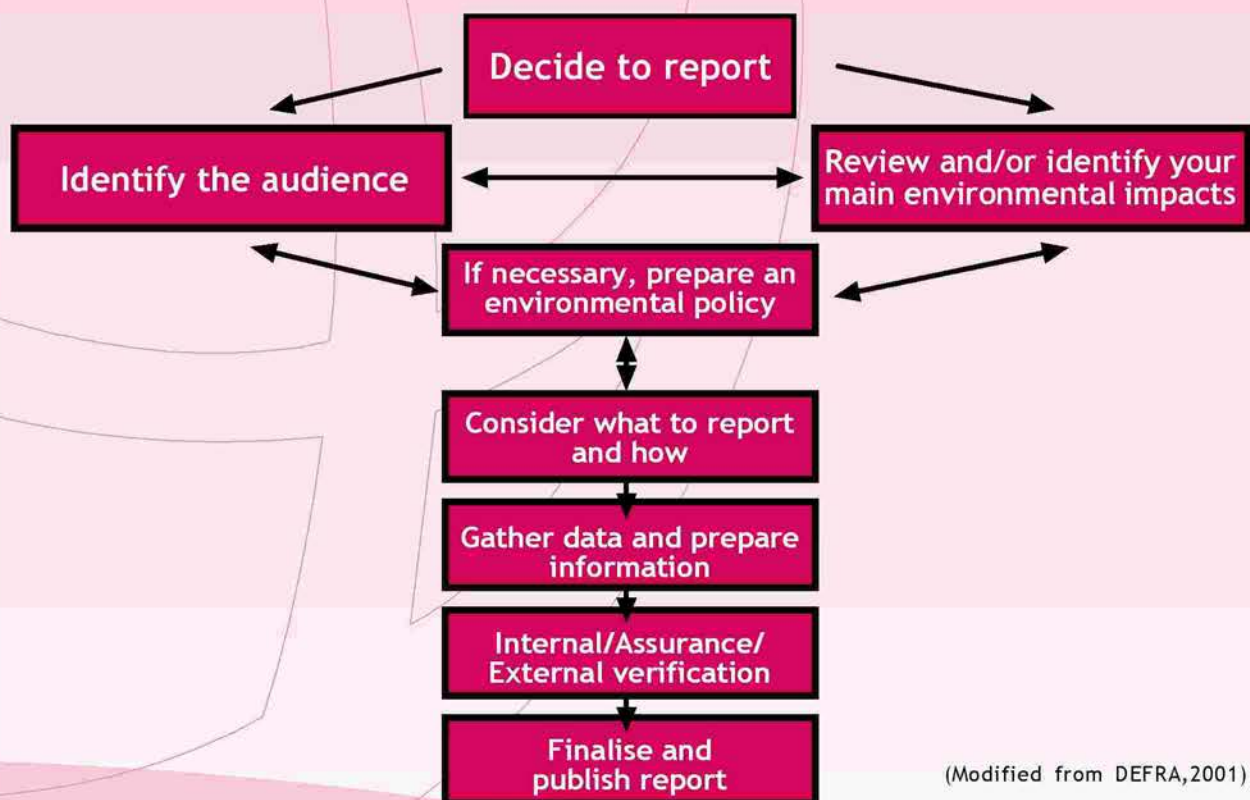
- * To support and respect the protection of internationally proclaimed human rights
- * To ensure non-complicity in human rights abuses
- * To ensure freedom of association and the effective recognition of the right to collective bargaining
- * To eliminate all forms of forced and compulsory labour
- * To ensure the effective abolition of child labour
- * To eliminate discrimination in respect of employment and occupation
- * To take a precautionary approach to environmental challenges
- * To show greater responsibility
- * To encourage the development and diffusion of environmentally friendly technologies

(Fussler, Cramer and van der Vegt, 2004)

7. TYPICAL PROCESS INVOLVED IN THE PREPARATION OF A CORPORATE ENVIRONMENTAL REPORT

All forms of corporate environmental reporting will differ slightly in the specifics of each reporting process, however they will all follow a common generic process as illustrated in Figure 2.

Figure 2 - Generic Environmental Reporting Process



(Modified from DEFRA, 2001)

7.1. Planning the report

A useful and simple starter "do's and don'ts" guide to the planning of a report is presented in Box 4. The "do's and don'ts" have been generated from discussions with small and medium businesses who have started reporting and learnt important lessons from particular approaches and strategies.

Box 4- Selected "dos" and "don'ts" of corporate (environmental or sustainability) reporting

Do:

- * Do it now - and do it systematically.
- * Decide at the outset which stakeholders you are targeting.
- * Find out what the stakeholders think and want. Focus your messages and make the format user friendly.
- * Make sure you have accounted for any damage you may have caused - financial and non-financial.
- * Be honest - give the good news but don't hide or modify the bad.
- * Focus on the areas of greatest impact.
- * Quantify and benchmark. Develop meaningful and relevant indicators (e.g. waste generated per unit of production or CO₂ output per R1000 of sales).
- * Spell out clear targets.
- * Consider verification as a means of checking yourself and your assumptions.
- * Ask for feedback, make it as easy as possible (pre-paid postcards, toll-free telephone numbers), and listen and act upon feedback.
- * Make sure that your reporting is covered by your broader communications strategy.

Don't:

- * Treat your first report as a one-off. Reporting is a process and a long-term commitment.
- * Ignore the possibility that some stakeholders and interested and affected parties (pressure groups, competitors, aggrieved neighbours, etc.) may use your information to reinforce your weaknesses.
- * Ignore the need to market your report amongst your stakeholders and interested and affected parties.
- * Forget that reporting is part of a process which also involves the product life cycle and the supply chain. (Involve others too).
- * Overlook the next steps and the process progression.

Modified from BSDglobal.com, 2002

7.2. Data collection and management

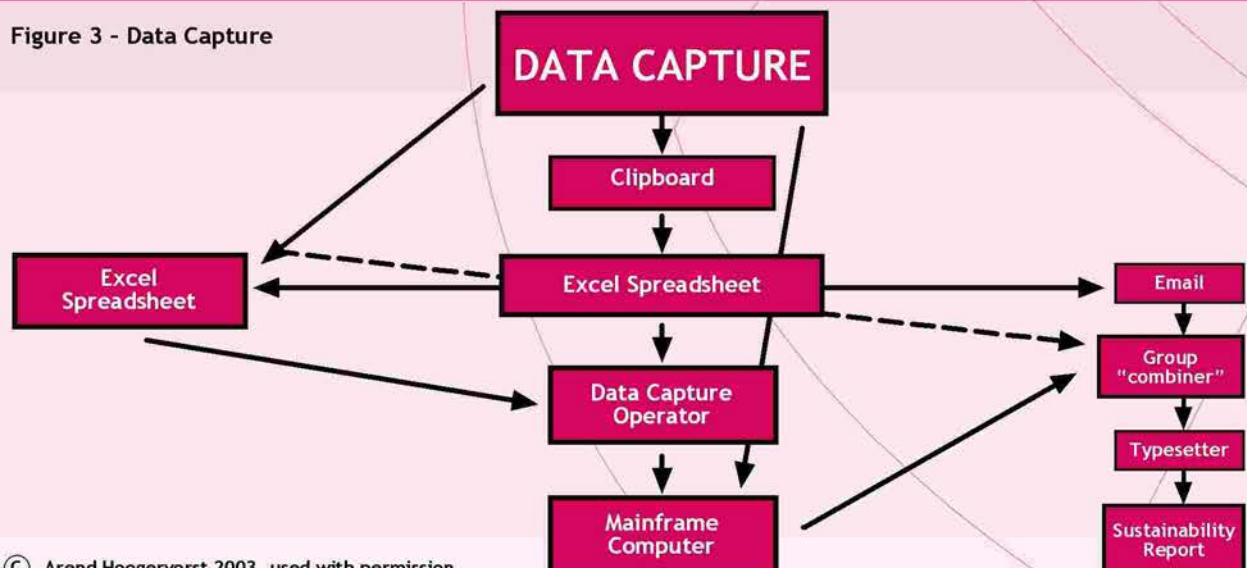
An important component in the success of environmental reporting is ensuring that the collection and management of data forming the inputs to the reports is well organised, and able to ensure accuracy and appropriateness. Time and effort needs to be invested in setting up systems to collect data and ensure continuity and relevancy.

If the data are used to develop international programmes of action, accurate base data are crucial in ensuring that the correct effort and priority is put in the right areas of

need. Accuracy at collection and management stages may seem a minor issue but can make a significant difference.

Figure 3 illustrates how data can be moved between different collection and transfer points. It can be seen that the transfer of data can go via many different routes, all of which are subject to errors in transposition, corruption through lost links in spreadsheets, and modification along the route. Good data management should ensure that information passes through as few hands as possible and at all of its stages, is checked for accuracy and "up to date" status.

Figure 3 - Data Capture



7.3. Preparation of corporate environmental reports

The contents of an environmental report are highly dependent upon the target groups and stakeholders at which it is aimed. One important thread that must run

through a report is the ability to be able to track changes in environmental performance. A generic list of the contents expected to be found in most environmental reports is presented in Box 5.

Box 5: Generic Contents List for Corporate Environmental Report

- * Introduction from Chief Executive/CEO
- * Background information on the organisation
- * Organisation's environmental policy
- * Description of organisations' management systems
- * Key environmental impacts
- * Environmental performance indicators
- * Targets for improvement/ progress against previous targets
- * Interactions/communication with stakeholders
- * Status of legal compliance
- * Statement of independent verification of report content

7.4. Presentation of a corporate environmental report

The presentation format of environmental reports is very important in ensuring that the target audience can assimilate the information in the report. There are many different factors that can influence successful acceptance of an environmental report. A few of these are discussed below.

Hard Copy versus Internet

There is a growing movement to report on the internet instead of producing hard copy reports. This is being prompted by claims that it makes the reports more accessible and it also reduces costs. Both arguments are correct but they need to be seen in the context of stakeholders. If the stakeholders are located in rural Africa with limited access to electricity and the Internet, then on-line reporting is inappropriate.

Sometimes electronic reporting can benefit specific target groups such as employees who make extensive use of an Intranet system. In such a case, a web based system would be ideal. There are a number of models and templates available but the best known is the template developed by Martin Charter (Charter, 1998). Charter's template is a web-based report framework into which data can be easily and quickly loaded. The template is inexpensive compared to paper based reports and enables easy access.

It is important to consult with stakeholders who will be using the reports to understand what their needs are and what reporting modes best suit their circumstances.

Language

Another issue is the question of reporting in different languages. There are many companies whose working language is not English but they produce English language versions (on-line and in hard copy) because English is

perceived as the leading international "business" language. Some international companies produce summary reports of their environmental or sustainability reports in the local language of their subsidiaries as a means of making information more readily available to local stakeholders.

"Glossy" versus "Plain"

Glossy reports that are in full colour, and printed on high quality paper may be considered by some readers as "greenwash". A reverse line of thinking is to spend equally large sums of money on using high quality expensive, recycled paper and presenting an "environmentally friendly" image. Once again, this kind of approach needs to be tested against the views and perspectives of the target audience of the report. For example, activists are less likely to be motivated by glossy reports whereas some shareholders might see this reflecting a prosperous image and in keeping with their desires to see regular and healthy dividends being distributed.

Remember your Target Groups (Stakeholders)

Target groups for reports consist of a range of stakeholders. It is often possible to prepare a report which can cater for the full range of stakeholders. However, it should be borne in mind that there may be occasions where specialised reports are needed for specific stakeholder groups. For example, it may be necessary to prepare a special report for the regulatory authorities because they require specific data in a particular format or they may require detail which would not be helpful or clear to the general public.

Trying to make a report say too many things in too many different ways can be confusing to some stakeholders and can also create the wrong impression. Consultation with stakeholders is an important stage in the reporting process and examples of stakeholders (also described as Interested and Affected Parties) are included in Box 6.

Box 6: Examples of Stakeholders (also known as interested and affected parties)

- Employees
- Trade Unions and Staff Associations
- Investors and potential investors
- Investment analysts and advisors
- Customers and suppliers
- Competitors
- Contractors
- Banks, Finance Houses, Lending Institutions, Insurers
- Regulatory and legislative bodies (local, provincial, national)
- Neighbouring and regional communities
- Press and media (hard copy and electronic)
- Business, administrative, academic and research institutions (national & international)
- Chambers of Commerce and Industry and other business associations
- Environmental groups
- Other Non-Governmental Organisations
- Consumer interest groups
- Civil Society groups and associations
- General Public

² Defined as "...disinformation dissemination by an organisation so as to present an environmentally responsible public image..." (10th Oxford Dictionary) or "... The phenomenon of socially and environmentally destructive corporations attempting to preserve and expand their markets by posing as friends of the environment and leaders in the struggle to eradicate poverty..." (Corpwatch, 2002).

7.5. Roles, responsibilities and activities within corporate environmental reports

(i) CEO

The CEO's role in the report and its production is to ensure that all stakeholders understand that the report and its contents have his/her fullest support and endorsement. This is normally presented in the form of the CEO's introduction or statement at the beginning of the report. This should not be seen as a cosmetic component but as an opportunity for the organisation's most senior manager to endorse the organisation's policy and its willingness to be transparent, open and honest about its performance.

(ii) Company Secretary

The role of the company secretary or similar organisational official is to ensure that the administrative structures in the organisation are coordinated and work together to ensure that the report is compiled. In addition the company secretary has to ensure adequate resources are allocated to ensuring the success of the reporting process and the production of the final document.

(iii) Environmental Staff

The environmental staff have the task of collating the report data from the various sources throughout the organisation. If "buy-in" from the employees is established, and the commitment from the CEO is clear and visible, their task should be relatively easy.

(iv) Employees

The role of the employees is to ensure that the performance data that are being collected during the reporting period are accurate and correct. This is dependent upon the employees understanding why the data are being collected, how they are to be used and why it is important to the organisation that the data are accurate.

(v) Auditors and Verifiers

Auditors and verifiers provide the checks and balances to ensure that the information reported in the reports is accurate and truly reflect the facts. Internal auditors will provide the on-going internal checks via the organisation's systems and procedures. External auditors and verifiers will provide external and independent verification that the information is correct.

(vi) Communities and NGOs

Communities and NGOs may be directly affected by the activities of the organisation that is undertaking the reporting. They also have a "watchdog" function to check that reporting is appropriate and reflects the organisation's performance accurately.

7.6. Verification

The credibility of reports is dependent upon the quality and accuracy of the contents and the mechanisms that are in place to transparently verify them. Stakeholders who make use of the reports must be able to do so with absolute confidence in the contents. External and independent verification of reports against recognised standards and specifications is a means of ensuring that there can be no disputes over the accuracy of the report data.

Verification is not simply an exercise which involves bringing in an external verifier at the end of the reporting process. Ideally, the reporter should consult with stakeholders over the proposed format, content and process of report production, including the methods and means of verification. This inclusion of the verification proposal, and the opportunity for the stakeholders to comment thereon, will increase the credibility of the reporting process and add to the confidence that can be placed in the report.

8. THE ADVANTAGES OF CORPORATE ENVIRONMENTAL REPORTING

8.1 Use of environmental reports

Environmental reports can be most useful when communicating with stakeholders on issues such as business development, investment, capital development funding, corporate responsibility, expansion, community impacts, and recruitment.

They provide a public face for the organisation and can add credibility to, and acceptance of, the activities carried out by the organisation. Obviously, if the information is incorrect or if the organisation does not meet the targets it sets or does not keep commitments made in reports, the result can be embarrassing and have a significant impact upon the organisation's reputation and, in some circumstances, the share price.

It is for this reason that the whole organisation must be aware of the commitment made within the report and be willing to accept and achieve the targets and commitments made.

8.2 Legal aspects associated with environmental reporting

The legal aspects of environmental reporting reflect the differing perspectives that might be taken by stakeholders with various agendas. Some stakeholders argue that by providing wide ranging environmental information the company or organisation is more exposed to legal action from aggrieved parties. The counter argument is that if the data are freely available, they are unlikely to be of a nature where it could provide motivation for legal action.

If companies cooperate with the authorities on compliance issues, as frequently occurs in South Africa, the data appearing in environmental reports are probably already in the public domain. In contrast, the US approach of "command and control" has created an environment whereby companies only provide such information to the authorities as is required by law and audits are conducted through legal advisers to ensure that the data are protected by legal privilege.

8.3 Psychological perspectives in reporting

Environmental issues tend to evoke emotions in many people and thus the environmental report can have both a positive and negative psychological impact. That impact should not be underestimated and if carefully managed, can have positive benefits for the organisation and its reputation.

If stakeholders are consulted and participate in the planning, development and content of the report, the organisation could more readily find itself accepted as a part of the community within which it operates. The benefits of friendly and supportive neighbours can never be underestimated and also result in business benefits in the long term.

8.4 Stakeholder inputs and feedback

The ideal situation is to establish clear two-way communication with stakeholders on the content of environmental reports. Wherever possible, consultation with stakeholders before the reporting process starts will assist in understanding what priorities are important to stakeholders. The report is one of the mechanisms that provides credibility, confidence and trust in the organisation. By providing information which increases

confidence, in a format that is easily and readily understood, stakeholders are more likely to invest, support, accept and accommodate the organisation, whether they are shareholders, NGOs or neighbours.

8.5 Commercial benefits of environmental reporting

There are mixed views on whether environmental reporting has direct financial benefits. A study on the role of environmental reporting in supporting share values in FTSE100 companies (Walmsley & Bond 2003) concluded that, on average, reporting companies did not perform better than their non-reporting counterparts. However, a broad-based review of the energy and utilities and financial services sectors suggested that companies producing the best reports saw this contributing to improved share prices and enhancement of their reputation as good companies to invest in. The study also indicated that those companies that reported, experienced reduced share price volatility and probably showed steadier growth.

Environmental or sustainability reporting provides added information to investors to identify eco-efficient sources of investment and thus reinforces the value (financial and non-financial) of sound environmental management practices, which include environmental reporting.

8.6 Quality Control

The reporting process must be supported by a system of checks and quality controls to ensure that the data used and presented are as accurate as possible. Internal checks need to be carried out before external verification is undertaken. Whilst many organisations will have internal auditors to check the financial data, the extension of this checking process to non-financial data is often not undertaken.

The motivation to provide the resources to carry out the internal checking and quality control is based upon the organisation's management of risk. Risk is usually seen

primarily from the perspective of financial risk and sometimes the financial costs of, say, health and safety risks. Non-financial data such as safety, health and environmental statistics form the base for calculating the risks and financial liabilities associated with such possibilities as occupational health compensation claims, groundwater pollution, contamination of sites, air emission releases, and long-term exposure of neighbours to pollutants. Furthermore, it's the accuracy and presence of safety, health and environmental statistics that forms a part of the audit document trail, should an organisation ever need to defend itself from legal actions associated with health exposures, pollution and contamination.

9. CONCLUSION

The communication and dissemination of corporate environmental information has become a vital requirement in the on-going management and monitoring of human activity and its impact upon the earth. Accurate and successful reporting in its many forms requires skill and expertise in ensuring that the information is reported to target groups in the best possible manner, appropriate to their needs. Reporting has evolved from the most basic word-of-mouth form to sophisticated electronic transfer and broadcast. It is clear that there is no "right" or "wrong" way to report, just the requirement to ensure that reporting is appropriate and accurate.

There are many different types of "environmental" reporting that can be undertaken. Before embarking upon the development of a reporting process, careful thought needs to be given as to what type of report would best satisfy the needs of stakeholders. Trends suggest that a broad based level of reporting which includes social responsibility, social investment, as well as the traditional safety, health, environmental and financial reporting, is becoming more relevant and necessary to judge and monitor organisations.

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11. WEBSITES

All website addresses have been checked at the time of writing. Should the links be broken or inaccessible, go to the main site home page (usually ending with ".com", ".org" or a country reference such as ".uk", or ".za") and check for an alternate address or location of the information you require.

Accountability

Accountability is an international professional institute which promotes accountability for sustainable development. It develops assurance and accountability tools and standards and produces research work and reporting which tracks performance in environmental management and sustainability.

<http://www.accountability.org.uk>

Australian Business

This section of Australian Business's website includes the environmental reports of five small Australian businesses who have successfully produced environmental reports that illustrate their environmental performances and achievements. (See also Williamson (2001) above)

<http://www.australianbusiness.com.au/environment>

CERES (Coalition for Environmentally Responsible Economies)

This NGO was formed after the wrecking of the tanker, Exxon Valdez, off the Alaskan coast, to tighten up on corporate responsibility. It partnered UNEP in starting the Global Reporting Initiative (GRI) and has developed its own CERES Principles and ideas on environmental reporting.

<http://ceres.org>

CERES Corporate Environmental Reporting

Although CERES provided a great deal of input and momentum in getting the GRI process moving, they continue to provide guidance on environmental reporting, with particular emphasis on reporting for smaller enterprises and non-profit organisations. Templates and advice are available at:-

http://www.ceres.org/our_work/environmental_reporting.htm

Corporate Environmental Reporting

A service started by Folkert van der Molen of Van der Molen Environmental Internet Services of the Netherlands has expanded to include information on environmental and sustainability reports, a report ordering service and news and views on environmental and sustainability reporting. The site is one of the best independent sources of information and reports globally.

<http://www.sustainability-reports.com/>

EarthTrends

EarthTrends is a comprehensive on-line database, established by the independent, non-profit, research body, the World Resources Institute (WRI), that focuses on the environmental, social and economic trends that shape our world. Information is presented in many different reporting format for download and use for many different purposes.

<http://earthtrends.wri.org>

IUCN-The World Conservation Union

The World Conservation Union (IUCN) is the major grouping of interested parties (government and non-government) which works through partnerships to manage and restore ecosystems and protect threatened species.

<http://www.iucn.org/about/index.htm>

GEO: Global Environment Outlook 3

This is the latest scientifically based global environmental report which evaluates past, present and future perspectives. The Report is coordinated by UNEP but takes environmental information from many diverse sources and presents a picture of environmental change over time. The website is downloadable source of the report and contains links to update the information.

<http://www.unep.org/geo/geo3/index.htm>

The "CorporateRegister" Directory

This is a free service providing access to thousands of environmental, safety health and sustainability reports throughout the world. Access is free after registration.

<http://www.corporateregister.com/>

The Sigma Project

The Sigma (Sustainability-Integrated Guidelines for Management) project was launched in 1999 with the support of the UK Department of Trade and Industry and is a partnership between the British Standards Institute, Forum for the Future (a sustainability charity think tank) and AccountAbility (the international professional body for accountability) The Sigma project has developed (downloadable) guidelines which aim to help organisations meet sustainability challenges.

<http://www.projectsigma.com>

CorpWatch

This is an NGO committed to holding corporations accountable for their actions and thus publicising corporate actions and reports perceived to be less than accurate or transparent.

<http://www.corpwatch.org>

DEFRA- Environmental Reporting

The UK's Department for Environment, Food and Rural Affairs has a useful page on environmental reporting which includes downloadable Environmental Reporting Guidelines, plus separate detailed guidelines on greenhouse gas emissions, waste and water use.

<http://www.defra.gov.uk/environment/envrp/>

Environmental Reporting Clearinghouse - ISO 14001 and EMAS

This is a very useful site with plenty of accessible and downloadable resources on environmental reporting run by Sunderland University's Corporate Reports Centre for Environmental Informatics.

<http://cei.sunderland.ac.uk/envrep/iso14000.htm>

Environmental report/statement evaluation checklist

This is a simple, on-line checklist to give an numerical indication (scoring 0-5 for each element) of a basic analysis of the completeness and quality of environmental reports or statements.

<http://www.inem.org/tools/cer-checklist.html>

GEMI - Global Environmental Management Initiative

GEMI has over the last decade and a half, put together a variety of environmental management tools (including reporting tools) which can be freely downloaded from their website.

<http://www.gemi.org>

Global Compact

The Global Compact, a set of principles which combine different human rights standards, was initiated by the UN Secretary-General, Kofi Annan in 1999, and has been adopted by participants from the public and private sectors and civil society in over 70 countries.

<http://www.unglobalcompact.org>

Global Reporting Initiative (GRI)

Global Reporting Initiative was convened in 1997 by the US NGO CERES (Coalition for Environmentally Responsible Economies), in partnership with the United Nations Environment Programme (UNEP) to develop a uniform reporting structure which would enable comparisons to be made and common data to be shared.

<http://www.globalreporting.org>

GRID-Arendal

This organisation has been closely involved in the development of State of the Environment reports internationally (and in South Africa), which can be accessed via the Internet. Their main website is www.grida.no but a "cookbook" specifically giving guidance on State of the Environment reporting on the Internet can be found at www.grida.no/soe/cookbook

International Network for Environmental Management (INEM)

INEM is the world federation of non-profit business associations for environmental management with 30 member associations and cleaner production centres in 25 countries. Its websites contains information and downloadable tools for environmental management and reporting.

<http://www.inem.org>

Johannesburg Securities Exchange Social Responsibility Index (JSE-SRI)

The JSE has established the Social Responsibility Index as means of measuring social responsibility performance amongst its members.

<http://www.jse.co.za/sri/>

Responsible Care

Responsible Care® is the chemical industry's global voluntary initiative under which companies, through their national associations, work together to continuously improve their health, safety and environmental performance, and to communicate with stakeholders about their products and processes.

<http://www.responsiblecare.org/>

State of the Environment (SoE) Reports - South Africa

The Department of Environmental Affairs & Tourism initiated SoE reporting in South Africa in 1999 and has developed a section on its website to promote SoE reporting and to access all SoE reports produced in South Africa.

<http://www.environment.gov.za/soer/index.html>

SustainAbility

SustainAbility, headed by John Elkington, was one of the first private bodies to track, review, analyse and comment upon corporate environmental reports. Their work has grown, as the topic has grown, into sustainability and corporate social responsibility reporting. The organisation is viewed by many as a significant trend setter and commentator in the field. <http://www.sustainability.com>

UNEP Division of Technology, Industry and Economics (DTIE)

This is a very valuable site for source of environmental reporting, tools, techniques, reports and manuals.

<http://www.unepdtie.org>

UNEP Industry Sector Reports

As a contribution to WSSD, UNEP facilitated the preparation of a series of industry sector reports, charting the progress of the sectors since the Rio Summit, 10 years before WSSD. The site contains all 22 of the sector reports

http://www.unepdtie.org/outreach/wssd/contributions/sector_reports/reports.htm

Web Directory and Tools for Environmental Reporting

This is a listing and link of guidelines for corporate environmental reporting, most of which are on-line but a number can be downloaded.

http://www.enviroreporting.com/mjv_link2.htm

Worldwatch Institute

The Worldwatch Institute is an independent, non-profit, environmental and sustainability research body which produces a wide range of environmental reports to inform a wide cross section of society. Discussion papers on specific topics come under the title of Worldwatch Papers and a regular series of books such State of the World and Vital Signs are published annually which report on environmental trends.

<http://www.worldwatch.org>

World Business Council for Sustainable Development (WBCSD)

Very useful site with information, resources, downloaded publications, contacts and references on all aspects of sustainable development safety, health, environment, reporting and social issues.

<http://www.wbcd.org>

World Resources Institute (WRI)

The World Resources Institute is an independent, non-profit organisation committed to protecting earth's living systems, increasing access to information, creating sustainable enterprise and opportunity, and reversing global warming.

<http://about.wri.org>

GLOSSARY

Definitions

Affected environment

Those parts of the socio-economic and biophysical environment impacted on by the development.

Affected public

Groups, organizations, and/or individuals who believe that an action might affect them.

Alternative proposal

A possible course of action, in place of another, that would meet the same purpose and need. Alternative proposals can refer to any of the following but are not necessarily limited thereto:

- alternative sites for development
- alternative projects for a particular site
- alternative site layouts
- alternative designs
- alternative processes
- alternative materials

In IEM the so-called "no-go" alternative also requires investigation.

Authorities

The national, provincial or local authorities, which have a decision-making role or interest in the proposal or activity. The term includes the lead authority as well as other authorities.

Baseline

Conditions that currently exist. Also called "existing conditions."

Baseline information

Information derived from data which:

- Records the existing elements and trends in the environment; and
- Records the characteristics of a given project proposal

Corporate Governance

Ensuring that a company is governed in a way that is efficient, responsible, accountable, transparent and with probity (King Committee on Corporate Governance, 2001).

Corporate Social Responsibility

The continuing social responsibility by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (Watts & Holm, 1999).

Decision-maker

The person(s) entrusted with the responsibility for allocating resources or granting approval to a proposal.

Decision-making

The sequence of steps, actions or procedures that result in decisions, at any stage of a proposal.

Environment

The surroundings within which humans exist and that are made up of -

- i. the land, water and atmosphere of the earth;
- ii. micro-organisms, plant and animal life;
- iii. any part or combination of (i) and (ii) and the interrelationships among and between them; and
- iv. the physical, chemical, aesthetic and cultural properties and conditions of the foregoing that influence human health and well-being. This includes the economic, cultural, historical, and political circumstances, conditions and objects that affect the existence and development of an individual, organism or group.

Environmental Assessment (EA)

The generic term for all forms of environmental assessment for projects, plans, programmes or policies. This includes methods/tools such as EIA, strategic environmental assessment, sustainability assessment and risk assessment.

Environmental consultant

Individuals or firms who act in an independent and unbiased manner to provide information for decision-making.

Environmental Impact Assessment (EIA)

A public process, which is used to identify, predict and assess the potential environmental impacts of a proposed project on the environment. The EIA is used to inform decision-making.

Fatal flaw

Any problem, issue or conflict (real or perceived) that could result in proposals being rejected or stopped.

FTSE 100

The FTSE 100 (FTSE is the name of an index company) is an index containing the largest 100 companies (by market capitalisation) listed on the London Stock Exchange. The Index measures rise and fall in share trading.

Impact

The positive or negative effects on human well-being and/or on the environment.

Integrated Environmental Management (IEM)

A philosophy which prescribes a code of practice for ensuring that environmental considerations are fully integrated into all stages of the development and decision-making process. The IEM philosophy (and principles) is interpreted as applying to the planning, assessment, implementation and management of any proposal (project, plan, programme or policy) or activity - at the local, national and international level - that has a potentially significant effect on the environment. Implementation of this philosophy relies on the selection and application of appropriate tools to a particular proposal or activity. These may include environmental assessment tools (such as Strategic Environmental Assessment and Risk Assessment); environmental management tools (such as monitoring, auditing and reporting) and decision-making tools (such as multi-criteria decision-support systems or advisory councils).

Interested and affected parties (I&APs)

Individuals, communities or groups, other than the proponent or the authorities, whose interests may be positively or negatively affected by a proposal or activity and/or who are concerned with a proposal or activity and its consequences. These may include local communities, investors, business associations, trade unions, customers, consumers and environmental interest groups. The principle that environmental consultants and stakeholder engagement practitioners should be independent and unbiased excludes these groups from being considered stakeholders.

Lead authority

The environmental authority at the national, provincial or local level entrusted in terms of legislation, with the responsibility for granting approval to a proposal or allocating resources and for directing or coordinating the assessment of a proposal that affects a number of authorities.

Mitigate

The implementation of practical measures to reduce adverse impacts.

Non-Financial reporting

Reporting on matters in an organisation or company's affairs, such as health, safety, environment, social and community affairs, and corporate social investment which does not form a part of the legally required financial reporting.

Non-governmental organizations (NGOs)

Voluntary environmental, social, labour or community organisations, charities or pressure groups.

Proponent

Any individual, government department, authority, industry or association proposing an activity (e.g. project, programme or policy).

Proposal

The development of a project, plan, programme or policy. Proposals can refer to new initiatives or extensions and revisions to existing ones.

Public

Ordinary citizens who have diverse cultural, educational, political and socio-economic characteristics. The public is not a homogeneous and unified group of people with a set of agreed common interests and aims. There is no single public. There are a number of publics, some of whom may emerge at any time during the process depending on their particular concerns and the issues involved.

Record of Decision

The record of decision is the written decision issued by the environmental authority after the conclusion of the EIA process. The record of decision contains information explaining the written approval or rejection of a particular project. If approval is granted, the record of decision contains the conditions under which the project should be implemented. Record of decisions for large projects often include the requirement for the development and implementation of an EMP.

Role-players

The stakeholders who play a role in the environmental decision-making process. This role is determined by the level of engagement and the objectives set at the outset of the process.

Scoping

The process of determining the spatial and temporal boundaries (i.e. extent) and key issues to be addressed in an environmental assessment. The main purpose of scoping is to focus the environmental assessment on a manageable number of important questions. Scoping should also ensure that only significant issues and reasonable alternatives are examined.

Screening

A decision-making process to determine whether or not a development proposal requires environmental assessment, and if so, what level of assessment is appropriate. Screening is initiated during the early stages of the development of a proposal.

Significant/significance

Significance can be differentiated into impact magnitude and impact significance. Impact magnitude is the measurable change (i.e. intensity, duration and likelihood). Impact significance is the value placed on the change by different

affected parties (i.e. level of significance and acceptability). It is an anthropocentric concept, which makes use of value judgements and science-based criteria (i.e. biophysical, social and economic). Such judgement reflects the political reality of impact assessment in which significance is translated into public acceptability of impacts.

Stakeholders

A sub-group of the public whose interests may be positively or negatively affected by a proposal or activity and/or who are concerned with a proposal or activity and its consequences. The term therefore includes the proponent, authorities (both the lead authority and other authorities) and all interested and affected parties (I&APs). The principle that environmental consultants and stakeholder engagement practitioners should be independent and unbiased excludes these groups from being considered stakeholders.

Stakeholder engagement

The process of engagement between stakeholders (the proponent, authorities and I&APs) during the planning, assessment, implementation and/or management of proposals or activities. The level of stakeholder engagement varies depending on the nature of the proposal or activity as well as the level of commitment by stakeholders to the process. Stakeholder engagement can therefore be described by a spectrum or continuum of increasing levels of engagement in the decision-making process. The term is considered to be more appropriate than the term “public participation”.

Stakeholder engagement practitioner

Individuals or firms whose role it is to act as independent, objective facilitators, mediators, conciliators or arbitrators in the stakeholder engagement process. The principle of independence and objectivity excludes stakeholder engagement practitioners from being considered stakeholders.

Sustainability

The capacity of continuance into the long term.

Sustainable Development

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Transparency

An approach of openness in fully explaining the reasons for any decision or course of action adopted by a company (King Committee on Corporate Governance, 2001).

	ABBREVIATIONS
CBO	Community Based Organisation
CEO	Chief Executive Officer
CER	Corporate Environmental Report
CERES	Coalition for Environmentally Responsible Economics
CSR	Corporate Social Responsibility
DEFRA	Department of Environment, Food and Rural Affairs (UK)
EA	Environmental Assessment
EIA	Environmental Impact Assessment
EIP	Environmental Implementation Plan
EMAS	Eco-Management and Auditing Scheme
EMP	Environmental Management Plan
EMS	Environmental Management Systems
EPER	European Pollutant Emission Register
GEMI	Global Environmental Management Initiative
GRI	Global Reporting Initiative
I&AP	Interested and Affected Party
IEM	Integrated Environmental Management
IISD	International Institute for Sustainable Development
ISO	International Standards Organisation
IUCN	World Conservation Union (International Union for the Conservation of Nature)
JSE	Johannesburg Securities Exchange
NEMA	National Environmental Management Act
NGO	Non-governmental organisation
OHSAS	Occupational Health and Safety Assessment Series
RoD	Record of Decision
SEA	Strategic Environmental Assessment
SIGMA	Sustainability – Integrated Guidelines for Management
SoE	State of the Environment
SD	Sustainable Development
SRI	Socially Responsible Investment Index
UN	United Nations



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