

Study Shows Increase in CSR Reporting for Large U.S. Companies

An analysis by the Social Investment Research Analyst Network (SIRAN) shows that more large U.S. Companies are reporting on social and environmental (S&E) issues with over 40 percent of S&P 100 index companies issuing annual reports on corporate social responsibility and growing numbers using “Global Reporting Initiative” standard.

Methodology

SIRAN first issued its analysis environmental and social reporting practices of companies in the S&P 100 Index in June 2005 and updated its analysis a year later in June 2006. For the 2006 analysis, independent investment research firm KLD Research & Analytics, Inc. utilized SOCRATES, its proprietary research database, and conducted an independent review of the public websites of all S&P 100 companies to assess their disclosure of environmental, social and governance policies and performance to answer the following seven questions:

1. Company has separate CSR/Sustainability section of web-site?
2. Company has annual CSR/Sustainability Report?
3. Company references GRI in report?
4. Company has GRI content index?
5. Company report has goals and benchmarks?
6. Company is GRI Organizational Stakeholder?
7. Company report is GRI "In Accordance"?

Key Findings from the 2006 Analysis

Website Coverage of S&E Issues

More than three-quarters of the S&P 100 Index (79 companies) now have special sections of their websites dedicated to sharing information about their social and environmental policies and performance. This represents a 34% increase from last year, when 59 companies in the S&P 100 included this information on their websites.

CSR Reports

Overall, in the last year a dozen new companies issued corporate social responsibility reports for the first time, including Cisco Systems, General Electric, Time Warner, and Wells Fargo. Other members of the S&P 100, such as American International Group and Black & Decker, have pledged to issue their first reports later this year.

Forty-three companies in the S&P Index now issue annual corporate social responsibility (CSR) reports (up from the 39 companies in the S&P 100 that issued such reports for the 2005 study). This net figure reflects both the addition of 12 companies that joined the ranks of CSR reporters in 2005, and the deletion of eight companies that have moved to

web-based CSR reporting rather than issuing stand-alone reports, issued CSR reports in 2004 but not in 2005, or dropped out of the S&P 100.

GRI Reporting

Over a third of the S&P 100 Index (34 companies) say they base their CSR reports on a widely recognized external standard for reporting called the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines. This was up sharply from 2005, when 25 companies in the S&P based their reports on the GRI guidelines. The uptick reflects a concerted outreach effort by SIRAN members to promote reporting based on the GRI to the S&P 100. In 2006, 27 S&P 100 companies included an index to GRI indicators in their reports, up from 23 in 2005. This year, six of the companies met the highest standard of reporting fully "in accordance" with the GRI guidelines.

Shareholder Proposals

According to SIRAN's [press release](#), institutional investors filed 19 shareholder proposals over the last year calling on companies to issue sustainability reports that detail their social and environmental performance, which received record levels of support, including 48% in favor for a proposal filed at construction equipment manufacturer Terex.

According to Steve Lippman, Vice President of Social Research at Boston-based Trillium Asset Management Corporation these proposal reflect that "a growing number of investors recognize that how companies manage environmental and social challenges can affect their business and their stock price."

For the full analysis, including results from individual companies, visit SIRAN's website <http://www.siran.org/csr.php>.

Source: www.EthicsWorld.org

EthicsWorld is a non-profit forum for information and views on the related fields of business ethics, governance, and anti-corruption.