

**Study of Sustainability Reporting in China**

# **A JOURNEY TO DISCOVER VALUES**



**SYNTAO**

2007-07

# **STUDY OF SUSTAINABILITY REPORTING IN CHINA**

## **A JOURNEY TO DISCOVER VALUES**

Organized by

**SYN TAO**

Sponsored by

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Supported by

**RESEARCH TEAM FOR CORPORATE SUSTAINABILITY REPORTING, DEPARTMENT OF  
CONSTRUCTION MANAGEMENT, TSINGHUA UNIVERSITY  
CHINA BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (CBCSD)**

Please note that the authors' opinions in this report do not represent any position of Oxfam HK or the two supporting organizations.

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## Foreword

Corporate social responsibility (CSR) is developing at an unprecedented speed in China. Governments, media, non-governmental organizations (NGOs), and academia are all promoting corporate social responsibility activities in their respective fields. And, as the primary agents of corporate social responsibility, Chinese enterprises, domestic and foreign alike, are engaged in comprehensively reporting on such activities.

Sustainability reporting of large corporations<sup>1</sup> has become one of the most pronounced features in the landscape of corporate social responsibility development among enterprises in China. Although sustainability reporting in China began as early as the mid-1990s, it has most recently caught the tailwind of corporate social responsibility and has since been developing quickly across enterprises in China. A few innovative corporations, especially several state-owned enterprises, became the pioneers in the development of sustainability reporting. Such corporations are credited with setting many significant precedents in various fields: the first corporate social responsibility report by a domestic enterprise; the first sustainability report by a state-owned enterprise; the first sustainability report which has been compiled in accordance with the G3 guidelines; the first independently audited report; the first corporate social responsibility report by a Chinese private-owned enterprise and the first country-focused report by a multinational company (MNC) with operations in China. These enterprise initiatives are collectively and individually encouraging cases for the development of sustainability reporting.

Given the current early, experimental phase, there is still much room for improvement. But this is by no means to deny the progress that these corporations' reports evince. On the contrary, if we can systematically point out the shortcomings of such reports and provide meaningful suggestions as to their future content, we can accelerate the integration of international standards into the reporting practices in China.

Notably, most stakeholders such as the media and non-governmental organizations have great interest in corporate sustainability reporting. However, they do not know how to interpret and use such reports. We think this situation can and should be addressed gradually.

With this in mind, we have initiated the research on the sustainability reporting of enterprises in China.

Our first step was collecting the sustainability reports issued by enterprises doing business in China. Our main criterion was that the reports had to be issued by the enterprises themselves and were closely related to relevant economic, social, and environmental issues. Additionally, the reports had to concern each enterprise's business in China. As long as the reports met the above criteria, they were included, regardless of whether they were in the name of corporate social

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<sup>1</sup> Corporate sustainability report here is a general term, including all non-fiscal reports such as corporate sustainability reports, corporate social responsibility reports, corporate citizen reports, etc. For details, please refer to the first part of this report. The words such as "sustainability report", "corporate report" and "report" in the following text, unless specified, refer to corporate sustainability report.

responsibility or the environment, whether by domestic or by foreign enterprises. As to those corporate headquarters reports rendered into Chinese but not focused specifically on in-country operations, we did not include them in this study.

We applied the evaluation methodology of SustainAbility<sup>2</sup> in the analysis of the reports, covering topics such as strategies and management. We also studied the reports of international peers in order to comparatively determine the merits and shortcomings of the Chinese reports.

In order to accumulate relevant expertise, we visited and interviewed more than forty experts and practitioners related to sustainability reporting, some from enterprises, some from reporting agencies, and others from enterprise stakeholders. Using their expertise from multiple perspectives, they helped us find the problems existing in sustainability reports by enterprises in China, which made our research more comprehensive and more objective.

After months of work, it is our hope that this report can objectively reflect the current situation and future development trends of sustainability reporting by enterprises in China. During the course of our compilation, we found that there is a severe lack of relevant literature. Accordingly, we added some text references and guides, such as content concerning how to develop a standardized and comprehensive corporate sustainability report in Chapter 4 how to use corporate sustainability reports in Chapter 5 as well as some appendices. In this way, we hope to meet the diverse needs of different stakeholders.

It took us quite some time to create a title for this report. Finally, we decided to borrow inspiration from SustainAbility's research reports of 2004 and 2006. In 2004, the research report by SustainAbility was named "Risk and Opportunity", meaning sustainability is not solely a risk but can be and often is an opportunity as well. The very process of enterprise reporting is a way to identify risks and opportunities, and hence is a process of discovering value. In 2006, SustainAbility titled a report "Tomorrow's Value". The meaning was more explicit, not only implying that the reporting itself is actually a process of discovering those values but also that sustainability in part creates the enterprise value of tomorrow. In the case of Chinese enterprises, some hold fast to old practices, such as "reporting as public relations brochures". This institutional habit greatly restricts the implementation of a sustainable development paradigm into their daily operations. As a result, their reports cannot aid them in discovering new value. We hope such a title can attract the attention of enterprises in re-thinking the role of reporting. At the same time, we remind stakeholders that they should fully utilize the value of reporting and advocate the healthy development of sustainability reporting. Their effective use of report information will encourage corporations to take it more serious, which can cultivate a better development of sustainability reporting.

From our proposal writing, compilation to analysis, we have received help from many organizations and friends in the course of our research. Oxfam Hong Kong offered us generous financial support; Zeng Menghua and Chow Sungming offered their help. Technical support comes from Research Team for Corporate Sustainability Reporting, Department of Construction Management in Tsinghua University and China Business Council for Sustainable Development

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<sup>2</sup> SustainAbility is a UK based organization specialized in corporate sustainable development issues.

(CBCSD). Wang Xin, Zhang Hua and Su Jianhua from SynTao helped in interviewing and research. Wang Qiang, Beau Rowland and Jenny Zhang made a lot of efforts to develop a fluent English translation. In addition, many friends shared their expertise via e-mails and interviews, and they are acknowledged in the appendix. We express our sincere gratitude to them all.

Due to our limited knowledge and capability, there may be slight inaccuracies and errors in the report. Please forgive us for such oversights but also feel free to comment.



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July 13, 2007

## Abstract

The sustainability report is a kind of non-financial reports and originated from environmental reports. With the prevalence of corporate citizenship and corporate social responsibility, the sustainability report has undergone sufficient development and has gradually surpassed other non-financial reports in importance since the launch of the second edition of reporting guidelines by GRI in 2002. By that time, 52% of the first 250 leading enterprises in the world had issued independent sustainability reports.

The history of sustainability reporting in China is quite short. The first report dates back to 1999 when Shell China issued a sustainability report independent of its annual report. In the several years following, PetroChina, Ford China, Baosteel Corporation Limited, Ping An Insurance, Toshiba China, and Jiangxi Provincial Branch of China Mobile joined the list. Since 2006, the number of sustainability reports has been increasing steadily, reaching eighteen in 2006 and is expected to be even higher in 2007.

According to several surveys, the primary drivers of sustainability reporting are raising enterprise image, supporting government policies, and increased enterprise management consciousness and media pressure. Compared with the above drivers, the public, consumers, NGOs, and local communities as yet have limited influence on sustainability reporting. Through sustainability reporting, enterprises can promote their images, enhance communications, stimulate implementation of corporate social responsibility, attract investment, raise their risk management capability, and potentially increase overall enterprise performance. However, such reporting does not seem to contribute to attracting elite employees nor does it seem to promote innovation. Furthermore, the main factors that impede the development of sustainability reporting are the lack of awareness among management and the lack of stakeholder requests for such information.

Sustainability reports published by enterprises in China mostly follow the guidelines set by the Global Reporting Initiative (GRI) and the triple-bottom-line principle, both spelling out the relevant strategies, policies, governance, and achievement, from economic, social, and environmental perspectives. By adopting the SustainAbility methodology, we found the Chinese sustainability reports do relatively well in terms of their presentation of performance, governance, and strategy. Yet at the same time, we found that Chinese sustainability reports are not strong in management indicators, nor did they do well in the areas of accessibility of information and assurance. Other findings include that heavily polluting enterprises perform better than moderately polluting enterprises, and that B2B enterprises do better on average than B2C enterprises.

The trend in sustainability reporting will sustain its momentum. State-owned enterprises and private enterprises will each have integral roles. More foreign enterprises will adopt the “*Hanhua*” strategy by combining translation of headquarter report and local sustainability practices. The G3 guidelines developed by GRI will become the main framework for reporting, though most enterprises will find it difficult to apply all indicators. Some enterprises will even seek innovation based on G3. With the development of sustainability reporting, assurance and other reporting-related services are expected to inevitably progress as well.

In the future, enterprises in China have to disabuse themselves of a “not-going-beyond-report” mentality. They should gradually translate reports into action and incorporate reporting as a part of business management, thus helping to create business value from the reporting process. In addition, enterprises should use sustainability reporting to promote dialogue with stakeholders. In turn, stakeholders need to learn how to identify and utilize relevant information from reports towards deriving greater value for businesses and stakeholders alike. This will encourage corporations to put more efforts on reporting affairs thus lead to a better development of sustainability reporting.

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# 1 Introduction to Sustainability Reporting

## 1.1 From financial reports to sustainability reports

The corporate annual report is one of the most important forms of information disclosure by enterprises, especially among listed companies. Annual reports usually have a fixed format on which different countries have different requirements. As the financial report is closely related to the interests of investors, they are the core of annual reports. Indeed, people often mistake the annual report for the financial report.

In the late 1980s and the early 1990s, enterprises in developed countries began to face more and more environmental pressure because governments made laws requiring the disclosure of environmental information. Investors, too, began to realize that the environmental achievement of enterprises will affect the rewards of investment. From then on, environmental information began to appear in annual reports in order to cater to the demands of investors for such information. Environmental information began to take on more weight and extend to other non-financial activities of enterprises. Later, some enterprises went so far as to compile an independent report, more systematically revealing environmental achievements. This is what we call environmental reports. By 1998, an impressive 35%<sup>3</sup> of the Fortune 250 companies have issued independent environmental reports. In Japan, 430 enterprises issued independent environment reports in 2000<sup>4</sup>.

In conjunction with the proliferation of environmental reports, many of the same enterprises issued other non-financial reports. For example, some energy and chemical enterprises titled their reports as Environmental Health and Safety Reports (EHS Reports). These mainly report the achievements of enterprises in environmental protection, occupational health, and workforce safety. Some enterprises titled their reports as “Corporate Social Report”, introducing the impacts of corporate operations on society<sup>5</sup>. According to a KPMG study in 2002, 73% of the Fortune 250 companies published under the title of “Environmental Report” or “EHS Report”. Only 3% published under the title of “Social Report”<sup>6</sup>.

At the turn of century, the name and content of non-financial reports underwent great changes. Such changes were due to the fact that corporate citizenship and corporate social responsibility (CSR) activities developed quickly. Some enterprises named the reports “Corporate Citizenship Reports” while others called their reports “Corporate Social Responsibility Reports”. Broadly

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<sup>3</sup> This data is taken from KPMG International Survey of Corporate Responsibility Reporting 2005, which has been made every three years since 1993. The 2005 survey was the fifth one, covering 1600 leading corporations in the world, including G250 of the 500 leading corporations from 16 countries. These corporations are all N100 of these countries. The corporate responsibility report is by the general definition sustainability report, covering environment report, social responsibility report, environment, health and safety report, sustainability report, and other reports that incorporate financial and non-financial information. These reports are all reflective of one or more aspects in the development of economy, environment and social performance.

<sup>4</sup> Toshihiko, environment reports of Japanese companies, UNEP Industry and Environment, 25(1). 2003.

<sup>5</sup> Research shows that corporate social reports precede environment reports. Corporate social reports emerged in Germany in 1970s, when the association of labor union promoted. But this kind of system has not been preserved.

<sup>6</sup> KPMG Global Sustainability Services, KPMG International Survey of Corporate Responsibility Report, 2005

speaking, the content of the reports evolved from an implicit division of environmental information and social information into hybrid interdependency of the two — indeed, sometimes even economic achievements are added in such reports. In short, the reports are no longer merely providing environmental information for investors; they have not only expanded the scope of their non-financial reports but also concomitantly begun to provide relevant information to a more comprehensive community of stakeholders. From this, sustainability reports were born.

Sustainability reports henceforth became de facto causes for enterprises to reveal information from social, economic, and environmental perspectives. Global Reporting Initiative (GRI), established in 1997, is credited for popularizing the use of “sustainability” as an umbrella descriptor for such reports. GRI launched their first edition of its sustainability reporting guideline in 2000 and began to apply it around the world. In 2002, the second generation of sustainability reporting guideline was launched and, as an indication of GRI’s initial impact, the label “sustainability” received considerable acceptance from enterprises with existing non-financial reports. By 2005, a majority 68% of Fortune250 companies used GRI “sustainability” label in their reports<sup>7</sup>.

It should be noted, however, that there is no substantial correlation between the name of the reports and their content. And, as long as the enterprises can reveal quality information to cater to stakeholders’ needs, the names are not necessarily significant. Therefore, we are not predisposed to disfavor non-financial reports bearing different names, but in order to conveniently refer to such reports in this study, we call them sustainability reports.

### **Box 1 Definition of Sustainability Report**

**World Business Council for Sustainable Development (WBCSD, 2002):** We define sustainable development reports as public reports by companies to provide internal and external stakeholders with a picture of the corporate position and activities on economic, environmental and social dimensions.

**KPMG (2002):** Corporate responsibility reports are those reports that include quantitative and qualitative information on their financial/economic, social/ethical and environmental performance in a balanced way.

**GRI (2006):** Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development.

**AccountAbility (2003):** The Report is a set of information prepared by the Reporting Organization about its Sustainability Performance, whether for general publication, targeted external distribution or internal use.

Sources: WBCSD, KPMG, GRI, AccountAbility

## **1.2 Commercial Value of Sustainability Reports**

The general reason for the attention on sustainability reports is its emerging commercial value. To investors, sustainability reports are important in two aspects: First, the environmental performance

<sup>7</sup> Ibid.

and social performance are important bases for social and environmental analysis, as the current financial disclosure cannot comprehensively reveal the risk, debts, and returns of enterprises. Second, investors have gradually increasing regard for the environmental and social risks as important indicators of enterprises' efforts to improve corporate governance and increase transparency.

At the same time, sustainability reports also enhance the efficiency of corporate management. First, the process of reporting helps the companies collect information on sustainable efforts and achievements, acknowledging the value of such information. Second, it helps the companies find the direction of innovation. Third, the increased communication with stakeholders based on sustainability reports is more effective than any other means of fostering dialogue. A good report can comprehensively display to the stakeholders the ability of the companies to manage environmental and social duties and risks — so as to display their ability to manage financial risks.

*Through reports, enterprises can find a benchmark in sustainable development performance. In comparison with peers in the industry, enterprises can find both their position in the industry and their direction for future innovation.*

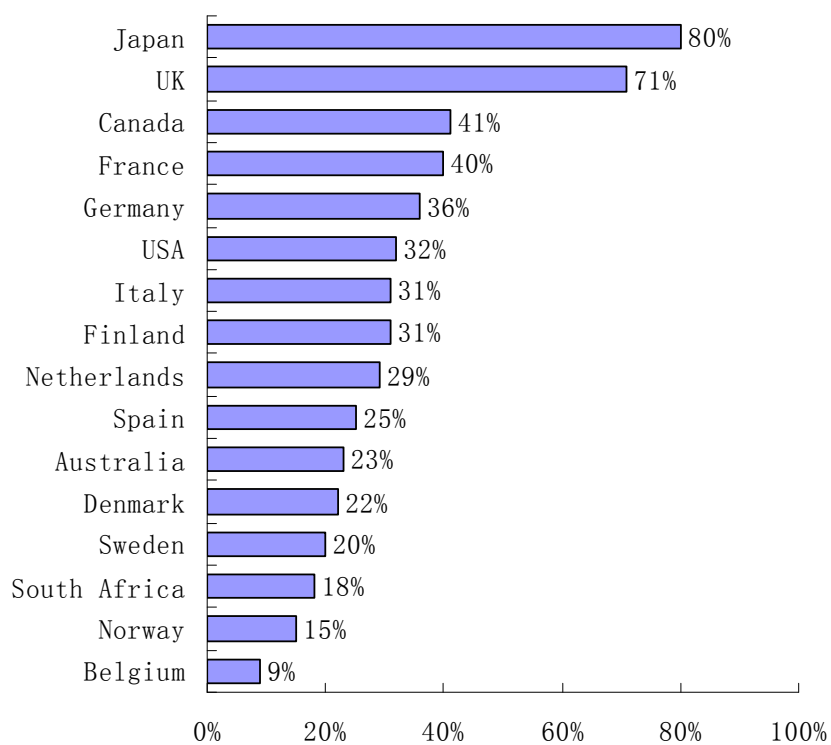
*By Zhou Weidong, BSR China*

### **1.3 International Trend of Sustainability Reports**

According to the five surveys by KPMG from 1993 to 2005, sustainability reports increased year by year. The number has been increasing significantly since 2002. By then, 45% of the Fortune 250 companies issued independent sustainability reports, in 2005 the number reached 52%. If we include those annual reports with non-financial information, the percentage can reach 64%. The statistics of GRI confirmed this trend: the number of enterprises writing sustainability reports based on GRI framework increased from 150 in 2002 to 750 in 2005.

Industries with significant environmental footprints are leaders in sustainability reporting. Among the 250 leading corporations in the world, over 80% of the reporting companies come from electronic, power, auto industry and gas industry; 100 leading corporations from 16 countries have more than 50% of reporting companies from power, mining, chemical, gas, forestry, and paper making. The financial industry doubled its number of reports since 2002.

Internationally speaking, Japan and the UK issued the most sustainability reports independent of annual reports. Notably fast-growing countries include South Africa, Italy, Spain, Canada, and France. With the exception of Japan, Asian countries have relatively little development in sustainability reporting, though they are trending towards greater participation. Among them, the Republic of Korea increased most significantly while India, Singapore, and Thailand are middling.



Source: KPMG

**Figure 1 Development of Sustainability Reporting in Different Countries**

## 2 Current Situation of Sustainability Reporting in China

### 2.1 Reports overview

The history of sustainability reporting in China is quite young. The first report dates back to 1999 when Shell China first issued their sustainability report. Immediately after that in 2001 PetroChina published its “Health, Safety and Environmental” report. Later, Ford China, Baosteel Corporation Limited, Ping An Insurance, Toshiba China, Jiangxi Provincial Branch of China Mobile joined the list, using different names for their reports. The reports by Ford China and Ping An Insurance were named “Corporate Citizenship” reports; the report by Baosteel Corporation Limited was called “Environmental Report”; Toshiba China report was called “Corporate Social Responsibility” report, and Jiangxi Provincial Branch of China Mobile report was called “Corporate Responsibility” report. By the end of 2005, there were only seven enterprises issuing reports, exerting little influence on other businesses.

In 2006, the situation changed when sustainability reports suddenly gained popularity. Eighteen reports were issued in that year, the same number as in all previous years combined. Twelve of the eighteen issued reports for the first time, including State Grid, China Aluminum Corporation, China Mobile, China National Offshore Oil Corporation (CNOOC) and China Ocean Shipping (Group) Company (COSCO). Consequently, the year 2006 was dubbed the year of sustainability reporting in China.

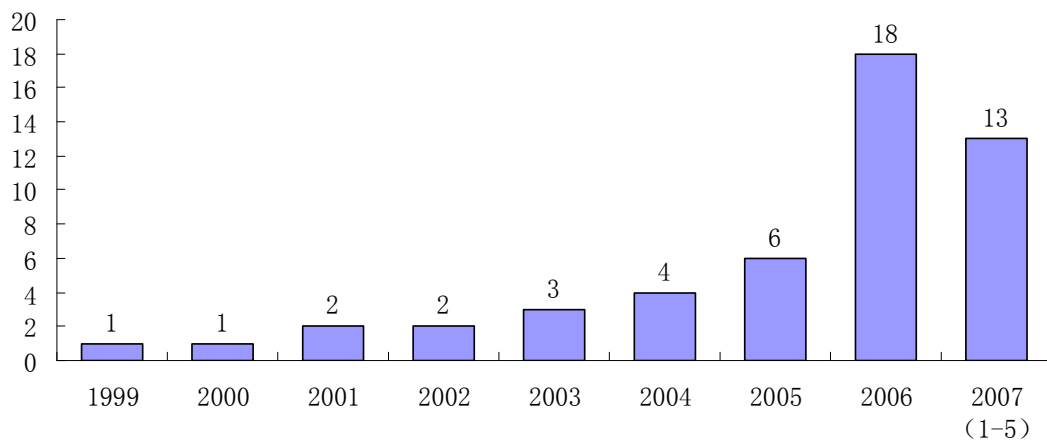
Besides others, there are two primary drivers behind the development of reporting. First, corporate social responsibility developed swiftly in China. There is now more knowledge and understanding of corporate social responsibility among government officials and business leaders. The media also contributed to the development by holding conferences and meetings on the topic. An increasing number of enterprises began to consider corporate social responsibility in their own business strategies, and some began to compile and issue sustainability reports. Secondly, state-owned enterprises played a demonstrating role. In 2004, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) and the Department of Construction Management at Tsinghua University set up a joint research team on sustainability reporting in China. In early 2006, the Ministry of Commerce’s Transnational Corporation Research Center issued a draft of “Guidelines on Corporate Responsibility Reporting for Chinese Enterprises”. These had great influence among state-owned enterprises<sup>8</sup>. State-owned enterprises have been enthusiastic about corporate social responsibility, and some of these pioneering

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<sup>8</sup> CHINALCO wrote explicitly in their Sustainability Report 2005 that “the joint research team set up by State-owned Assets Supervision and Administration Commission of the State Council and Department of Construction Management, Tsinghua University set up new sustainability indicator system based on the most universally applied GRI indicator system, incorporating the specific conditions of China. Our report is based on such indicator system and carried out by objectively evaluating our work.

enterprises made a great try in sustainability reporting. These reports had unexpected influence; and the report by State Grid was even praised by the central government. Premier Wen Jiabao said, “This is well done. Corporations have to be responsible to the society and subject to the monitoring by society.” The report was also praised by Li Rongrong, Chairman of SASAC and Chai Songyue, Chairman of State Electricity Regulatory Commission<sup>9</sup>. The support from central government and media coverage also served to encourage other businesses to follow the state-owned enterprises’ examples in issuing sustainability reports. As such, CNOOC and COSCO issued their reports in the second half of the 2006.

Sustainability reporting continued to increase in 2007. China Mobile, the first in the communications industry, published their corporate responsibility report in January 2007, and in the same month, State Grid published their second report. HP China published their first report, also in January of 2007. In February 2007, Xizi UHC became the first Chinese private enterprise to publish a social responsibility report. At the same month, the China National Petroleum Corporation (CNPC) published their first corporate social responsibility report. Soon afterwards Dongfeng Peugeot Citroen Automobile Company Ltd., SinoChem International Corporation (second report), and the China Construction Bank all published reports. By May 2007, thirteen reports had been published in China, exceeding the number in the same period last year.

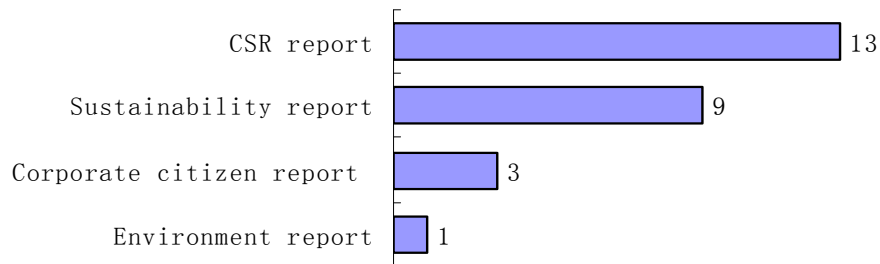


Source: SynTao. Note: In this report, figures without specified sources are from SynTao

**Figure 2 Numbers of sustainability reports by Chinese enterprises**

The names of the reports varied. Thirteen enterprises used “Corporate Social Responsibility Report”, accounting for half the enterprises. Nine enterprises used “Sustainability Report”. Three enterprises used “Corporate Citizen Report”. One used “Corporate Environment Report.”

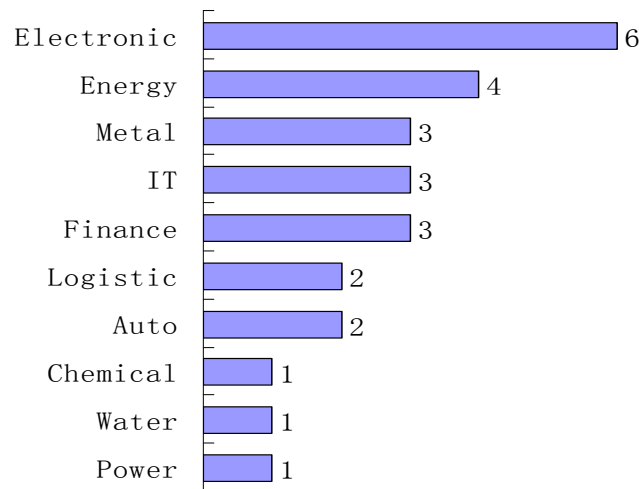
<sup>9</sup> State Grid Paper. Corporate Citizen Serving Society and Shouldering Responsibility. <http://www.sgcc.com.cn>



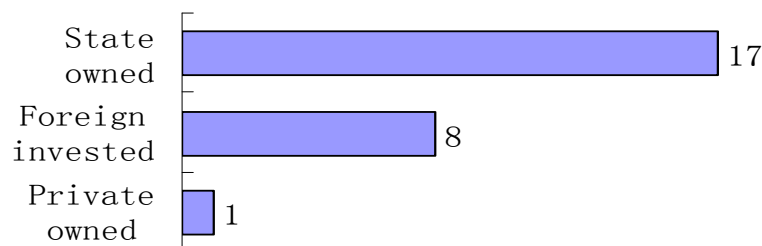
**Figure 3 Names of Sustainability Reports in China**

The reporting companies are from different industries. Most are industrial companies, in such areas as electronics, energy, metallurgy, car making, etc. Only few of them are from service sector, all of which are from financial industry. These findings are similar to those released by KPMG.

State-owned enterprises take the lead in reporting when compared to foreign and private enterprises. Altogether there are 17 state-owned enterprises, 8 foreign enterprises, and only one Chinese private enterprise. From 1999 to 2005, more than half of the reporting companies were foreign businesses. But after 2006, state-owned enterprises took the lead.



**Figure 4 Industries of Enterprises that Published Sustainability Reports**



**Figure 5 Ownership of Enterprises that Published Sustainability Reports**

## 2.2 Content and framework

The sustainability reports published in last two years mostly followed the guidelines set by GRI and the triple-bottom-line principle, sharing information on business strategy, policy, governance and achievements in economic, social, and environmental areas.

Among the enterprises, some explicitly claim that they used or referred to GRI guidelines in their reports, such as COSCO, China Mobile, Dongfeng Peugeot Citroen Automobile Company Ltd., the Jiangxi Provincial Branch of China Mobile, PetroChina, China Aluminum Corporation, Baosteel Corporation Limited, Microsoft China, Toshiba China, Fuji Xerox Shenzhen and ALCOA China. Some reports strictly observe the GRI guidelines, and shared information from social, economic and environmental perspectives, such as those by COSCO and its subsidiary. Some reports only consulted GRI guidelines and made modifications in their text compilation, such as PetroChina, which divided the report into four sections: energy supply, clean and safe operations, employee training, and social welfare. Some companies, such as China Mobile and PetroChina, attach indices for GRI indicator application to their reports.

A few enterprises actively seek innovations both in structure and methods in sustainability reporting. One such example is State Grid, whose report elaborated on the specific conditions in China and also set up a theoretical model of corporate social responsibility for its own. The model elaborates on twelve aspects of corporate social responsibility and initially set up the model for state-owned enterprise sustainability reporting<sup>10</sup>

The content of the reports centers on the statement on corporate sustainable development. Sometimes reports can contain information on sustainable strategy, corporate values, EHS management system, and philanthropic activities. Some reports also include information about corporate governance and stakeholder engagement. The evaluation in the following section will discuss the content in the reports.

### Box 2 Global Reporting Initiative

Global Reporting Initiative (GRI) was set up jointly in 1997 by Coalition for Environmentally Responsible Economies (CERES) and United Nations Environment Programme (UNEP), in order to establish an information disclosure system around the world, set up and promote sustainable reporting guidelines, help enterprises better reveal information on their achievements in social, economical and environmental aspects and raise the quality and practicality of sustainability reporting. In 2002, GRI became an independent international agency and joined the UN as an UNEP official partner.

GRI launched three versions of Sustainable Reporting Guidelines in 2000, 2002 and 2006. The guidelines can establish a universally acknowledged framework for information revelation, cater for enterprises of different sizes, different industry and from different areas, put the practical problems and difficulties encountered by different

<sup>10</sup> Qi Zhongxi. State Grid Published Annual Corporate Social Responsibility Report. Xinhua Online, January 18<sup>th</sup> 2007

agencies into the framework and contain framework content for all industries and specific industries.

Source: GRI

## 2.3 Drivers of CSR

We divided the drivers of sustainability reporting into four categories, namely: social factors, market factors, political factors and governance factors. According to respondents of the questionnaire, social factors are the most important factors behind the increase of sustainability reporting in China. Market factors come in second, while political and governance factors are the third and fourth, respectively.

If we split the four categories into 15 specific items, the core consists of raising enterprise profile, followed by the desire to support government policies, consciousness of leaders and media pressure. The public consciousness, consumer pressure, non-government organizations and community influence ranked fourth. This situation is reflective of the fact that currently, sustainability reporting is used in enterprise development, and is subject to leaders' sense of responsibility as well as their attitude toward government and media. Stakeholders such as consumers and community residents have not exerted any pressure for reporting.

*In September, 2006, our company decided to develop a corporate responsibility report, with the immediate aim of raising China Mobile's ability to take social responsibility via the reporting process. After the publication, we planned to introduce the reporting system into our government procedures.*

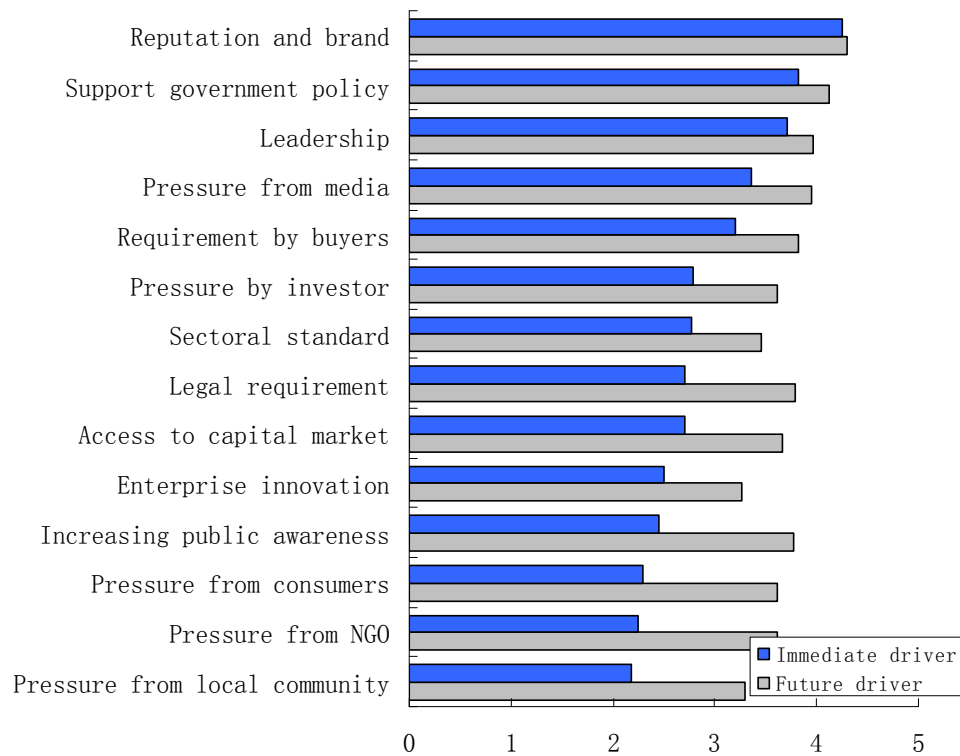
*By Ge Qi, China Mobile*

We also compared the current and future drivers of corporate social responsibility. We found that the drivers have certain stability over time. In the near future, raising enterprise profile and supporting government policies are among the most important drivers of reporting among enterprises in China. Abiding by laws was elevated from the 8<sup>th</sup> place to 6<sup>th</sup> place in the drivers. Public consciousness was raised from 11<sup>th</sup> place to 7<sup>th</sup> place, among the drivers of corporate social responsibility. This suggests that the public is beginning to put more pressure on enterprises to report. Relevant legal systems are being set up.

Noteworthy is that future innovation dropped from 10<sup>th</sup> to 15<sup>th</sup> among the drivers of corporate social responsibility. This contrasts sharply with the results by KPMG in 2005, according to which more than half of the enterprises believe that innovation parallels with moral factors and these constitute the most important drivers. We found that the contrast stems from dominant beliefs that publishing reports is in itself a kind of innovation, and that the reporting does not have to have innovative significance. The innovation referred to here is an important channel of communication with stakeholders in their managing environmental and social issues.

Many interviewees stressed that corporate ownership, sectoral and geographic factors affect the drivers of sustainability reporting. Due to the homogenous nature of published reports and limited

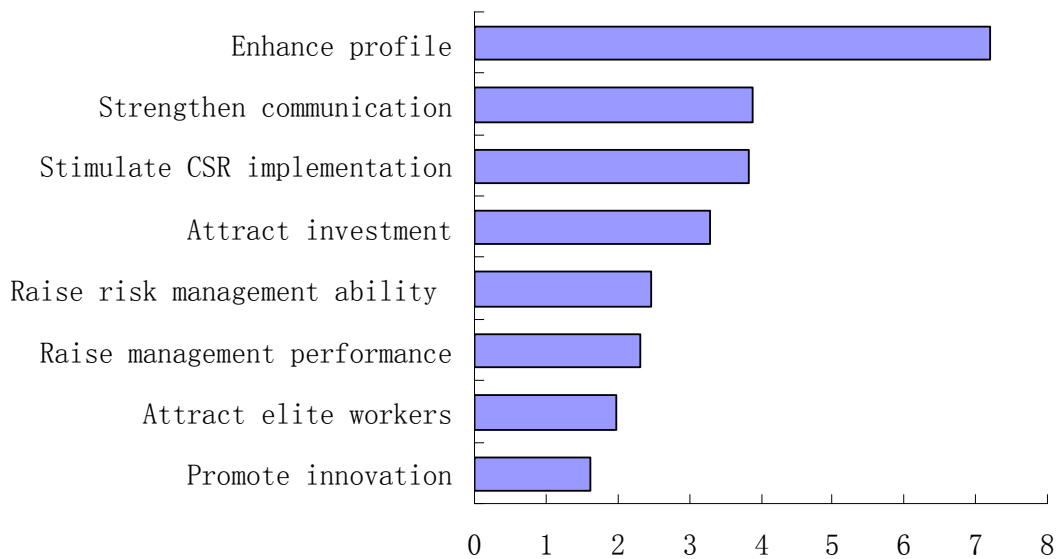
coverage, we have much to learn in terms of the correlations.



**Figure 6 Current and Future Drivers of Sustainability Reporting**

## 2.4 Effects of reports

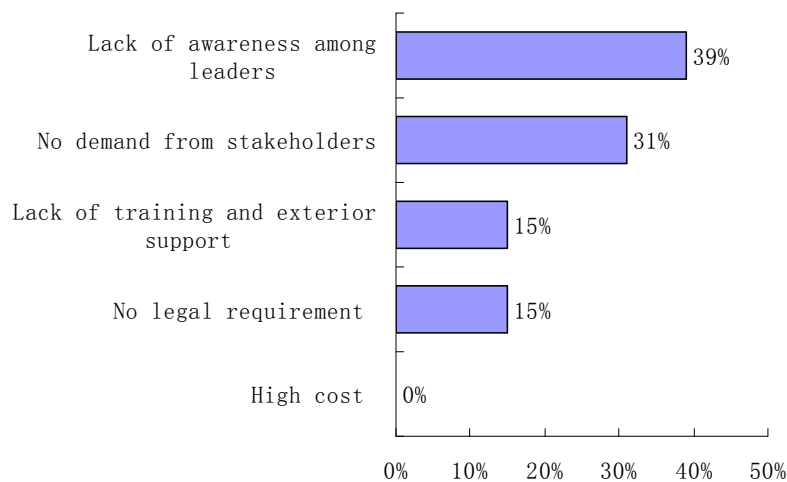
Through publishing sustainability reports, enterprises potentially can reap rewards, the most important of which is the promotion of the enterprise’s profile. Both companies and stakeholders agree on this point. Some enterprises put corporate social responsibility into the sphere of public relations. Corporate social responsibility reports also enhance communication between the internal and external; enterprises must hear stakeholders’ opinions when compiling reports and forward such information to the relevant bodies, such as supervising agencies, non-government agencies and news media. In addition, corporate social responsibility reports can stimulate enterprises to engage in social responsibility initiatives, attract investment, raise their ability to manage risks and enhance their management performance. However, many interviewees do not believe that reporting contributes much to attracting new elite employees or promoting innovation.



**Figure 7 Functions of sustainability reporting by Chinese enterprises**

## 2.5 Impeding Factors

At present, the major obstacles in publishing sustainability reports are the lack of knowledge among leaders and managerial departments (39%), lack of demand for information by stakeholders (31%), lack of legal requirements, lack of education training (15%) and lack of external support (15%). The cost of reporting does not seem to cause any problems. The first two obstacles account for 70% of the impeding factors: many enterprises currently do not have a thorough understanding of the triple-bottom-line principles for sustainable development. Enterprises do not have the complete mechanism for information disclosure, nor do they have a management team in charge of sustainable development. Concurrently, due to the lack of legal requirements and lack of demands for information disclosure by stakeholders, there has been little pressure on managerial departments and business leaders, which further causes the lack of understanding.



**Figure 8 Impeding factors of sustainability reporting by Chinese enterprises**

While actually compiling the sustainability reports, many enterprises encountered difficulties in data collection, lack of statistical data, and inconsistencies in the data provided by different departments. In order to solve such problems, enterprises often have to coordinate between departments. At present, there is no mechanism to solve these problems.

*Many Chinese enterprises published their sustainability reports for the first time. In their compilation of reports, they would often meet difficulties in data collection and communication as well as coordination. This will add to the time cost of the reporting.*

*By Wang Yong, Det Norske Veritas(DNV)*

## 3 Evaluation of Sustainability Reporting in China

We used the report assessment methodology developed by SustainAbility to evaluate the twenty sustainability reports by Chinese enterprises. We found that the Chinese reports do relatively well in terms of presentation of performance and descriptions of governance and strategy. They do relatively poor in terms of management approach and accessibility of information and assurance, as Figure 9 indicates below.

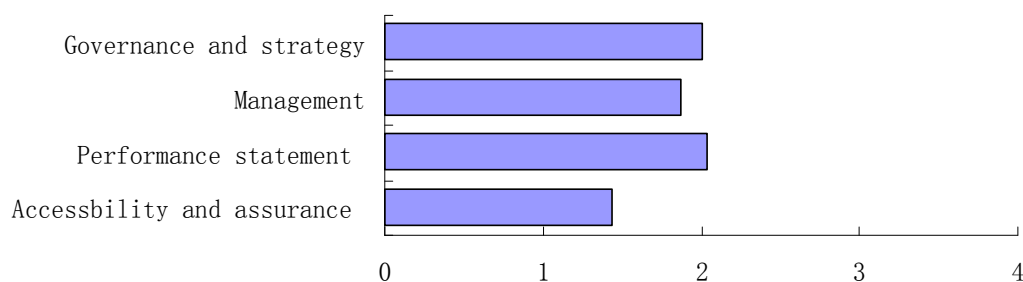


Figure 9 Overall evaluation of sustainability reporting by Chinese enterprises

### Box 3 Reporting Evaluation methodology by SustainAbility

Since 1992, SustainAbility has been publishing one survey on environmental and sustainability reporting every two years. In 1993, SustainAbility and UNEP jointly published a survey called the “Corporate Environmental” report. In 1996, SustainAbility turned to sustainability reports and published a survey called “Engaging Stakeholders”.

The evaluation method of SustainAbility has undergone five modifications before it became an evaluation system of four primary indicators and 29 secondary indicators. Compared with previous versions, this method puts more emphasis on the substantial nature of the reports in order to better evaluate the reporting of relevant enterprises.

The four primary indicators include:

Governance and Strategy Indicators (containing 11 secondary indicators): (1) how enterprises interpret the correlations between business operations, the economy, the environment, and society, (2) the governance of sustainable achievements, (3) introducing sustainability into strategies of enterprises.

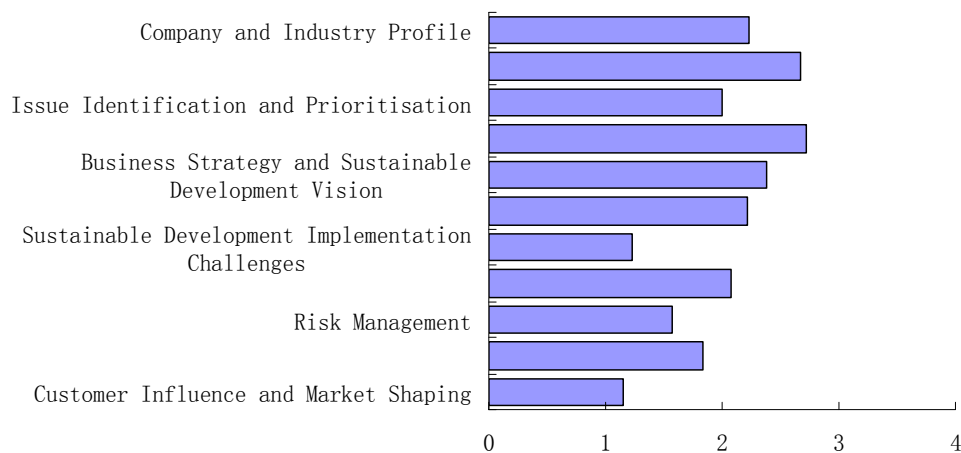
Management Indicators (containing 9 secondary indicators): (1) how enterprises interpret the correlations between the interior regulatory system and sustainability direction, (2) enterprise influence on exterior stakeholders and markets.

Presentation of Performance Indicators (containing 4 secondary indicators): how enterprises state and interpret achievements of substantial factors.

Accessibility and Assurance Indicators (containing 4 secondary indicators): how enterprises design reports in order to meet the demands of a major audience, including how to help an audience have confidence in reported information.

Sources: SustainAbility (For complete indicator systems, refer to the appendix)

### 3.1 Strategies and Policies



**Figure 10 Governance and strategy indicators for reporting enterprises in China**

The Chinese sustainability reports have developed explicit disclosure in strategic and policy planes. This is manifested in following aspects:

**(A) Top Management Statement**

Similar to the annual reports by traditional enterprises, the domestic enterprises would almost invariably have greetings by general managers, chairmen, or CEOs, all of whom would reiterate the sustainability policies, strategies, and determination of the enterprise. They would often draw an attractive blueprint for the company.

**(B) Values, Principles, and Policies**

The reports would open with explicit statement of an enterprises’ attitude towards sustainable development or social responsibility. Many corporations would connect this with Chinese culture, development policies, or enterprise values. For example, the report by China Mobile is typical of Chinese culture, as it claims to “give sincere service to realizing ones’ own dream, meet other peoples’ needs, and bring into play the nature of the objective world.” This is almost absent in reports by foreign enterprises.

## Box 4 Sustainability values of Chinese enterprises

**State Grid:** Developing the company while serving the society; make people centered and realize common development.

**China Mobile:** Give sincere service to realize ones' own dream, meet other peoples' needs, and bring into play the nature of the objective world.

**Shanghai Pudong Development Bank:** Abiding by laws, operating steadily, upholding humanity, unifying values such as consumer orientation, sincere service, environmental conservation, frugality, philanthropy, and passion.

**China National Offshore Oil Corporation:** Offering clean energy and quality life, conserving ecology and rewarding society.

**Ford China:** We do all we can to serve consumers, reward stakeholders maximally, improve the environment, and contribute to community.

**Baosteel Corporation Ltd.:** Maximizing value-balancing between stakeholders such as shareholders, consumers, suppliers, staff, and society.

**PetroChina:** Offering clean energy and creating harmony.

### (C) Strategy and Vision

Most enterprises will put forward their concrete sustainability strategy and direction of efforts and goals in their reports based on their own specific conditions. The report by State Grid described their corporate social responsibility from strategy, implementation, and working principles.

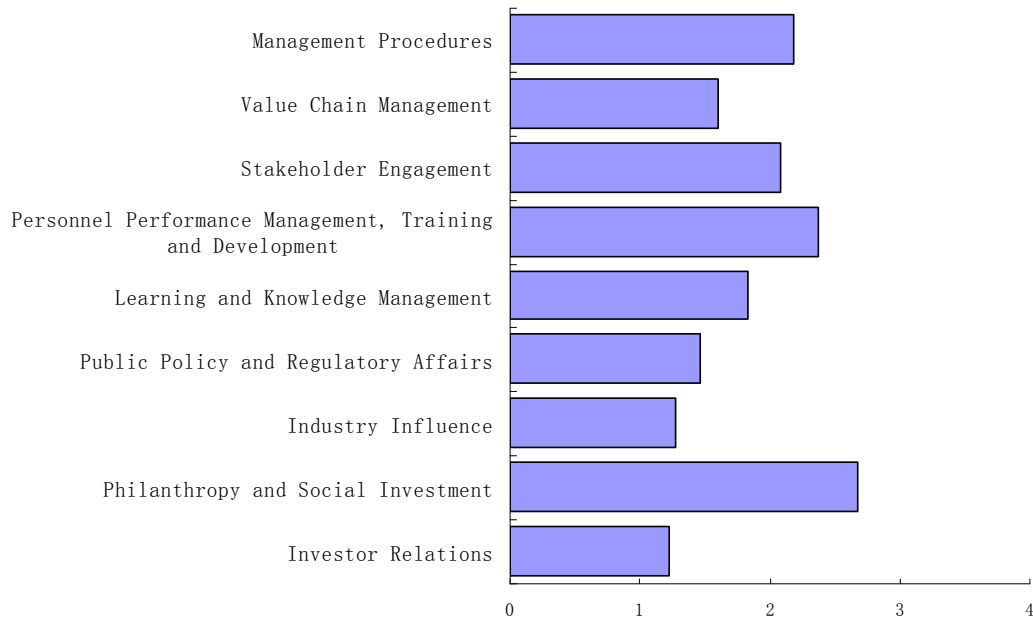
In addition, some reports also disclose the regulatory structure concerning sustainability or corporate social responsibility and ensure the implementation of a future sustainable system. The report by Ford China set up a corporate social responsibility committee consisting of vice presidents responsible for public affairs, enterprise affairs, business and development, human resources, financial, marketing, and service. The committee is responsible for the overall management of corporate social responsibility.

Generally speaking, Chinese enterprises have gradually set up sustainability strategies and relevant policies in last few years, which is encouraging. This top-down reform fits the reality in China.

Although current achievements well considered, there remains room for improvement in sustainability reporting by enterprises in China. Two of the most important ones are the priorities of and challenges to sustainability. Enterprises tend to predetermine a list of various kinds of sustainability issues, such as governance, environmental management, and dialogues with stakeholders, before they analyze them one by one. The enterprises do not always have good compilation and drafting procedures for their reports. For example, some enterprises do not prioritize issues according to the degree to which the issues affect company performance. In

addition, some enterprises like to report favorable aspects rather than problems, reporting only those aspects they do well in and making no reference to those aspects that they do poor in. Such practices are in reality not advantageous to any party implicated, as overly positive reports lead to inflated stakeholder expectations. Under this circumstance, once an enterprise encounters problems it is unable to conceal, stakeholder expectations would rupture, and causing disinvestment en masse.

### 3.2 Management Indicators



**Figure 11 Management indicators for reporting enterprises in China**

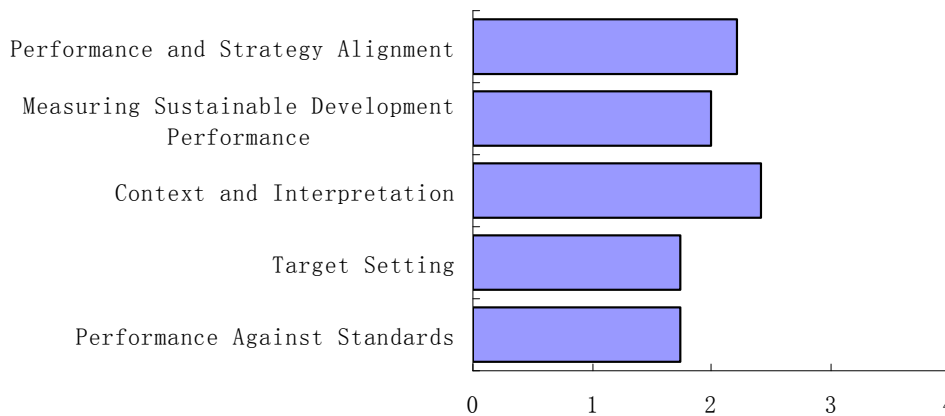
Compared with strategy and governance indicators, management indicators of Chinese reports have lower scores. Many reports do not have adequate coverage of relevant value chain management, policies and legal affairs, and training management. The lack of disclosure was not due to unwillingness or negligence, rather it was due to the fact that enterprises do not have much to disclose. This kind of awkward situation is natural in the Chinese context, because the history of contact between Chinese enterprises and corporate social responsibility is very short. It was only several years ago that relevant policies have been made. It will take several years before the policies materialize. By that time, the disclosure of information will be systematized.

However, there are some noteworthy aspects in management indicators, such as philanthropy, social investment, personal achievement management, and professional development.

Philanthropy and social investment have been the most important means of corporate social responsibility in China. Every enterprise can give a long list of philanthropy activities, most of which are donation and volunteer activities. Some of them are unique to China, such as supporting projects for developing areas.

With the development of corporate culture, human resources management and the introduction of other enterprise management tools, many domestic enterprises are beginning to have mature policies in personal achievement management, staff training, and professional development. This will provide sustainability reporting with more materials and help them score higher in the relevant indicators.

### 3.3 Presentation of Performance and Measurement



**Figure 12 Performance statement and measurement for reporting enterprises in China**

Measurement of performance and description of performance are indicators used to find whether reports are written in a coherent way, whether the performance indicators can be scaled. To a large degree this indicator determines the readability of reports.

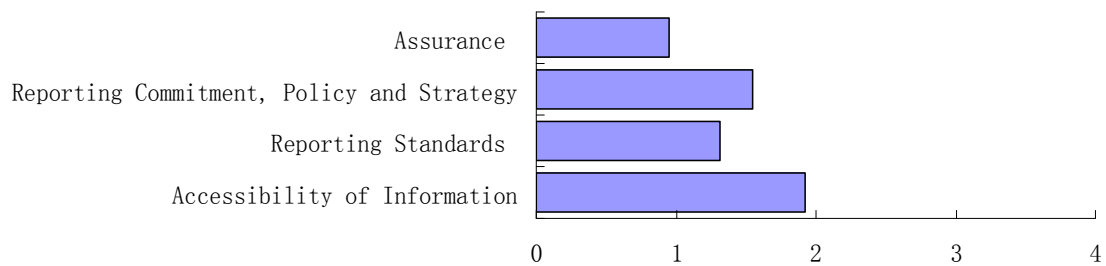
Our research suggests that almost all reports do well in terms of text and interpretation. Some reports even paid a lot of efforts in designing and printing, which strikes the readers as good before they read the texts. For example, China Mobile and PetroChina used specialized public relations companies to design and publish their reports. Most enterprises use reasonable performance indicators, suitable for identifying their impact on the economy, the environment, and society. The indicators are highly relevant to sustainability.

Of course, there are some enterprises that failed to explicitly and objectively describe some of the indicators. Some only described performance in terms of very few indicators, omitting several necessary indicators. This will directly affect outside evaluations of the sustainability of the company based on the reports. In addition, even though the reporting describes clearly the absolute performance, like the volume of drained sewage, they do not give benchmark standards to which their data might be compared. As a result, readers cannot tell the position of this company in the industry. Correct practice should be besides absolute value, giving the benchmark performance set up by government or the average of industry, so that the readers can tell directly from the report how to position an enterprise within its industry.

Chinese reporting has room to improve in terms of target setting. Sustainability is an

ever-improving process. Enterprises should set up goals specific to certain phases in order to display the determination of enterprise to implement sustainability strategies and their willingness to subject themselves to public monitoring. At present, few enterprises have done this.

### 3.4 Accessibility and Assurance



**Figure 13 Accessibility and assurance for reporting enterprise in China**

The accessibility of reports is very important. If stakeholders have to labor to even read a report, the enterprise would not have achieved its objective of publishing sustainability reports, namely, strengthening dialogue between stakeholders and enterprises. In China, many sustainability reports can be downloaded from websites of enterprises. Some are only available in form of online texts while others cannot be obtained online, such as reports by Dongfeng Peugeot Citroen Automobile Company Ltd., Microsoft China, Shenyang Water, and ALCOA China. The language version can also affect the availability of sustainability reports, as the stakeholders who do not understand Chinese cannot access such information directly. Therefore, those enterprises that engage in international business should have both Chinese and English versions of reports. Some enterprises have already had English versions of reports, such as COSCO, China Mobile, State Grid(2005), Dongfeng Peugeot Citroen Automobile Company Ltd., Baosteel Corporation Limited, Ford China, etc. China Mobile even made traditional Chinese version for Hong Kong investor audiences.

In assurance, Chinese enterprises have much to do to improve reliability. Only COSCO, Toshiba China and Sony China have had their reports audited by third parties, accounting for only a small proportion. Some reports by enterprises such as State Grid, Shell China and China Mobile just quoted remarks of third parties, thus limiting their credibility.

The framework of reporting, as stated above, is mostly based on GRI guidelines. COSCO is the first enterprise to use G3 guidelines in the world. Some enterprises consulted industry standards other than those published by G3. For example, PetroChina consulted the 2005 version of sustainability reporting guidelines compiled jointly by International Petroleum Industry Environmental Conservation Association (IPIECA) and American Petroleum Institute (API), aside from G3 guidelines.

Report policies and strategic indicators require enterprises to promise regular disclosure of information on sustainability and explain how they collect data and write reports and how they communicate with stakeholders. This is actually very simple, requiring only a short passage of

words. But few of the Chinese enterprises did so.

### **Box 5 Assurance of Sustainability Reports**

Enterprises publish sustainability reports to strengthen communication with stakeholders. This kind of communications must be based on mutual trust. If the stakeholders do not trust the credibility of reports, they will not carefully read the content of report, still less use the information disclosed in the report in their decision making. With trust eroded, the use of sustainability will be dwarfed.

One of the ways to improve the credibility of reports is to ask independent third parties for assurance. Assurance is a kind of evaluation. It uses a set of detailed principles and criteria to evaluate the main functions of reports, such as working mechanisms, processes, and capabilities that support the performance of enterprises.

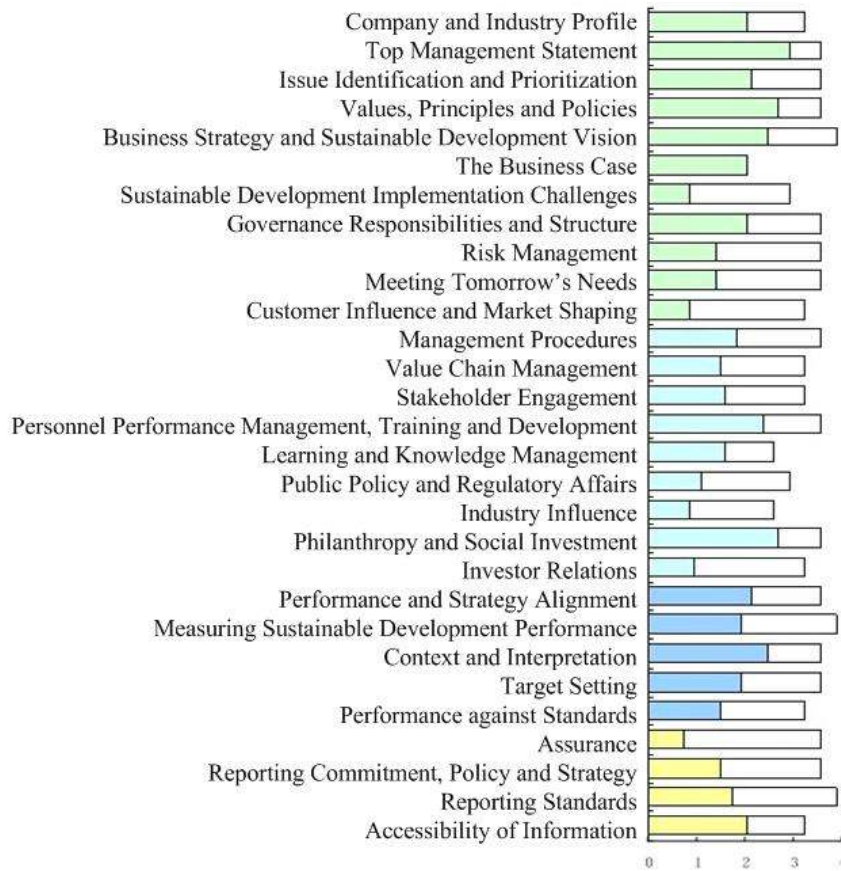
At present, the number of enterprises using third-party assurance is still not large but the number on the rise. According to KPMG surveys, the percentage of reports claiming to have assurance by the 250 leading enterprises increased from 29% in 2002 to 30% in 2005. The assurance agencies are mostly accounting firms, amounting to 60% of the market. Next to accounting firms are specialized agencies and corporate social responsibility agencies.

The most commonly used assurance standard is AA1000 Assurance Standard specified by AccountAbility. This set of standards has been translated into Chinese by China CSR Map.

In G3 guidelines, GRI suggests enterprises to undergo external assurance. If they use external assurance for their sustainability reports, they can label “+” onto their GRI scales like A+,B+ and C+.

Sources: KPMG, AccountAbility, GRI

### 3.5 International Comparisons



\*Three industries are selected to be compared.

**Figure 14 International Comparisons of Sustainability Reports**

In the SustainAbility evaluation schema, the scaling range is 0 to 4, 4 being the best and 0 the worst. Chinese enterprises are placed between 1 and 2.5, suggesting that Chinese enterprises have room for improvement. In order to find the potential room for improvement, we selected enterprises from three industries and compared them with international peers<sup>11</sup>. We found that there are smaller gaps between Chinese enterprises and international peers on top management statements, values, principles, policies, philanthropy and social investment, personal performance management, and training and professional development. There are larger gaps between Chinese enterprises and international peers on challenges from sustainability, influence of consumers and the market, industry influence and relationship with investors.

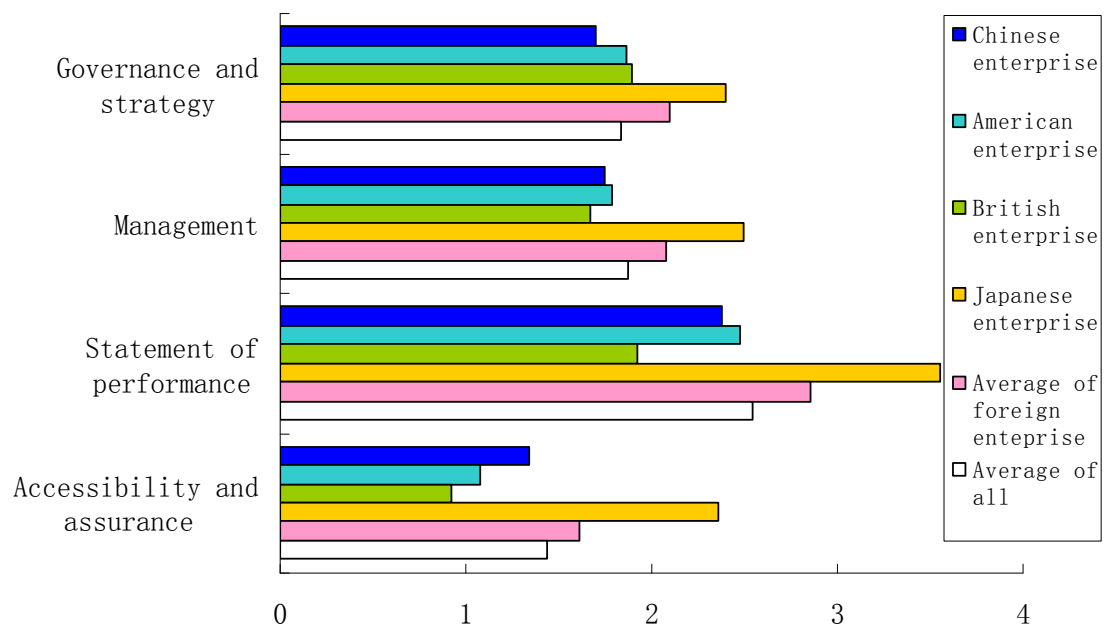
Comparing reports by Chinese enterprises and international peers, one can find Japanese enterprises do better than Chinese enterprises. The method of Japanese enterprises is “Hanhua (汉化)”. As its name suggests, “Hanhua” has two layers of meaning. One is translating the global

<sup>11</sup> International peers were selected from the most advanced enterprises in three specific industries listed in the report of Tomorrow's Value ----2006 Survey of Corporate Sustainability Reporting by SustainAbility

sustainability report of the enterprise from English into Chinese; the other is adding specific information coming from Chinese branches into reports. Japanese enterprises are very careful and serious on these two aspects. Their treatment of details offers inspiration for other joint ventures and foreign enterprises.

*We suggest that multinational corporations use “Hanhua” strategy in their publishing Chinese reports, lest there be legal, technical, statistical complications.*

*By Wang Zhile, TNC, Ministry of Commerce*



**Figure 15 Comparison of sustainability reporting by enterprises in China**

### Box 6 Sustainability Reports by Japanese Enterprises in China

The sustainability reports by Japanese enterprises stem from environmental reports. In the 1990s, many Japanese enterprises gained ISO14001 recognition, developing in terms of environmental management and environmental filing. The government regulations and promotions by non-governmental organizations also speed up the development of Japanese environmental reporting. In 2001, 579 of 2,644 listed corporations published their environment reports.

The launch of GRI 2002 guidelines generated a great impact in Japan. Japan established a GRI forum to promote GRI guidelines applications in Japanese enterprises. Japan became the biggest user of GRI guidelines.

Most sustainability reports of Japanese enterprises strictly followed the requirements of GRI guidelines, reporting the economic, social, and environmental aspects of enterprises from policies,

management, and performance perspectives. The environmental report is the most comprehensively rich part of Japanese enterprise reports, often attaching large amounts of data and clearly defined goals. From this we can see the impact of ISO 14001 on the environmental management of Japanese enterprises.

Japanese enterprises in China are the first enterprises to publish sustainability reports. According to statistics, Toshiba China, Sony China, Fuji Xerox Shenzhen, and Omron China have published reports on China. Fuji China has even translated Japanese reports into Chinese.

The methods of Japanese enterprise to compile Chinese reports is generally translating the main content into Chinese based on their Japanese headquarter report, appending Chinese cases to the report as well. This method is not only the innovation of Japanese enterprise, as other foreign enterprises also do the same. The reason behind Japanese enterprises' standing out against other foreign enterprises is that they work conscientiously and carefully. The minute parts of reports reflect the sincerity of Japanese enterprises to communicate with Chinese stakeholders.

Take reporting polices, for example: Many Japanese enterprises state explicitly their reporting policies, the framework they used in compilation, and their target period of time and scope of data. Some reports will also write the date of last publications and the next publication. Toshiba China report also included the third party views on China, making their report unique.

Sources: Taiwan-BCSD, Toshiba China, Sony China, Fuji China

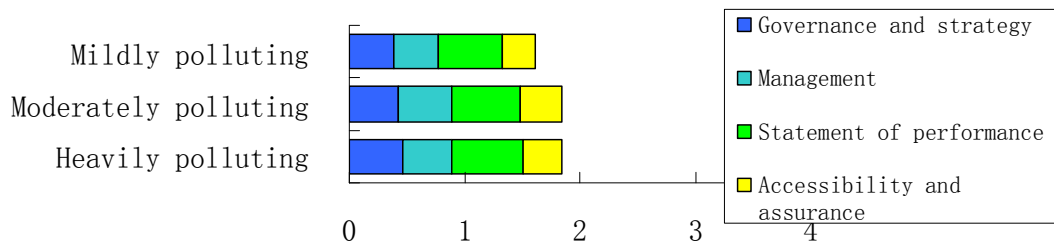
### **3.6 Influence of environmental pressure and client structure**

#### **(A) Influence of environmental pressure**

According to the degree of pollution, Chinese enterprises are divided into heavily-polluting, moderately-polluting, and mildly-polluting<sup>12</sup>. The heavily-polluting enterprises generally write better reports than mildly-polluting enterprises. This suggests that the attention enterprises paid on reports is related to the environmental pressure they receive. The more environmental pressure they have, the more attention they paid to reporting. The mildly-polluting enterprises do a poorer job in governance and regulation than heavily-polluting enterprises. This may be due to the fact that mildly-polluting enterprises mostly do not think they have anything to do with environmental protection. The correlation between their business and sustainability appears weak. Practically, they do not take any measures, and therefore they do not have much to disclose. This to some degree reflects their limited understanding of the concept of sustainable development.

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<sup>12</sup> Heavily-polluting enterprise is defined by the Notice on Monitoring Environmental Protection by Enterprise Applying for Being Listed and Listed Enterprise Applying for Funding. No.[2003]101



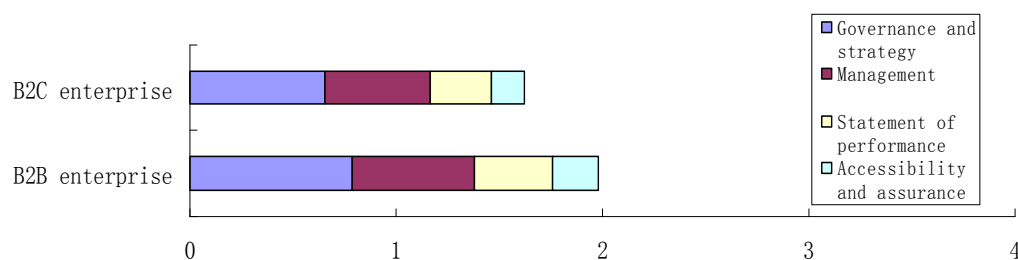
**Figure 16 Sustainability report and environmental pressure**

**(B) Influence of client structure on report content**

Client type (B2B or B2C)<sup>13</sup> influences enterprises in their operations and their sustainability reporting. After all, enterprises’ decisions have to consider client needs. For B2B enterprises, clients are companies while for B2C enterprises the clients are individual consumers.

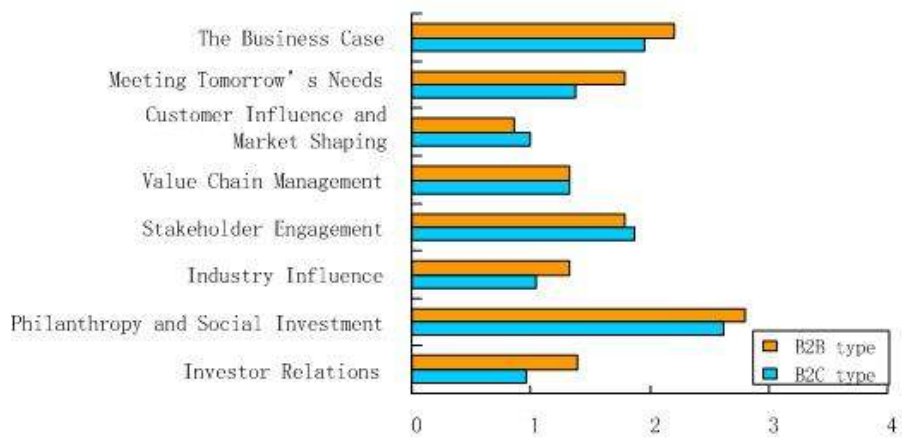
Through comparisons, we find that B2B enterprises perform better than B2C enterprises in terms of report quality, For example, B2B enterprises have a clearer management structure and strategy and also have a more detailed presentation of performance. These factors show that they pay more attention to their partners than their customers. Such preference is reflected through the content of their reports and is contrary to international practices. Among their international peers, B2C enterprises have better reports, as individual consumers are their clients. Only by publishing reports of high quality can they better communicate with clients and establish a responsible profile for the enterprise. The current situation in China reflects the fact that responsible consumption of the environment has not matured; as consumers do not care whether given enterprises are responsible.

Nevertheless, one can find a different story if they go further into the management indicators. Compared with B2B enterprises, B2C enterprises do better in consumer influence, market influence, and stakeholder participation. This suggests that enterprises have targeted their audience in reporting, understanding how to direct the most relevant information to those who need it.



**(A) Overall comparison**

<sup>13</sup> B2B refers to enterprises catering for corporate clients; B2C refers to enterprises serving individual consumers.



**(B) Management indicator comparison**

**Figure 17 Relation between sustainability reporting and business type**

## 4 How to better write a sustainability report

### 4.1 Going beyond report

Incorporating sustainability reports into general business strategies of enterprises is a general trend, as writing these reports can help enterprises understand its potential sustainable performance, systematizes relevant activities, and closely relates sustainable development and core strategies of the enterprise. The GRI G3 guidelines explicitly points out that “reporting is not merely a report printed or published on website” and “reports should be incorporated into the overall development of the organization so that it can help the organization to set up strategies, implement principles and examine performances.” In 2006, SustainAbility in their research report *Tomorrow's Value* also stressed similar views. In their ranking of enterprises' sustainability reports, they attached importance to whether or not sustainability reporting has been incorporated into management.

If enterprises compile reports merely to publish a report, the reports would merely be well-printed booklets. Only when enterprises realize that reports compilation is a process that can help them discover opportunities and restructure corporate strategies can they find the value of reporting.

At present, sustainability reporting in China is at a developmental phase. For many enterprises, publishing sustainability reports is still a challenge, as they lack expertise and examples. There are few companies that are able to associate sustainability reporting with corporate management. Some enterprises still write reports for advertising and public relations purposes. And of course, many enterprises struggle to procure accurate data if there is no systematic management among many branches or companies. Some enterprises are beginning to introduce a sustainability reporting system into corporate, which is a great improvement and should lead to more effective reporting

COSCO stated in their report that they would “establish corporate social responsibility management system and monitoring system, combining corporate social responsibility and everyday operation.” China Mobile in their interview also expressed plans to incorporate corporate social responsibility into management. These leading enterprises have set their steps in sustainability management, which is more meaningful than the actual reporting.

*State Grid is to establish corporate social responsibility management system and a scheme for stakeholder engagement, comprehensively overview the impacts of our business on society and environment, and pursue a sustainable business. By this means, we hope to fulfill our social responsibility in all-round ways.*

*By Li Weiyang, State Grid*

## 4.2 Compilation Process

Sustainability reporting is a kind of innovation for many enterprises. Different enterprises have different procedures and approaches that cater to their specific needs and goals. However, there are some necessary steps to follow in order to produce a high quality report.

In our research, we conducted in-depth interviews with enterprises that publish reports. Incorporating expertise from foreign literature, we have formulated steps as follows:

### **Step 1: Preparatory phase**

Writing a report is like a journey. First we have to decide the destination, i.e. the content of report. Then we should explicitly state how we can get to the destination, i.e. the resources. We also suggest that enterprises set up working groups and train employees workers to analyze characteristics of corporate sustainable development and choose reporting framework.

### **Step 2: Interview phase**

In this phase, the reporting company should accurately locate stakeholders and find the major stakeholders based on relevance and influence. The working groups should interview major stakeholders and ask them for the information they desire most in the report.

### **Step 3: Collection phase**

Based on the basis principles of reporting and the suggestions of stakeholders, working group should begin to collect the necessary information and data, such as statistics text, graphs and photos, and try to ensure their accuracy. Afterwards, working groups should set sustainability goals based on the ability of the corporation to implement these goals.

### **Step 4: Writing phase**

The working groups should sort out the information and begin to formulate drafts. Drafts should be sent to top managers, stakeholders and experts for suggestions and revisions. After revisions, the finished version will be sent to a third party for examination, after which the finished version will undergo design and typesetting. If there is a need for English version, the finished version should be translated into English after the examination by a third party.

### **Step 5 Publishing phase**

The publishing plan should be set before publishing, including the number of copies and channels for distribution. If necessary,

publication ceremonies can be organized, inviting media and main stakeholders. After publication, enterprises should communicate with main stakeholders for feedback so that the reports can be improved accordingly.

### **4.3 Framework, principle and content**

Since the launch of G3 guidelines by GRI, worldwide sustainability reporting is becoming standardized, as more and more enterprises are adopting or referencing G3 guidelines and reporting from economical, social and environmental perspectives. Of course, some enterprises adopt other frameworks, such as the UN Millennium Development Goals, United Nations Global Compact, the Environment, Society and Governance Framework, and the Carbon Disclosure Project. Some enterprises use their own framework for their reports.

We conducted surveys of consulting firms on the reporting framework. We found that 80% of interviewees agree that there should be a standard reporting framework for sustainability reports and that G3 guidelines can be applied in China after some modification. They also pointed out that the guidelines should be used on a voluntary basis. Many enterprises in China and their stakeholders do not know much about GRI or some have not even heard of it.

There needs to be basic principles to ensure quality of information in the reports. G3 includes six principles:

#### **BALANCE**

Definition: The report should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.

#### **COMPARABILITY**

Definition: Issues and information should be selected, compiled, and reported consistently. Reported information should be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and could support analysis relative to other organizations.

#### **ACCURACY**

Definition: The reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.

#### **TIMELINESS**

Definition: Reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions.

**CLARITY**

Definition: Information should be made available in a manner that is understandable and accessible to stakeholders using the report. .

**RELIABILITY**

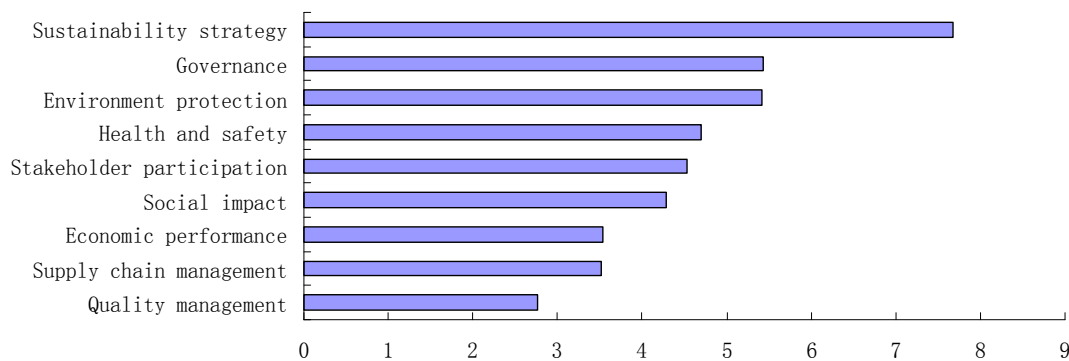
Definition: Information and processes used in the preparation of a report should be gathered, recorded, compiled, analyzed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.

*A high quality sustainability report should provide stakeholders helpful truth. Consequently, the relevance of content, reliability of information and readability of reports are all important.*

*By Fred Dube, UN Global Compact*

Our research finds that enterprises in China are fairly timely in reporting, as reports include information from the year before publishing. Only few of them use information from many years ago. As to the balance principle, few enterprises did well on this. Almost all enterprises wrote mainly about their achievements and skipped their shortcomings. In interviews with stakeholders, especially with non-government organizations, we found that stakeholders have clear demands for more frank reporting, and they hope that enterprises will not reports positive aspects only. Stakeholders are also concerned with reliability and accuracy of information.

Sustainability reports can contain many things, but GRI states that enterprises should choose to include information and indicators based on principles such as relevance and stakeholder participation. Our surveys find that interviewees believe that sustainability strategies should constitute the core content of sustainability reports. Governance and environmental protection are ranked second and third respectively. Quality management falls way behind these other factors.



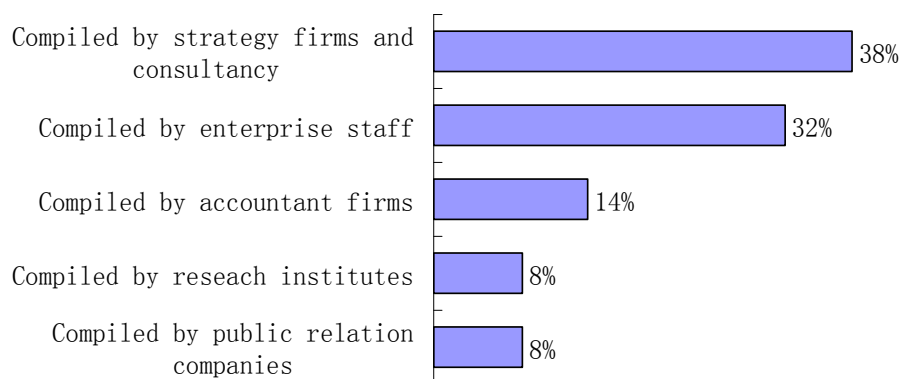
**Figure 18 what should a sustainability report contain?**

## 4.4 Who should write the sustainability report?

In our surveys, 38% of the interviewees believe that sustainability reports can be written by strategy or consulting firms, as they have technological advantages; 32% believe that reports should be written by enterprise staff, as they know their enterprise best; few believe that reporting should be written by other firms, such as accountant firms or public relations companies.

The enterprises that have long histories of and rich expertise in writing reports, such as Shell China and Baosteel Limited, the reports are mainly written by company staff; for those enterprises that are only beginning to write reports, their reports are oftentimes written by public relation companies. Recently, the situation has begun to change. Some enterprises are beginning to use external technological support, while enterprise staff supervise and prepare the actual content. In the Chinese market, few accountant companies and strategic management firms were hired to compile sustainability reports.

Generally speaking, a report writing team will have 3 to 4 persons. It generally takes about 3 to 5 months from planning to publication.



**Figure 19 Who should write sustainability reports?**

*We believe that reporting team consisting of exterior and interior expertise will be ideal, as the staffs within enterprises know better the management and operations of enterprises while exterior workers can offer professional expertise and objective suggestions.*

*By Erin Harper, APCO*

## 4.5 Increasing creditability of reports

How can we increase the creditability of reports? The annual reports tell us that an examination by a third party and assurance is the best way. In our survey, we found that 75% of interviewees believe that sustainability reports need assurance from a third party. They believe such measures can prevent cheating by enterprises and raise the creditability of reports. Interviewees also believe

that sustainability reports should be assured by international agencies. Interviewees from corporations support assurances issued by accounting and auditing companies.

Of course there are people who disagree. They think that sustainability reports need to be assessed but assurance is not necessary. If assurance is needed, it should not be mandatory. They are worried that if mandatory assurance is required, the development of sustainability reporting will be affected.

*We encourage enterprises to ask a third party for evaluation or remarks. However, considering the importance of assurance in increasing report credibility, some capable enterprises can consider inviting specialized organization to do auditing based on certain kind of standard.*

*By Yin Gefei, China WTO Tribune*

## 5 How to better use sustainability report?

### 5.1 How can enterprises make use of sustainability reports?

#### (A) Realize diverse channels of information distribution

For enterprises, the most important job after they have completed sustainability reports is to find how they can effectively distribute relevant information to stakeholders and other public bystanders. This is the issue of distribution channels. In their choosing the right strategies, two things have to be considered:

First, the audience determines the strategy:

Considering the importance of the audience, what strategies will engage the audience's attention? The audience is the stakeholder. For different stakeholders, enterprises may have to use different strategies as their interests differ.

Second, choose the best communication method:

Generally, the enterprises ought to have different methods for different audiences. It has to choose one that can best distribute all relevant information. This is why enterprises will use other methods to disclose relevant information to targeted audiences, aside from their print versions and websites. For example, they may use such information distribution strategies as below.

#### **For interior stakeholders:**

- ✓ Internal bulletins and newsletters
- ✓ Brochures and flyers
- ✓ Post advertisements within office
- ✓ Internal online forum
- ✓ Meetings (formal or informal)
- ✓ Memoranda or Email
- ✓ Information exchange session

#### **For exterior stakeholders:**

- ✓ Themed meetings
- ✓ Public speeches
- ✓ E-mails outreach
- ✓ News press release
- ✓ Articles in publication
- ✓ Printed reports
- ✓ Websites

The strategies are compared and contrasted in terms of their advantages and disadvantages, as in table 1 below.

**Table 1 Comparison of the distribution strategies**

Means of communication	Advantages	Disadvantages
<b>Interior notices</b>	✓ Economical	✓ Limited audience
<b>Themed meetings</b>	✓ Direct, interactive	✓ Limited scope
<b>Public speeches</b>	✓ Adaptive to audiences' interest; ✓ Direct; ✓ Attractive to investors	✓ Extra time for materials and organization, costly
<b>Bulletins</b>	✓ Focused	✓ No interaction
<b>Brochures</b>	✓ Comprehensive	✓ Liable to be misinterpreted or neglected
<b>E-mails</b>	✓ More economical than printed reports	✓ Liable to be regarded as neglecting traditional sustainability reports ✓ Requires internet access
<b>News coverage</b>	✓ Economical; ✓ Wide coverage	✓ Requires novel ideas; ✓ Requires time to contact media; ✓ Unable to control content
<b>Independent Report</b>	✓ Professional-looking; ✓ Comprehensive; ✓ Accessible and transparent	✓ High cost for printing; ✓ extra public relation costs
<b>Website</b>	✓ No cost for printing; ✓ Available for all; ✓ Paper-saving	✓ Not as readable as printed version; ✓ Requires internet access

At present, Chinese enterprises usually choose a combination of strategies such as printed form, news coverage, and website posting. Some enterprises have downloadable reports at their websites. In our interviews with stakeholders, we found that there exist some problems in communication strategies with stakeholders. About half of them expressed that sustainability reports are not easily accessible.

### (B) Feedback from stakeholders

The publication and launch of the report is more of a beginning in communication than the end of the sustainability reporting process. Enterprises should actively communicate with stakeholders for their feedback, in order to understand how they can improve their work. Collection of feedback is the first step towards their next report.

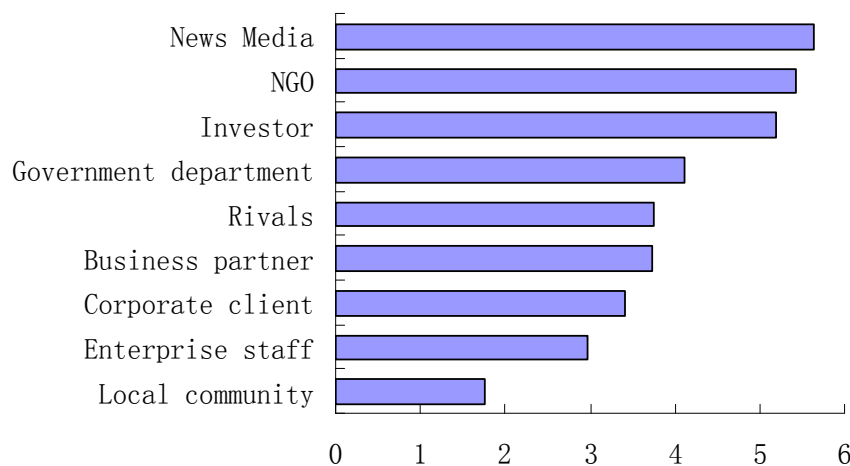
There can be many ways to collect feedback. The simplest method is to ask colleagues questions or conduct interviews. You can also ask independent agencies to do independent surveys. In feedback collection, enterprises should consider the following questions:

- ✓What is your general impression of our report?
- ✓Do you think that we neglected any important aspects of sustainability reporting?
- ✓Do you think the information disclosed was useful?
- ✓How do you think we can disclose information better: either in printed form or via website?
- ✓Other questions

## 5.2 How stakeholders use sustainability reports

As one of the information disclosure tools, sustainability reporting has received the attention of stakeholders since its corporate implementation. The stakeholders we interviewed all believed that they should read sustainability reports by enterprises. Of course, different stakeholders will focus on different contents with each report. For example, the labor union will care about the working conditions and labor terms while environmental agencies will care more about the environmental performance of the enterprise.

In our survey, we find that news media, non-governmental organizations, investors, and governmental departments are all stakeholders concerned with sustainability reporting. However, when asked about how they would use the reports, the stakeholders do not have explicitly stated measures or actions. How, then, can stakeholders best use sustainability reports? We supply some suggestions for different stakeholders below.



**Figure 20 Who do you think are the most interested stakeholders?**

Most obviously, the media should have a positive attitude towards sustainability reporting, as reporting is a great innovation in Chinese corporate social responsibility development. However, media remarks should not be restricted to coverage by news stories only. They should explore the news value in the actions taken by enterprises. Media should encourage enterprise to implement

their promises by paying close attention to the goal-setting of enterprises. In the selection of the best corporate citizens and most responsible enterprises, media should make sustainability an important indicator.

Non-governmental organizations can decide whether an enterprise is suitable for co-operation and partnership based on their sustainability reporting. In the realm of co-operation between public and private departments, non-governmental organizations and enterprises stand on a level playing field. They are not in a beneficiary relationship. Non-governmental organizations should uphold their principles and strictly survey the enterprises performance in social and environmental indicators. The sustainability reports are the right source for such oversight.

Investors should carefully examine the risks and opportunities illustrated through sustainability reporting. The environmental and social performance of enterprises is closely related to their profit-making ability. More and more investors (especially pension companies) and analysts with stock companies are introducing sustainability information into their framework of analysis and decision making. For example, the Caron Disclosure Project requires listed companies to disclose their emission of carbon dioxide and other information closely related to climate change. Such information is being disclosed in sustainability reporting. So investors should give due attention to such information.

Through Sustainability reports, government departments can learn how well their policies have been implemented by business community. Good reports can not only disclose relevant performance, but also interpret how enterprises ensure implementation of policies. For example, recently the Chinese government called for saving energy and cutting emissions. If enterprises in China take the appropriate measures, they are obliged to reflect this action in their reporting and specify their concrete response. Typical annual reports do not disclose such information — hence the need for sustainability reporting and the public access such reports' success depends upon.

*We plan to incorporate environmental reporting into our education and set up an information exchange platform by establishing a corporate social responsibility reporting reception center to collect reports.*

*By Jia Feng, CEEC, SEPA*

## 6 Summary and Prospective

### 6.1 Sustainability reports by Chinese enterprises will develop quickly

#### **More Chinese enterprises will publish sustainability reports**

In the last two years, sustainability reports by Chinese enterprises have increased. This trend will grow. The enterprises that already published reports will routinely publish future reports. At the same time, these role models will inspire other enterprises to join them. We predict that the reports by Chinese enterprises in 2007 will outnumber that of last year and the number will grow continuously.

#### **State-owned, private, and foreign enterprises will have roles to play respectively**

At present, the state-owned enterprises play a pivotal role in publishing on sustainability. As the major shareholder of state-owned enterprises, the Chinese government will support more and more companies in publishing their sustainability reports.

Currently, there is only one domestic private enterprise that has released sustainability reporting. Nevertheless, private enterprises are flexible and innovative; they will catch up in no time and become important players in sustainability reporting development. Already, we know of several private enterprises that are planning to compile sustainability reports.

More and more foreign enterprises will consider publishing reports targeted at Chinese markets. They will adopt the eclectic strategy of “Hanhua” by translating the headquarters report into Chinese and incorporating Chinese-specific content.

#### **Varied names and interpretations for reports**

Among the published reports, we have found various titles. “Corporate Citizenship” report, “Sustainability” report, “Corporate Social Responsibility” report and “Corporate Responsibility” report have all been used. The enterprises have different interpretations for their names, which are not likely to be changed that easily. Therefore in the years to come, there will be a collage of names for sustainability reports by Chinese enterprises, although most of the enterprises will follow the accepted names such as “Sustainability” report and “Corporate Social Responsibility” report — attesting to the nascence but growing acceptance and integration of the business practice.

#### **Reporting relevant services will fast develop**

The increase of sustainability reporting creates a market for reporting relevant service providers. In the last few years, public relationship consulting firms have received substantial reward from the development of reporting. In the years to come, there will be development for public relationship council ting firms, strategic and management consulting firms and other service

providers. Accounting, assurance, auditing and certification providers might all engage in such business. For those companies that have higher expectation on report publicity, public relationship consulting firms will be offered opportunities to provide services such as communicating with stakeholders and publishing reports.

## **6.2 G3 will become the main framework for reporting**

### **G3 will be the main framework although enterprises can not use all indicators**

In the last two years, sustainability reports in China have for the most part followed the framework of GRI, disclosing information from economic, social, and environmental aspects. This trend is more and more evident and has been acknowledged by many stakeholders. However, stakeholders cannot expect enterprises to use all indicators due to problems of information collection and maintaining.

### **Some enterprises will innovate on the basis of the G3 framework**

As an international guiding system, G3 suits multinational corporations better. For some local enterprises, especially for those domestic enterprises, G3 may not be so practical. These enterprises will therefore seek innovations based on the G3 framework in order to meet the specific conditions of domestic Chinese business. However, considering G3 has become most acceptable guideline of the world, enterprises might want to comply with core principles of G3.

## **6.3 Enterprises should further promote the value of reports**

### **From Principle to Practice**

From the published reports, it is evident that their values and beliefs are well-stated and some even well-suit to China's specific condition. However, their coverage of enterprises' actions and performance is lacking in clarity. The reason lies in the fact that Chinese enterprises have as yet regarded sustainability as a principle and have not incorporated it into their business practices. Therefore, Chinese enterprises should work hard to advance their efforts from principle to practices.

### **Incorporating reporting into management system**

Sustainability reports expand gradually in depth and coverage, causing complexity in reporting work. This will be a general problem facing many enterprises. To ensure reporting quality, enterprises should establish a management system to collect information, manage data, and guide practice. This system should be integrated as part of the corporate management system, by which corporate strategy can be aligned with corporate sustainability.

### **Promote dialogue between enterprises and stakeholders**

The sustainability reports should be used to increase the transparency of enterprises and promote dialogue between companies and stakeholders. At present, Chinese enterprises focus too much on

report writing and neglect the importance of sustainability report in stakeholder dialogues. This must harm the values of sustainability reporting. To avoid such situation, we suggest that enterprises use various channels to disclose report information to important stakeholders and thereby strengthen the opportunity for dialogue with them.

## **6.4 Stakeholders should maximally use report**

### **Maximally explore information disclosed by report**

At present, stakeholders of enterprises in China care only about whether enterprises have issued sustainability reports and seldom further analyze such reports for relevant information. In fact, the information disclosed through sustainability reports is highly related to the interests of stakeholders. Reaching such information would help them better evaluate the longer term values of the enterprises. It is the onus of stakeholders to formulate an effective way to extract information from the reports based on their specific conditions and demands.

### **Maximally utilize information from report**

After securing relevant information, stakeholders need to effectively use such information to seek the maximal effects to influence corporate value. By doing so, information disclosed by enterprises in the reports can be reflected on pricing scheme, which will encourage enterprises to disclose information in a more reliable and timely way. As a result, the complete value of the sustainability reporting process will surface gradually as what enterprises report to be becomes not only consistent with but also comprehensive of what they are to themselves and to their stakeholders.

# Appendices

## Appendix 1 List of Sustainability Reports in China

**Table 2 List of Sustainability Reports in China**

Company Name	Industry	Ownership	Name of Report	Report Period	Latest Release Date	Earliest Release Date	No. of Releases
COSCO	Logistics	SOE	Sustainable Report	2005	Nov-06	Nov-06	1
COSCO Container Lines	Logistics	SOE	Sustainable Report	2005	Nov-06	Nov-06	1
China National Offshore Oil Corporation	Energy	SOE	Sustainable Report	2005	Oct-06	Oct-06	1
Shanghai Pudong Development Bank	Finance	SOE	Social responsibility report	1993-2005	Jun-06	Jun-06	1
China Mobile	IT	SOE	Corporate responsibility report	2006	Jan-07	Jan-07	1
China Aluminum Corporation	Metallurgy	SOE	Sustainable report	2006	Apr-07	Apr-06	2
State Grid	Power	SOE	Social responsibility report	2006	Jan-07	Mar-06	2
Ping An of China	Finance	SOE	Corporate citizen report	2006	May-07	2004	4
Dongfeng Peugeot Citroen Automobile Company Ltd.	Auto	SOE	Sustainability report	2006	Mar-07	2007	1
Jiangxi Provincial Branch of China Mobile	IT	SOE	Corporate responsibility report	2004 and before	Oct-05	Oct-05	1
China National Petroleum Corporation	Energy	SOE	Social Responsibility report	2006	Feb-07	Feb-07	1
PetroChina Company Limited	Energy	SOE	Corporate responsibility	2006	Apr-07	Mar-01	7

Company Name	Industry	Ownership	Name of Report	Report Period	Latest Release Date	Earliest Release Date	No. of Releases
Baosteel Corporation Limited	Metallurgy	SOE	report Sustainability report	2005	Jul-06	2004	3
Haier Group	Electronics	SOE	Environment report	2005	Dec-06	Dec-06	1
Microsoft China	IT	US	Corporate citizen report	FY2005	Mar-06	Mar-06	1
Ford China	Auto	US	Social responsibility report	2003-05	Oct-06	2003	2
Shell China	Energy	UK	Sustainability report	2005	Jan-06	1999	8
Toshiba China	Electronics	Japan	Social responsibility report	2006	Sep-06	Sep-05	2
Sony China	Electronics	Japan	Social responsibility report	FY2005	Sep-06	Sep-06	1
Fuji Xerox Shenzhen	Electronics	Japan	Sustainability report	FY2005	2007	2007	1
Alcoa, China	Metallurgy	US	Sustainability report	2006	Jun-07	Apr-06	2
Shenyang Water SinoChem International Corporation	Water	SOE	Corporate citizen report	2005	Aug-06	Aug-06	1
Hewlett-Packard Development Company (China) China	Chemical	SOE	Social responsibility report	2006	Apr-07	2006	2
Construction Bank	Electronics	US	Social responsibility report	2006	Jan-07	Jan-07	1
Xizi UHC.	Finance	SOE	Social responsibility report	2006	May-07	May-07	1
	Electronics	Private	Social responsibility report	2006	Feb-07	Feb-07	1

Note 1: The list was completed on 31st May, 2007 and the names are listed in random order.

Note 2: The list is not exhaustive.

Note 3: The list includes only the sustainability reports by corporations in China, excluding the

Chinese version of headquarters reports by foreign corporations.

Note 4: This list is being updated with the data online at <http://www.sustainabilityreport.cn>

Note 5: PetroChina Company Limited is subordinate to China National Petroleum Corporation and COSCO Container Lines is subordinate to COSCO. Due to the different contents, the reports were listed respectively. PetroChina Company Limited published health, safety and environment report in 2001 and switched to corporate social responsibility report in 2007.

## Appendix 2 Events of Sustainability Reporting in China

1999	Shell China published the first sustainability report in China.
2004	SASAC and the Department of Construction Management at Tsinghua University set up a joint research team on sustainability reporting in China.
November 3, 2004	November 3 <sup>rd</sup> 2004 ACCA Beijing Representatives held press conference and published Chinese version of 2002 Sustainability Reporting Guidelines by GRI.
2005	National Fund of Soft Science supported the Research Team for Corporate Sustainability Reporting of the Department of Construction Management at Tsinghua University in research of corporate sustainability capacity assessment.
April 2005	CBCSD and ACCA jointly held discussions on Chinese version of 2002 Sustainability Reporting Guidelines by GRI.
February 16, 2006	Transnational Corporation Research Center of Ministry of Commerce published draft Guidelines on Corporate Responsibility Reporting for Chinese Enterprises
March 2006	Premier Wen Jiabao remarked on Corporate Social Responsibility Report by State Grid 2005, saying that “this is well done. Corporations have to be responsible to the society and subject to the monitoring of society.”
June 23, 2006	Shanghai Pudong Development Bank published the first corporate social responsibility report by commercial banks in China.
July 2006	China CSR Map and AccountAbility signed joint protocols on translating AA1000 into Chinese
September 11, 2006	China CSR Recommended Standard and Illustrating Projects, a guideline developed by CBCSD, were launched to support company to write CSR reports.
September 25, 2006	Shenzhen Stock Exchange published Guidelines for Listed Companies on Corporate Social Responsibility and pointed out that listed companies should actively disclose information relevant to shareholders and other investors and treat all investors equally and that listed companies shouldn't be selective in information disclosure.
October 16, 2006	CBCSD and ACCA jointly held discussion on Guidelines for Sustainability Reporting at Kempinski Hotel in Beijing Lufthansa Center. Roger Adams, the GRI member and ACCA staff introduced the G3 version by GRI.

- December 12, 2006 China National Textile and Apparel Council published the first annual report on corporate social responsibility for Chinese textile and clothing industry. This was the first CSR report published by an industry.
- December 20, 2006 China Ocean Shipping (Group) Company published COSC Sustainability Report 2005. This was the first report based on G3 guidelines of GRI and the first report that had been independently assured.
- February 5 2007 Xizi UHC published the first corporate social responsibility report in China by private enterprise.
- April 2007 ACCA and CBCSD completed the Chinese translation of G3 guidelines by GRI.
- April 11, 2007 Environmental Protection Administration of China published Environmental Information Disclosure Schedule (Experimental) and explicitly stipulated on disclosure of corporate environment information. The regulation is to be implemented from May 1<sup>st</sup> 2008.
- April 19, 2007 Sean Gilbert, Technical Director of GRI was invited by SynTao to lecture in Beijing on *GRI and CSR Reporting*.

## Appendix 3 Report Assessment Methodology of SustainAbility

**Table 3 Report Assessment Mythology of Sustainability**

<b>Standards</b>	<b>Explanations</b>
<b>1 Governance and Strategy</b>	
1.1 Company and Industry Profile	Describing basic information of enterprise and industry, especially the social and environmental context
1.2 Top Management Statement	Statements by CEO, Chair of board on CSR and sustainability
1.3 Issue Identification and Prioritization	Describing relation between enterprise activities and environment, society and economy as well as its importance
1.4 Values, Principles and Policies	Overall views of enterprise on sustainability, business principles and behavioral principles
1.5 Business Strategy and Sustainable Development Vision	How enterprise view the relationship between business and sustainability, how to balance the two
1.6 The Business Case	Using cases to explain relations between cases and sustainability
1.7 Sustainable Development Implementation Challenges	Obstacles in promoting sustainability
1.8 Governance Responsibilities and Structure	Setting up relevant committee to monitor issues related to sustainability
1.9 Risk Management	How enterprise assess and manage risks, especially those closely related to sustainability
1.10 Meeting Tomorrow's Needs	Developing new products to meet the demands of sustainability
1.11 Customer Influence and Market Shaping	Influencing consumers, consumer trends and patterns via advertisement and marketing
<b>2 Management</b>	
2.1 Management Procedures	Management and procedure of enterprise on environmental, social and economical affairs
2.2 Value Chain Management	Managing sustainability suppliers and value chain suing
2.3 Stakeholder Engagement	Regular dialogues between stakeholders and enterprise
2.4 Personnel Performance Management, Training and Development	Enterprise investment for staff training to improve enterprise performance
2.5 Learning and Knowledge Management	Enterprise introducing some knowledge concerning sustainability
2.6 Public Policy and Regulatory	Interaction of enterprise and policies, disclosure of such

Affairs	interactions
2.7 Industry Influence	Whether enterprise is exerting influence on industry
2.8 Philanthropy and Social Investment	Philanthropy and social investment, including donation and supporting exterior agencies
2.9 Investor Relations	Enterprise regard sustainability as the content of dialogues with investors and investor relation management
<b>3 Presentation of Performance</b>	
3.1 Performance and Strategy Alignment	Stating the performance related to sustainability and relevance to strategies of enterprise
3.2 Measuring Sustainable Development Performance	Stating performance indicators related to sustainability
3.3 Context and Interpretation	Making explicit the information on sustainability
3.4 Target Setting	Setting explicit quantified performance goals
3.5 Performance Against Standards	Enterprises compare performance with specific legal requirements, standards or voluntary criteria, using interior monitoring
<b>4 Accessibility and Assurance</b>	
4.1 Assurance	Assurance, management assessment, expert statement or stakeholder remarks
4.2 Reporting Commitment, Policy and Strategy	Promising regular disclosure of information, specifying process and communications with stakeholders
4.3 Reporting Standards	Using certain criteria to write and improve reports
4.4 Accessibility of Information	Comprehensiveness, practicality and accessibility of information, allowance to special needs

Source: SustainAbility

Note: every indicator scores from 0 to 4, 0 being the lowest and 4 being the highest.

## Appendix 4 Interviewees and Acknowledgement

In our research, we have interviewed more than 40 experts and field workers, asking for their views on the development of sustainability reporting in China. We also have friends in and abroad sharing with us their expertise and views via emails or meetings. Their help are invaluable. We hereby express our gratitude to the experts in the list below.

BSR	Zhou Weidong
Burberry Plc	Kate Larsen
CSR & Company	Jia Ying
CSR Asia	Brian Ho
Hill & Knowlton	Natalia Montuori
Impact Limited	Chen Jing
KPMG Global Sustainability Services	George Molenkamp
RepuTex	Martha Grossman, June Zhou
Guangdong Academy of Social Science / Guangdong CSR Association	Li Youhuan
Guangzhou Shixian Consultancy	Zhang Linghui
Research Center for Citizen and Society Development at Sun Yat-sen University	Liu Xiaogang, Zhu Jiangang
Sino-Ocean Land Limited	Wang Yutian
China Business Council for Sustainable Development	Zhai Qi, Liu Ying
China Enterprise Confederation	Chen Ying, Sun Yuping
Chinese Academy of Social Sciences	Jin Zhouying
China National Textile and Apparel Council	Liang Xiaohui
China Association for NGO Cooperation	Huang Haoming
China Mobile	Ge Xin, Wang Yiqing
Danish Center for Human Rights	Mads Holst Jensen
China Philanthropy Times	Chen Ying, Zhang Yu
World Wide Fund For Nature (WWF)	Peng Lei
Guanghua School of Management, Peking University	Yang Dongning
Beijing Aimer Lingerie Co. Ltd.	Xu Xuefeng
Topnew Group	Gu Zhezhaoh
Wing Lee Hong (International) Group	Mai Peilin
Corporate Citizen Committee	Miu Ruilan
Transition Social & Economic Institute	Li Zhiyan
Global Reporting Initiative	Sean Gilbert
APCO Worldwide Inc	Erin Harper Ge Min
Shell China	Bi Lei
China International Capital Corporation Limited	Zhuo Xin
State Grid	Li Weiyang, Zhao Jiujin

Environment Evaluation Center of State Environmental Protection Administration of China	Ren Jingming, Wu Chunxu
Environmental Communication and Education, of State Environmental Protection Administration of China	Jia Feng
Environ (Shanghai)	Zhao Jianxin
Bayer China	Zeng Huimin
Det Norske Veritas (DNV)	Wang Yong
Edelman China	Gwen Yu, Fang Shanshan
Association of Chartered Certified Accountants	Zhou Fei
China WTO Tribune	Yin Gefei, Wu Fushun
Multinational Research Center at Ministry of Commerce	Wang Zhile, Wang Qian
Department of Construction Management, Tsinghua University	Li Zhanghua
Greenpeace China	Jamie Choi
UN Global Compact	Fred Dubee
Shui On Land	Lin Xiaohui
Fleishman Hiliard	Li Bo
Deutsche Gesellschaft für Technische Zusammenarbeit	Ben Gunn, Pen Jilai

Note: The agencies are listed according to writing order of their Chinese names.

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## ABOUT SYNTAO

*SynTao is a consulting firm aiming to promote the development of corporate social responsibility (CSR) and socially responsible investment (SRI) in China. It was founded in 2005 by Mr. Wayne Silby and Dr. Guo Peiyuan. SynTao mainly provides CSR/SRI consulting, training and research services within China. Based on its global vision and local expertise, SynTao has helped its clients develop China CSR/SRI strategy, prioritize issues, establish network and identify partners. Besides, SynTao also provides information and translation services. Current clients include GTZ, the Aspen Institute and Oxfam HK. In addition, SynTao owns a website [www.SynTao.com](http://www.SynTao.com). It is a Chinese-English bilingual website and provides up-to-date CSR and SRI information daily covering regulation, business practice, industry information and related research.*



<http://www.syntao.com>



<http://www.chinacsrmap.org>



<http://www.caseplace.cn>

<http://www.SustainabilityReport.cn>

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