Reporting for Environmental Sustainability: An Overview

ELI Conference: The Cutting Edge of Corporate Sustainability Disclosure: Scope, Metrics, Standards, and Ratings

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The impetus for environmental reporting is not new

- **1986**: U.S. EPCRA (SARA Title III) Toxics Release Inventory (TRI)

- **1989**: The Valdez Principles from CERES

- **1991**: The International Chamber of Commerce's *Business Charter for Sustainable Development: Principles for the Environment*

- **1993**: CEFIC Guidelines on Environmental Reporting for the European Chemical Industry

- **1994**: The Public Environmental Reporting Initiative (PERI) Guidelines

- **2000**: The Global Reporting Initiative (GRI) Guidelines
  - G2 in 2002, G3 in 2006, G4 in 2013

- **2003**: The Carbon Disclosure Project
 - CDP Supply Chain in 2008, CDP Water in 2010

Why report? It's simple …

- What gets measured gets managed

  - ➢ When reporting is part of a management system, it compels relevant content to be identified, systemically collected, and examined.

  - ➢ The end point of reporting helps to drive the establishment and maintenance of constructive management practices which must precede it.

- To address the interests of diverse stakeholders

IBM's Environmental Reporting

- Corporate Environmental Reporting

  - ➢ IBM began publishing its annual corporate environmental report in 1990

  - ➢ From the beginning, IBM's reporting:
    - Covered our global EHS programs
   - Provided global performance data
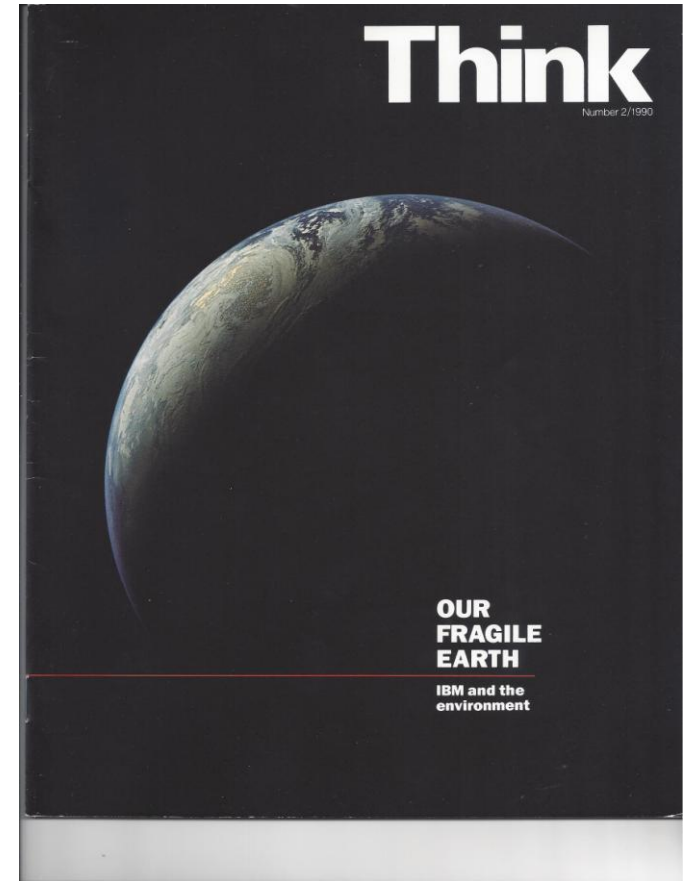
IBM's Environmental Reporting (cont.)

- The "IBM & the Environment Report" published in 2014 was IBM's 24th consecutive annual corporate environmental report

Early Leadership for Environmental Reporting Guidelines

- Back in 1992, IBM recognized the need for reporting guidelines and led the creation of the Public Environmental Reporting Initiative (PERI) with nine other companies:

    - Amoco Corporation
    - BP
    - Dow
    - DuPont
    - Northern Telecom
    - Phillips Petroleum
    - Polaroid
    - Rockwell
    - United Technologies

  ➢ PERI was informed by the perspectives of stakeholders, including the SRI community

  ➢ The PERI Guidelines were released in 1994.
  They informed IBM's reporting in the early years.
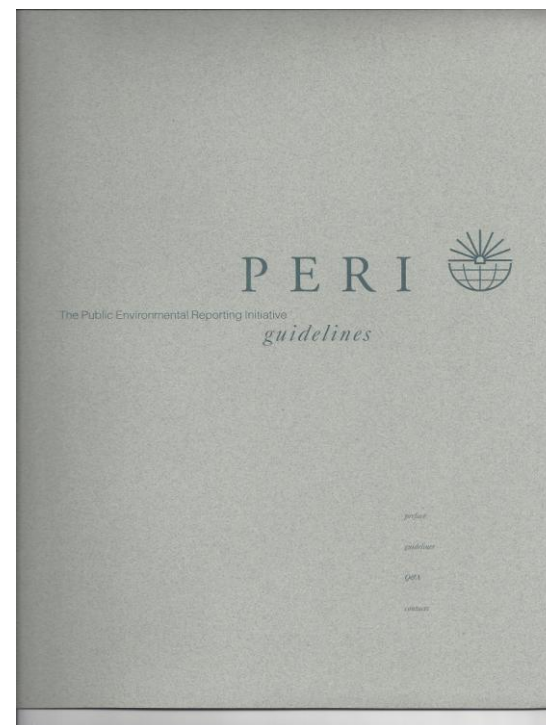
IBM's Environmental & Sustainability Reporting

- In 2002, IBM expanded its reporting to cover "ESG"

    ➢ The environmental, social and governance aspects of our business

- IBM has also been producing an annual Global Reporting Initiative (GRI) Report since 2007

Thoughts over the years from IBM's CEOs

- John Akers (1990): "The IBM company has always taken its environmental responsibilities seriously. And we always will. Our continuing resolve is to conduct our business in the safest way possible and to use our technology to help preserve the Earth's fragile ecosystem."

- Lou Gerstner (1994): "In the past two years, we in IBM have had to rethink much about the way we do business. In the process, it has become clear that there are certain things that should *not* change. One of them is our responsibility to run a business mindful of the world in which that business operates."

Thoughts over the years from IBM's CEOs

- Sam Palmisano (2008): "Building a smarter planet isn't simply a recipe for economic growth; it's also a recipe for radically expanded economic and societal opportunity. It's not just the way to make the planet more efficient, but also to make it more sustainable. It's not just a way to do well by doing good; it's also a way to do good by helping all the world's regions and people do well."

- Ginni Rometty (2012): "IBM possesses unique capabilities – in technology, in business expertise, and most importantly, in a deep and systemic understanding of global citizenship – to lead the world in making sustainable prosperity and societal progress a reality."

Additional reporting for investment and rating entities

- Various investment or rating entities ask companies to respond to specific questionnaires or formats. A sampling:

  - ➤ CDP (formerly Carbon Disclosure Project)

  - ➤ Sustainable Asset Management (for the DJSI)

  - ➤ Sustainalytics

  - ➤ MSCI

  - ➤ Calvert

  - ➤ Vigeo

  - ➤ Oekom

  - ➤ Corporate Knights Capital

Additional reporting for clients

- An ever–increasing number of companies are utilizing reporting methodologies as part of the supplier evaluations they conduct to fulfill their commitment to working with responsible suppliers

- Examples of the methodologies which clients might request
  - CDP Supply Chain
  - Third-party reporting tools (e.g. EcoVadis)
  - Surveys/questionnaires developed by industry associations
    - e.g. Electronics Industry Citizenship Coalition (EICC) Supplier Assessment Questionnaire

Some Current Challenges

- Proliferation of different reporting schemes, each with inherently different value judgments

- Prescriptive methodologies make it difficult to provide and capture information in a proper context

- Inappropriate beliefs and expectations regarding comparability, even within an industry sector

- Credibility of third party ratings and rankings