



SustainAbility™

Trends in Climate Change and Sustainability Reporting

Climate Leaders Partners Meeting

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Transparency Drivers



- Risk
- Resolutions
- Regulation
- Recognition

Risk - Carbon Disclosure Project



- 95 institutional investors representing \$10 trillion in assets
- Questionnaires sent to largest 500 largest global companies – 66% responded
- 45% consider climate change to be a risk or opportunity to them
- Corporate strategies become more clearly defined
- Data on emissions is improving
- Interest in emissions trading is growing
- Significant differences of opinion still exist
- Disconnects between positions and action on the ground

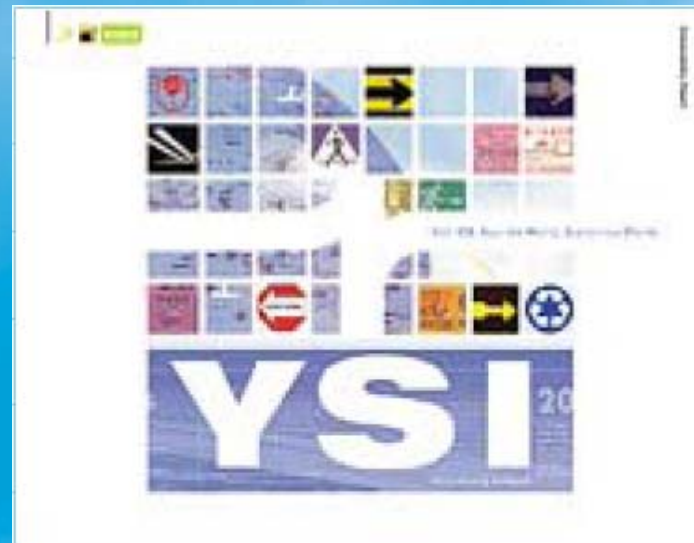
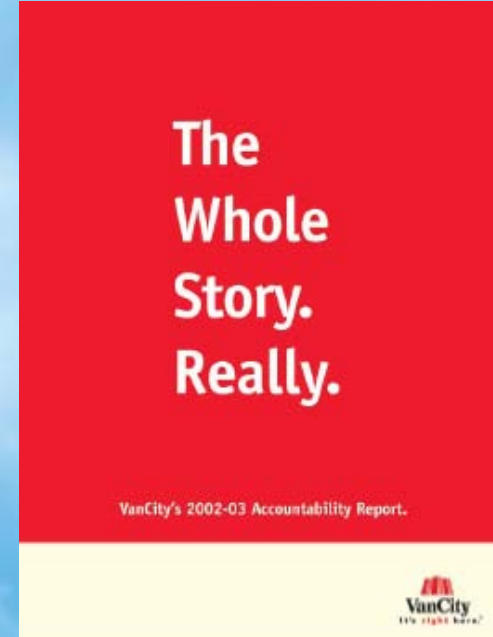
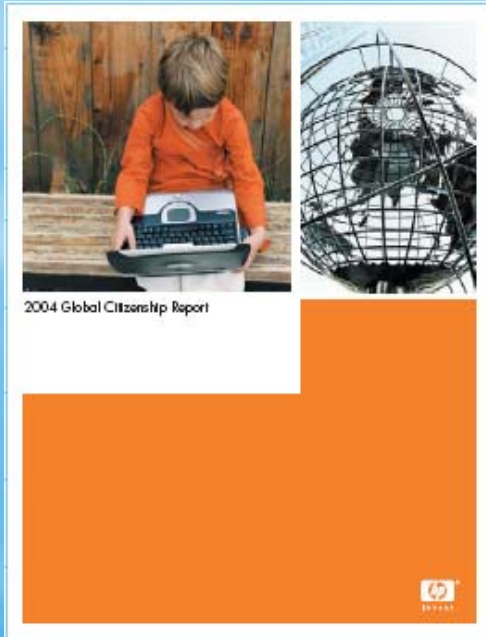
Resolutions – Climate Change



- CERES/ICCR coordinated 30 institutional investor resolutions on climate change in 2005
- Requested financial risk disclosure and plans to reduce GHG emissions
- More than a dozen resolutions withdrawn due to agreements to disclose
- 10 resolutions proceeding to votes

- US: Sarbanes-Oxley raises stakes for environmental disclosure, other “material” CR issues
- UK: Operating and Financial Reviews
- France: discussion of social/environmental impacts in annual report
- South Africa: encourages GRI reporting for JSE

Recognition – CERES-ACCA North American Reporting Awards



Recognition – Global Reporters 04: Risk & Opportunity



The Global Reporters
2004 Survey of Corporate
Sustainability Reporting

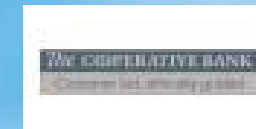


Risk & Opportunity
Best Practice in Non-
Financial Reporting

STANDARD & POOR'S

SustainAbility

UNEP

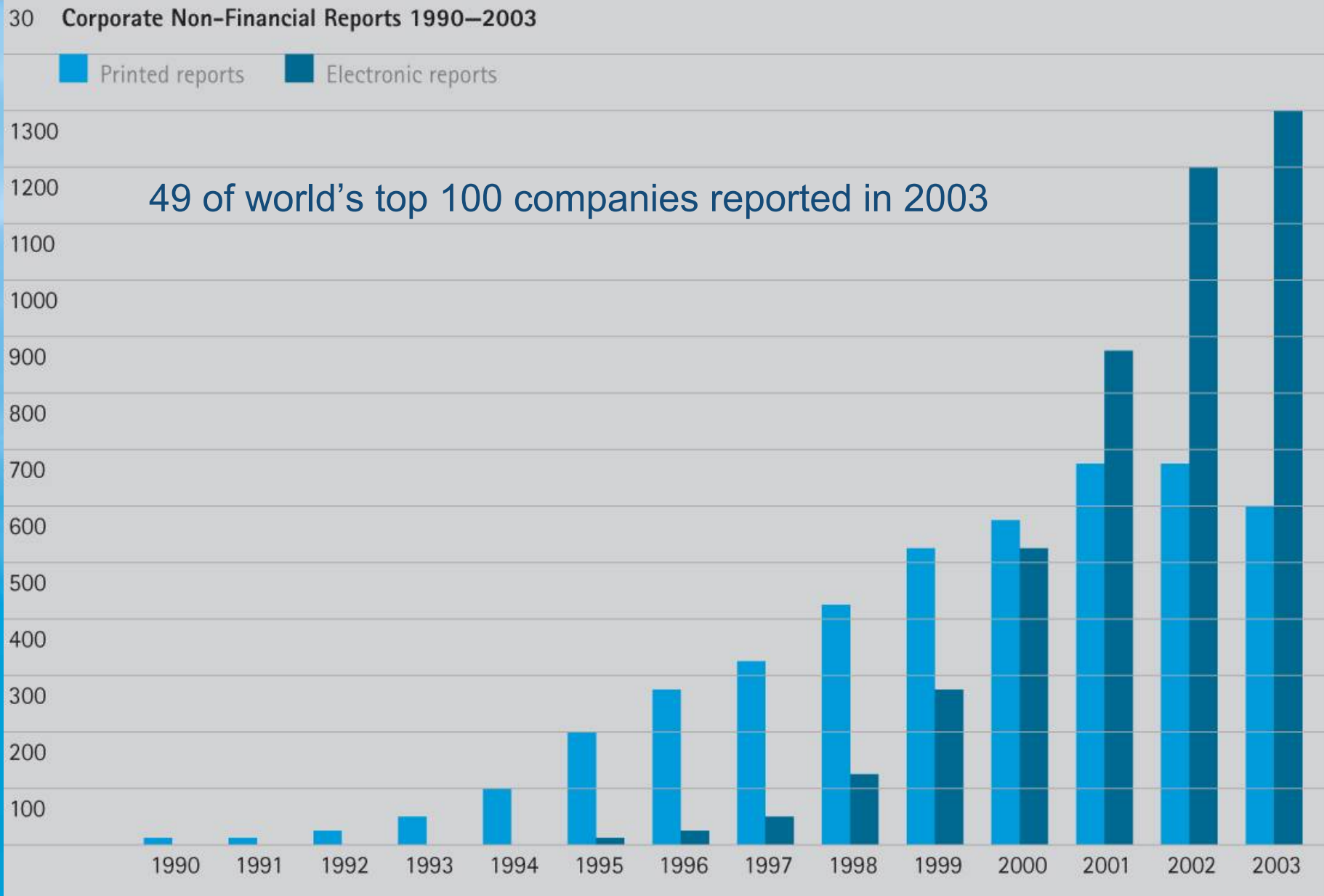


Key conclusions



- Big improvements in quality, still limited value to financial analysts
- Corporate governance coverage improved, but still weak links to triple bottom line agenda
- Vast majority of Top 50 have investment grade credit ratings
- Reports reflect fundamental weakness in governance, especially ability to manage priority non-financial issues

Sustainability reporting continues to rise



Source: CorporateRegister.com October 2004 (based on a sample of 4478 printed and 4472 electronic reports)

Europe dominates Top 10



Co-operative Financial Services	71%
Novo Nordisk	69%
BP	66%
British American Tobacco	64%
BT Group	64%
BAA	63%
Rabobank	61%
Rio Tinto	60%
Royal Dutch / Shell Group	60%
HP	59%
Unilever	59%

HP leads the pack of US reports



	Rank	Score	
HP	10 th	59%	
Ford	16 th	51%	– Growing in number
BMS	22 nd	49%	– Large proportion solely web-based
GM	29 th	47%	– Growing discussion of challenges
Suncor	37 th	45%	– History of philanthropy still dominates
Baxter	42 nd	42%	– Innovators and experimentation
Starbucks	42 nd	42%	
Gap	48 th	39%	

Reporting continues to evolve



- GRI Rules
- Assurance the norm:
 - 2002 = 34
 - 2004 = 39
- Stakeholder perspectives increase
- Integrated reporting - teething problems
- Paper-based reporting not dead yet

Climate change a key topic in many reports



Best practice reporting by:

- British Airports Authority
- BP
- Bristol-Myers Squibb
- Ford
- Rio Tinto
- RWE
- Total
- Unilever
- United Utilities
- Veolia
- Volkswagen

Ten Challenges to Reporters



1. Keep up the momentum
2. Clarify and consolidate the language
3. Communication begins where reporting ends
4. Internet reporting must become more functional
5. Improve the economic bottom line
6. Explore the business case – with limits
7. Use focus on governance to assess business models
8. Talk to the financial markets in their language
9. Clarify governance structures and skills
10. Work to align standards, codes and norms