Reporting Change:

READERS & REPORTERS SURVEY 2010



futerra sustainability communications

KPMG

SustainAbility

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Foreword

Less than a decade ago, sustainability was still treated as 'hype' or 'an add-on' and often labelled as simply 'giving back to the community'. However, judging by the flurry of recent commitments from CEOs eager to show true leadership, many organisations now appear to be integrating sustainability into their business strategy as a key issue.

Nowadays, leading organisations are competing with each other to announce the greening of their product portfolio, or a halving of their carbon emissions whilst increasing turnover, and they are asking their suppliers to follow them on this journey.

A similar story can be told for sustainability reporting. Whilst the first non-financial reports were written over 20 years ago, only in the last decade has reporting been used as an engagement and performance management tool. Today, sustainability reporting is increasingly considered essential, accompanying publicised commitments whilst being integrated into the mainstream annual reporting cycle.

For better or worse, sustainability reporting has professionalised over recent years. The key questions remain whether these developments are in line with the expectations of Readers and how the reporting process benefits the organisation that produces a report.

This report is based on a survey of over 5,000 Reporters and Readers. The survey was conducted by KPMG, SustainAbility and Futerra, commissioned by the Global Reporting Initiative (GRI). The objectives were to gain insights into why organisations report on their sustainability performance, and to drive the transparency and accountability of these reports. Reporting will only be successful if an organisation clearly identifies its target audience and fulfils their needs. Our global survey matches that agenda, exploring the views of both Readers and Reporters.

It is with great pleasure that we have created this second edition of the Readers and Reporters Survey. We hope the results inspire Reporters to continue improving their accountability systems and adapt to Readers' views. We also hope this report will inspire Readers to continue interacting with organisations in order to hold them accountable for their social, environmental and economic impact. We believe these results will provide the Global Reporting Initiative (GRI) with evidence and insight to support the continuous development of the GRI Sustainability Reporting Framework.

We look forward to receiving any feedback you might have. To tell us what you think of the results, or your views on the future of reporting, email talk@reportingchange.com or contact us on Twitter by including #reportingchange in your message.

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A message of thanks

We would like to thank all the Reader and Reporter respondents who completed the survey, who by doing so contributed to this report and the on-going debate about sustainability reporting.

Thanks also needs to be extended to GRI for the opportunity to conduct this research and deepen our understanding of reporting. As well as Tata Consultancy for their IT support and to the ACCA for their support marketing the survey. Helen Spoor from Futerra played a key coordination role between the content partners, Marjella Alma from GRI supported the entire process and Ana Pérez Uematsu from KPMG Spain assisted in the data analysis. They all have our special thanks.

Executive Summary

There are two sides to every sustainability report: the organisations that write them (the Reporters) and the stakeholders that read them (the Readers). In 2008, the first global survey of Readers was launched, revealing the expectations, preferences and actions of the reporting audience. In 2010, we are hearing both sides of the story, as we also surveyed report authors and compared the expectations of Reporters and Readers.

The response to the survey was astounding. Participant numbers more than doubled those of the previous survey, with a vast increase from emerging economies (notably Brazil). Our Readers and Reporters did not agree on all points, although clear agreements were obvious in key areas. Our conclusions cover the motivation for reporting, how to build trust, and the behaviour change reporting generates. For Reporters we have developed these conclusions into a set of practical recommendations at the end of the report to help drive reporting forward.

1. The future of reporting is global

Many new Readers joined the survey in 2010, with over 70 percent of the participants from Brazil. This demands a review of widely-held preconceptions.

Many Reporters based in developed nations have a longer history of reporting their sustainability performance, but no entitlement to predominance. The significant impact of Brazil, Russia, India and China (the 'BRIC nations') in this report is self-evident. There are fascinating cultural insights throughout the report that reveal different perspectives between Readers from different countries. Reporters who learn the diversity lesson can expect returns in terms of acknowledgment, recognition and trust.

2. The purpose of reporting is performance

Reporting is driving performance worldwide. Both Readers and Reporters listed their top two reporting objectives as 'improving internal processes' and 'accounting for sustainability performance'. Above any other business case for reporting, making real progress on sustainability is the priority.

3. Reporting isn't stakeholder engagement

Readers and Reporters disagree on whether the purpose of reporting is stakeholder engagement. More than half of the Reporters chose 'engage with stakeholders' as one of their top three reasons for reporting. However, less than 20 percent of the Readers surveyed claim they use reporting as a source of information on how to engage further with an organisation.

This disagreement between Readers and Reporters is not simply semantic. Rather, it raises difficult questions about the role of reporting. Because of this, both reporting and stakeholder engagement strategies may need to change.

4. Reporting is trusted

Readers do not consider reporting to be 'just greenwash', although the question remains whether reporting provides a full overview of a company's sustainability progress. Only 10 percent of Readers believe that reporting provides a complete picture, a continuing theme from 2008. There is a clear need for greater efforts from Reporters.

5. Standards have value

Independent standards play a role in building trust. The two important elements that GRI and its Sustainability Reporting Guidelines provide, are improving comparability of reports and enabling transparency.

6. All assurance is not equal

Most Readers named at least one external validation mechanism in their top three choices for building trust in an organisation's sustainability commitment. However, Readers valued the specific tactics at very varied levels, with third-party assurance rated highest and awards rated much lower.

7. Readers influence each other

Almost half of the Readers use the information from sustainability reports to share their views or opinions with others. This means that whereas an organisation may not receive much feedback on its report, the story told and impression taken from the report will be shared actively between stakeholders.

8. Reporting changes behaviour

Readers are investing, seeking employment and buying Reporters' products and services based on sustainability reports. One-third of Readers are also inspired by reports to take further actions that contribute to the broad sustainability agenda.

The Survey

For Reporters, meeting the needs of their Readers is an essential, but not easy, task.

Success means the difference between an engaging, effective report and one that merely gathers dust on a shelf. This GRI Readers and Reporters Survey compares the reporting objectives of 90 organisations with the expectations of over 5,000 Readers from across four continents.

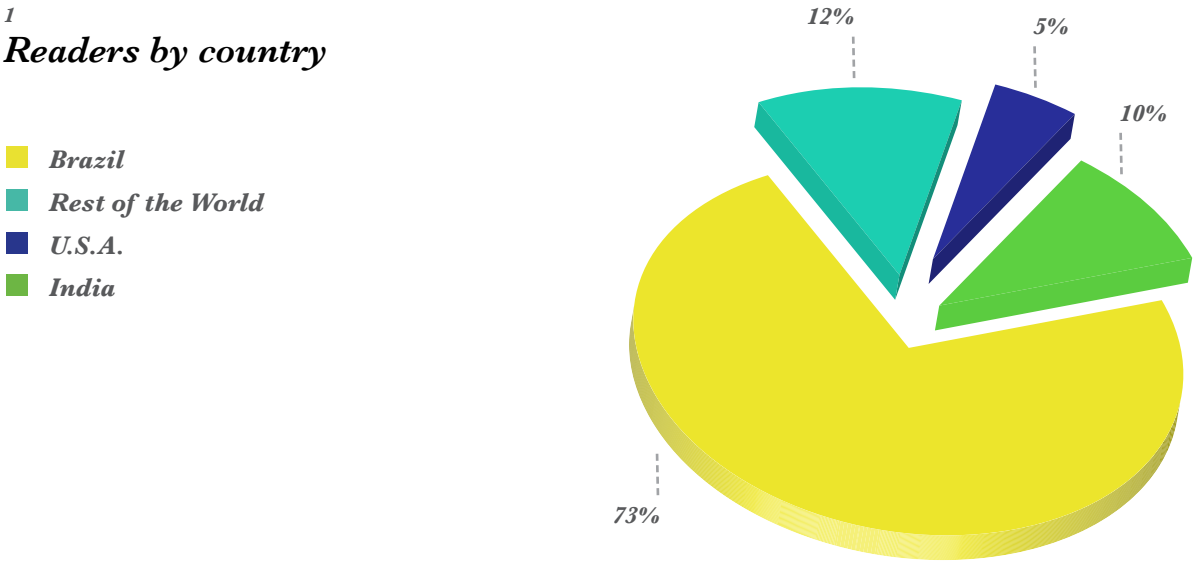
Conducted between late 2009 and May 2010, this survey formed the basis of the 2010 GRI Readers Choice Awards, where Brazilian organisations fared extremely well. The slogan for those awards was 'No Judge, No Jury, Just You', and the following pages explore the attitudes and actions of 'You'. The comparison between the expectations of Readers and the motivations of Reporters reveals good news as well as several surprising differences.

This report presents the results of the Survey, together with an analysis and discussion. It has been designed not only to report the objective results of the Survey, but also to create debate and offer insights from the author organisations. From our experience of working daily with Reporters and Readers from across the world, Futerra, KPMG and SustainAbility have highlighted our professional insights within the Survey.

Who participated?

Over 90 reporting organisations took part in the Survey (although many more reports were judged by Readers as part of the Readers' Choice Awards). A total of 5,227 Readers participated, 73 percent of whom were from Brazil, ten percent from India and five percent from the United States.

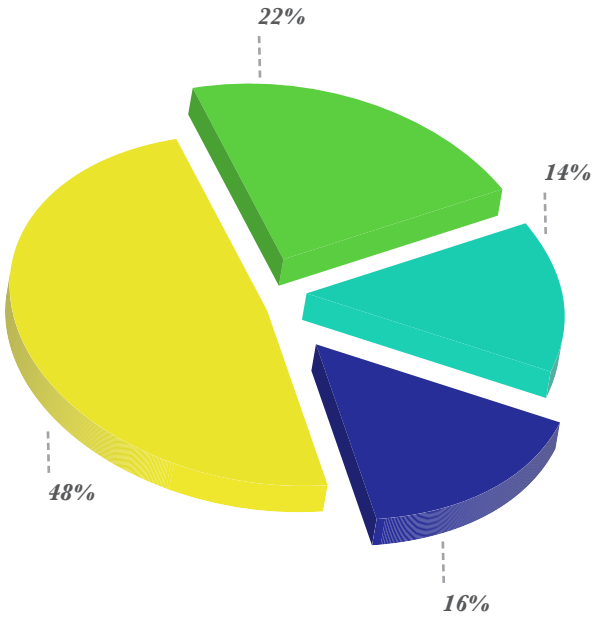
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Readers by country



2

Readers' relationships to Reporters

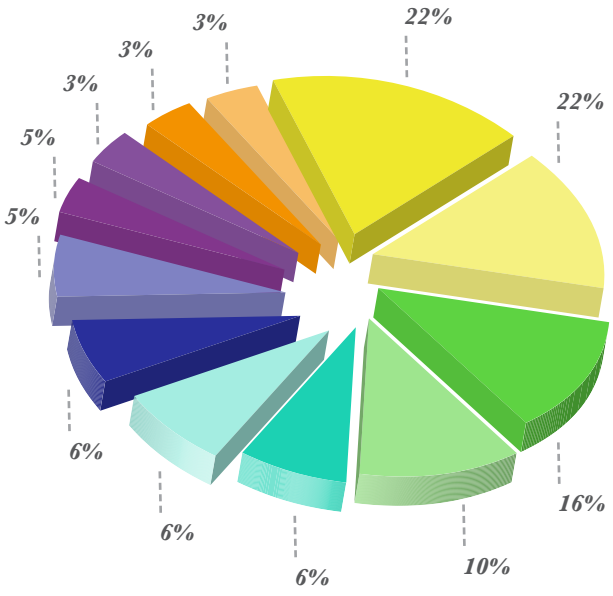
- ***Internal***
  employees, owners, interns
- ***Civil Society***
  general media, civil society (labour unions), public institutions (regulatory agencies), academics/experts, concerned citizens/consumers
- ***Value Chain***
  suppliers, consultants and auditors, joint venture partners, customers
- ***Investor***
  providers of capital, research /rating agencies, financial media, asset owner/managers, banking, financial media



3

Reporters by sector

- ***Financial Services***
- ***Energy Utilities***
- ***Other***
- ***Energy***
- ***Food & Beverage Products***
- ***Retailers***
- ***Non-Profit / Services***
- ***Telecommunications***
- ***Aviation***
- ***Construction***
- ***Forest & Paper Products***
- ***Technology Hardware***



The future of reporting is global

Our first conclusion is both thrilling and contentious. After years of dominance from Europe and North America, other nations are now competing seriously, as evidenced by the success of Brazilian organisations at the recent GRI Readers' Choice Awards.

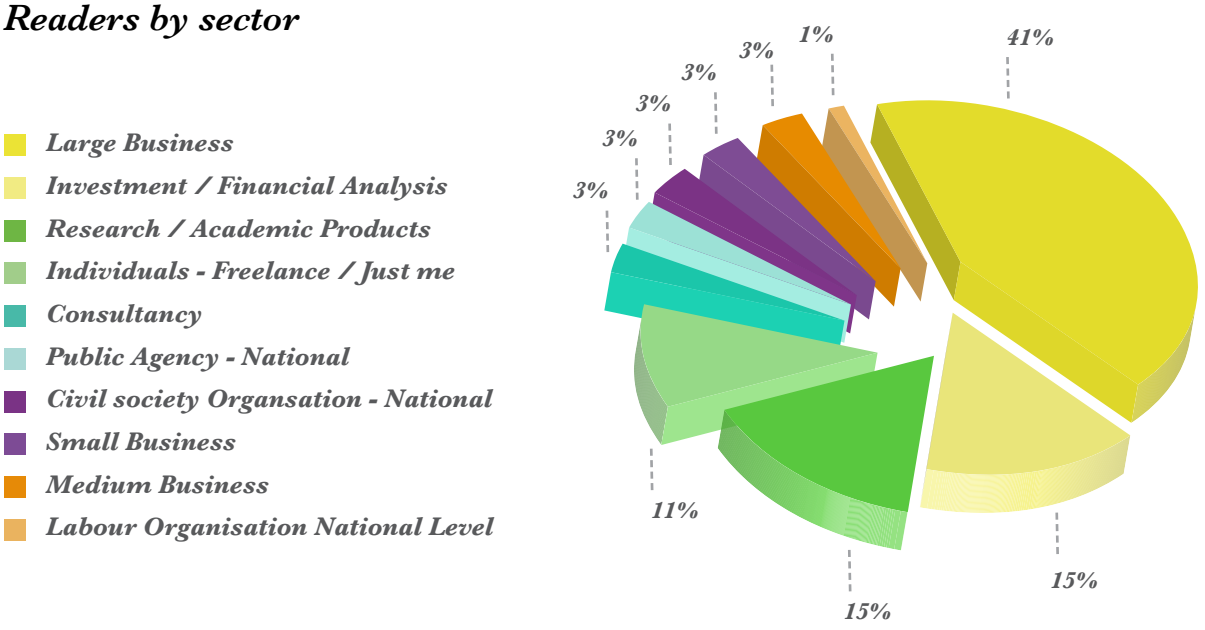
This change has been swift. In our 2008 survey, half of the 2,000 Readers who responded were from Western Europe. This second survey included more than 3,700 participants from Brazil alone, representing more than 70 percent of the sample (see Figure 1). We still have a significant contingent of Readers from Europe and beyond, but the massive increase in numbers of Brazilian responses dwarfed them. Reader responses from China and India also increased. Indian Readers increased fourfold to over 500 respondents. In China, the increase was over twentyfold (although the total number was still small at 120 Chinese Readers).

The combined populations of Brazil and India total two billion people, double the population of Europe and the United States combined, with China accounting for another billion people. The potential audiences and stakeholders for business within BRIC nations (and developing countries) are huge. Cultural norms, language and access to technology all play a part in these Readers' attitudes to reporting. However, in terms of sheer numbers, there are simply many more potential Readers for BRIC reports.

Currently, there are not more Reporters in BRIC nations, but that may change. Over the last three years, the number of Brazilian reports registered

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Readers by sector



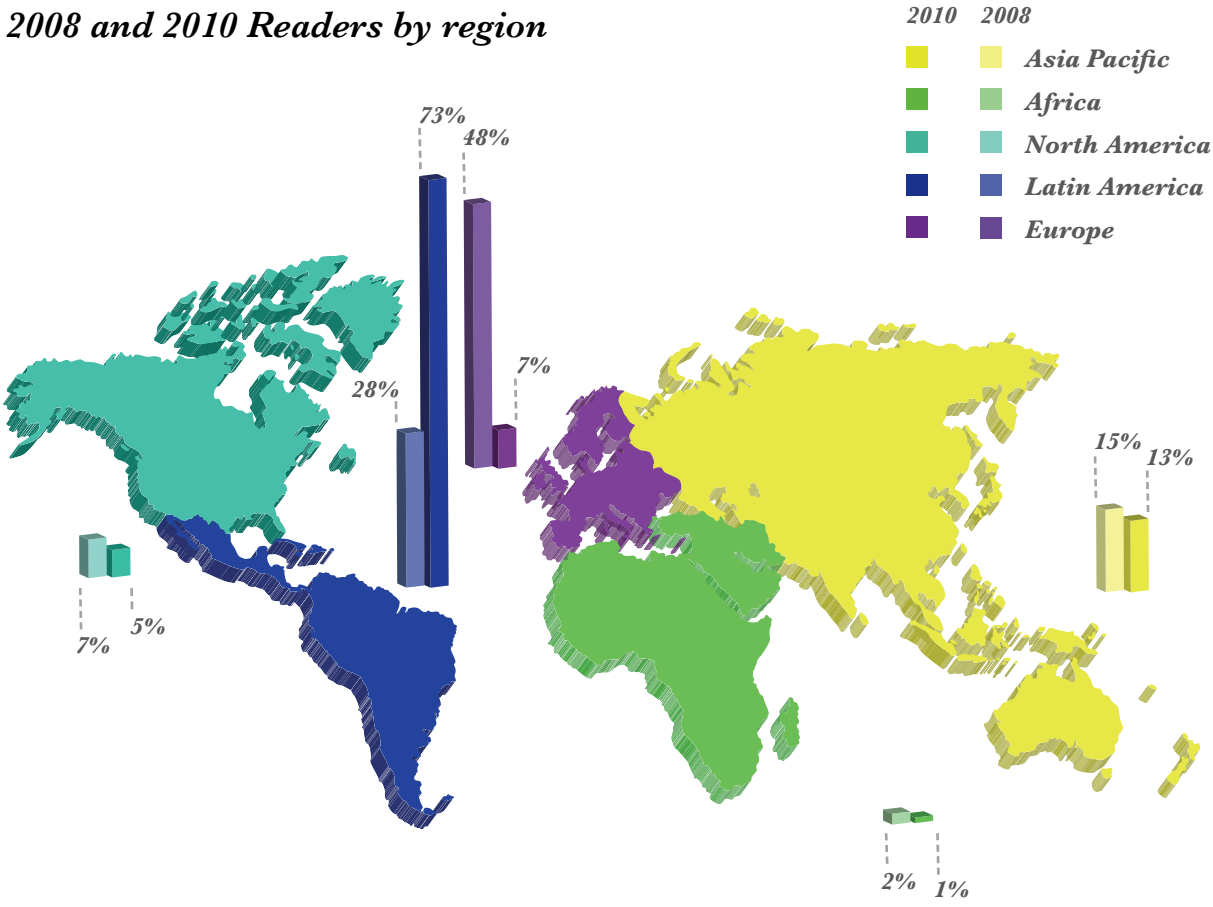
on the GRI Reports List has more than doubled. China has also moved from being ranked 24th worldwide in the number of reports registered on the GRI Reports List to reaching 8th in 2009, with the numbers tripling between 2008 and 2009.[1]

In the 2008 survey, our comment on the majority of responses from Western Europe was "considering the development and acceleration of sustainability reporting in Europe over the last 15 years, this is not a surprising result". Is the change this year surprising? Perhaps, although we suspect that the growing interest of BRIC Readers is a stable trend. In future surveys, we anticipate that the majority of responses will come from outside Europe. Regardless of whether these new Readers are staff, media, investors, or customers, this is a trend to watch.

Of course, the reports from developed countries still remain crucial, given the region's history of action on sustainable development. However, the lesson Reporters will learn over time is that appreciating cultural differences is vitally important in reporting.

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2008 and 2010 Readers by region



Reporting Why

The question that many organisations ask themselves is: 'Why report on sustainability?' The simplicity of this question belies its importance. Without a strong answer, the future of reporting is in doubt.

In order to provide a response, it is essential to consider people on both sides of the story: those who write the reports (the Reporters), and those who read them (the Readers). Reporters invest financial and other resources to gather data and present their sustainability performance using different media. Readers spend long and valuable hours reading and using the information. Both have given their views on reporting in this survey.

When analysing their respective responses, we found two initial surprises. Firstly, regulation is not an important driver in furthering the sustainability agenda. In fact, for many Reporters, the regulatory driver is far from their main motivation.

When Reporters were asked why they believe an organisation should report on sustainability, pressure from regulation scored very low (only four percent). However, for Readers from the United States, the drive to comply with external regulation is perceived as a very high motivator (42 percent selected regulation, the highest proportion of all countries represented). This may be a response to Securities and Exchange Commission pressures and other state-level requirements.

Secondly, reputation is another low-scoring motivation; only three percent of all Reporters surveyed identified reputational risk as their key reason for reporting. Readers largely agree with Reporters on this issue; only five percent of them identified avoiding reputational risks as a key reporting driver.

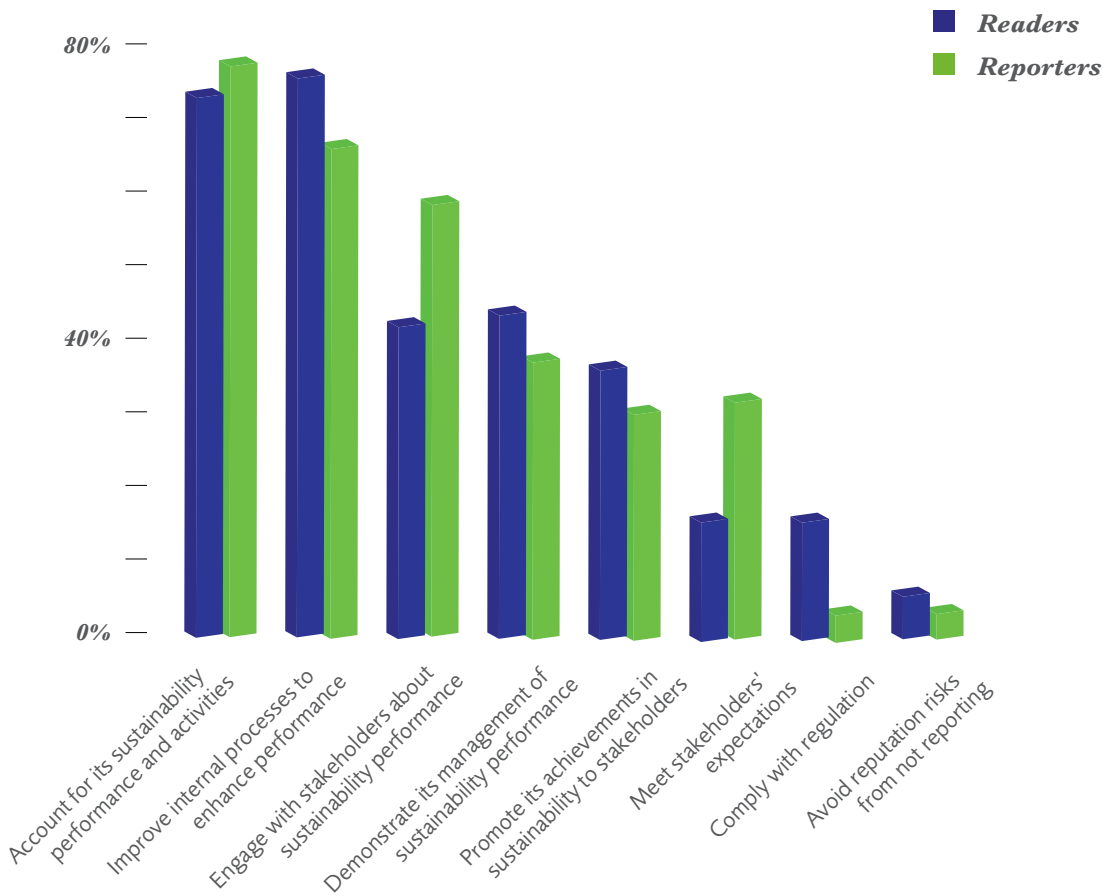
Readers who identified themselves as part of the 'consultancy group' disagreed on the importance of both regulation and reputation as motivations for reporting. They perceive external pressure as a significant issue, far more than the organisations themselves or than any other reader group. Consultants are aware that many organisations are only subject to relatively minor regulatory pressures, with nine percent answering 'comply with regulation' as a reason to report. However, a higher proportion selected 'avoid reputation risks from not reporting' (ten percent) or 'meet stakeholder expectations' (31 percent) as reasons to undertake reporting. The latter answer indicates that consultants agree with Reporters that stakeholder expectations are important. This may be because consultants are in touch with the broader stakeholder community, beyond those that read sustainability reports.

The purpose of reporting is performance

The second headline conclusion from the survey is that a desire for better performance is driving reporting. Both Readers and Reporters listed their top two objectives for reporting as 'improving internal processes' (75 percent of Readers and 65 percent of Reporters chose this, see Figure 6) and 'accounting for their sustainability performance' (over 70 percent of both Readers and Reporters chose this).

What Readers want to see first and foremost is an account of performance, not third-party endorsements or a 'tick box' attempt to meet standards or regulation. Readers desire robust data clearly showing progress over time on specific issues, a proven track record of actions to achieve goals, and finally, a clear link between sustainability and business strategy (see Figure 7).

6
Why do you think an organisation should report on sustainability?



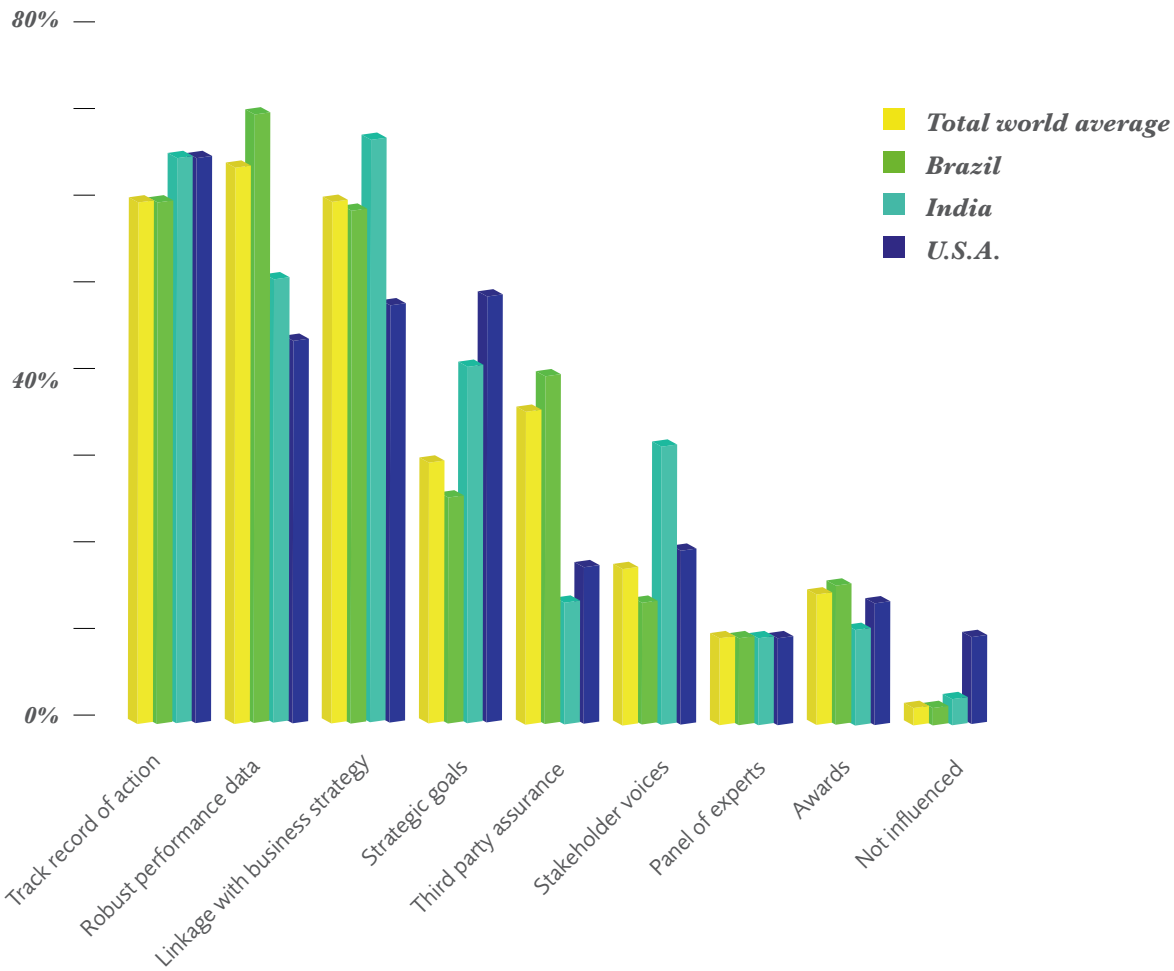
At the country level, interesting distinctions emerge. Americans prioritise a proven track record of actions, whereas Brazilians are generally more interested in reading robust data. Indian Readers rate hard data as relatively unimportant in comparison to links to business strategy and a track record of proven actions (see Figure 7).

Performance is not compared

A small proportion of Readers (15 percent) use reporting to compare organisations (see Figure 8). This result is particularly interesting considering the aim of GRI and its G3 Guidelines. GRI's aim is to provide a consistent, structured framework that any organisation can follow to

7

Which of the following factors in a report help you trust an organisation's sustainability commitment and strategy (top 3)



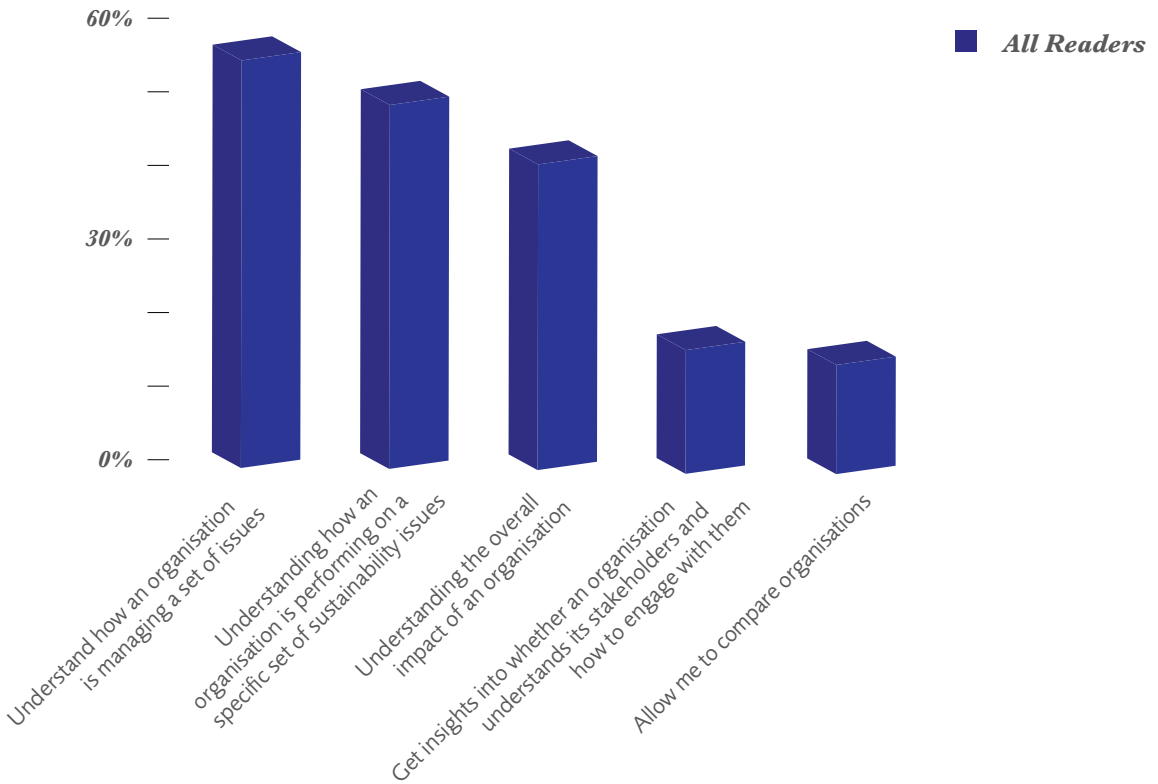
ensure measurable and comparable reporting over time and across organisations.

Consultants are the most prolific Readers and use reports to compare organisations (33 percent), although this may not be surprising when considering the nature of their work. Consultants are most likely to read reports when completing benchmarking exercises and competitor analysis.

This brings us to investors. When compared to other stakeholders, investors are light Readers of sustainability reports, surprising given their profession. Only three percent read ten or more reports per year, compared with a total average of five percent. There are several interpretations of this finding, including that 'source' reports themselves are used less often by investors than aggregated data, comparisons or industry rankings.

8

What is your main reason for consulting sustainability reports?



Reporting isn't stakeholder engagement

Readers and Reporters are consistent in prioritising performance as a top objective of reporting. On engagement, however, major differences begin to emerge. One third of Reporters report in order to meet stakeholders' expectations (see Figure 6). Readers, who are themselves stakeholders, disagree: they rate it in their bottom three reasons why organisations should report. Stakeholder expectations are important, but reporting is an account of performance, not a tool with which to please Readers.

The disparity continues beyond meeting stakeholder expectations to stakeholder engagement. Over half of the Reporters surveyed (57 percent) chose 'engage with stakeholders' as one of their top three reasons for reporting compared to a lower level of Readers agreeing with this point (41 percent). In addition, only 17 percent of Readers claim to use reporting as a source of information on how to engage further with an organisation (see Figure 8).

This disagreement between Readers and Reporters is not simply semantic; rather, it raises difficult questions about the role of reporting. The often-assumed role of reporting as an effective stakeholder engagement tool must clearly be questioned. Both reporting and stakeholder engagement strategies may need to change.

Professional View from Futerra

The supply of your Readers' attention is limited, and yet demand for this attention is nearly limitless. This holds true for both stakeholder engagement and reporting. Three simple principles can weave your stakeholder engagement and reporting into an 'attention holding' outreach plan:

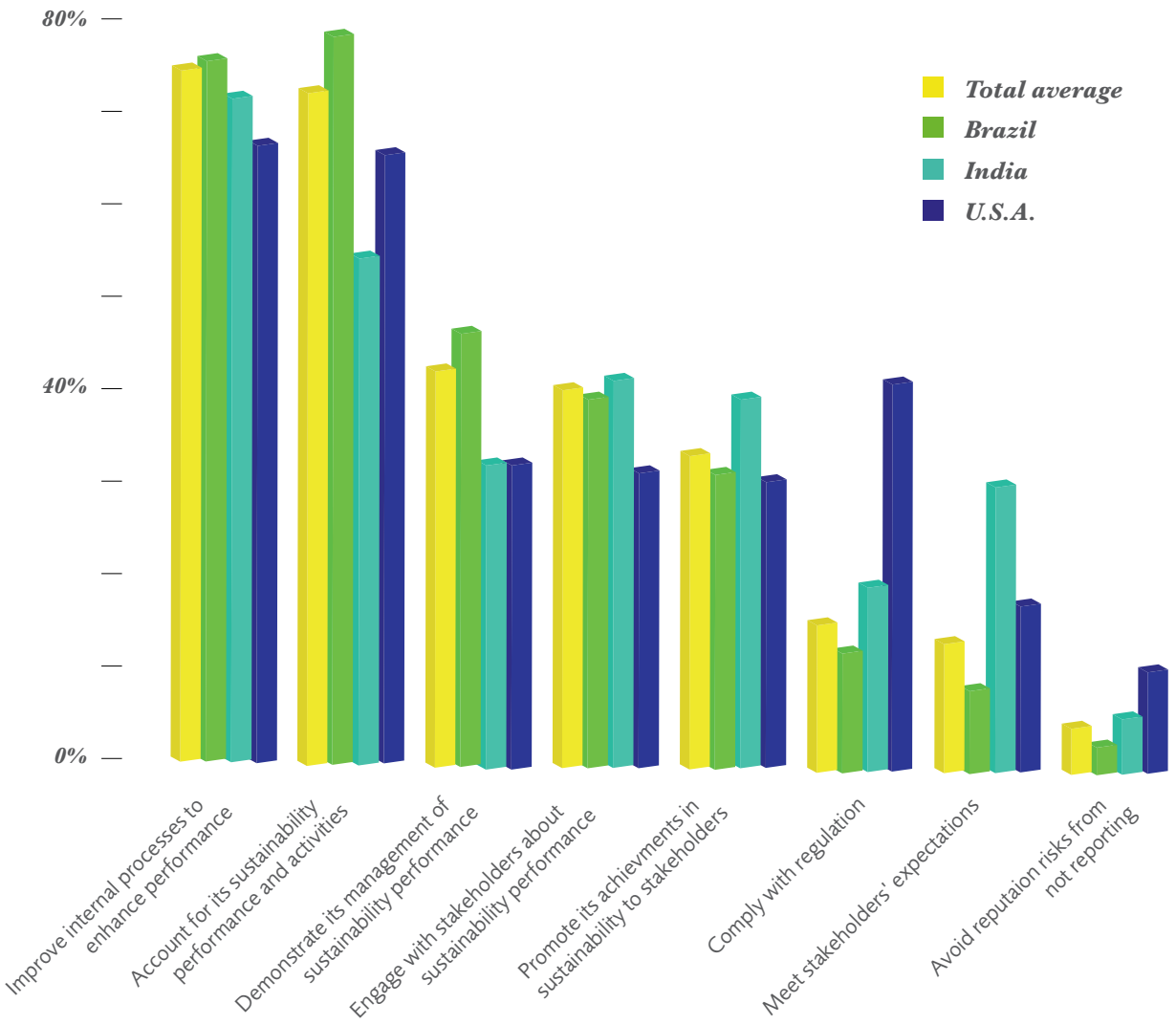
Listen. Stakeholder engagement delivers valuable intelligence for understanding materiality, reputation and strategy. Your stakeholders can become co-authors of your report, not simply audiences for it.

Excite. Readers share reporting information with each other and take action based on it. Remember that your sustainability performance is fascinating and important. Create reports designed to facilitate these behaviour changes.

Measure. You measure your performance, so measure your outreach. Who are your Readers? What actions are they taking? Have you changed their opinions or actions? Measure your report communications to hone your engagement.

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Why do you think an organisation should report on sustainability?



Reporting Trust

In 2006, the most influential trust factors found by the Edelman Trust Barometer were how organisations' products and services performed, and how their customer services ran.[2] In 2010, transparent and honest practices are now the most important criteria.[3]

The role of sustainability reporting is to present a transparent and clear picture of an organisation. A significant part of our survey investigated which aspects of reporting build stakeholder trust, and which aspects distract from it.

Reporting is trusted

Trust in reporting is already high. This year's survey revealed that 90 percent of Readers do not consider reporting as greenwash. This is encouraging news for Reporters, with the overwhelming majority of Readers accepting reporting as a trusted information channel.

Whereas a report may not be 'just greenwash', the question remains whether reporting provides a complete picture of a company's sustainability progress. Here, the views from Readers are more mixed. Just over half of the Readers (59 percent) agreed or strongly agreed with the statement that reporting shows what the organisation finds important. However, only ten percent of Readers believe that reporting provides a complete picture.

On this issue, reporting has not progressed in the last two years. In the 2008 GRI Readers' Survey, Readers demanded a more balanced picture of Reporters' performance. This is clearly a lesson that the majority of Reporters have yet to learn.

Investors place greater importance on performance data in building trust than some other stakeholder groups. 70 percent of investors chose this as their number one factor in trusting an organisation's sustainability commitment. Surprisingly, an even stronger response was received from labour organisations, public agencies and rating agencies. Between 74 and 78 percent of these Reader groups desire robust performance data over anything else.

Whilst Readers agreed that performance in terms of sustainability is the key to trust, the desired methods for assessing that performance varied across the globe (see Figure 7). Brazilian Readers feel most strongly about robust data (70 percent) compared to the other respondents (53 percent). On the other hand, Americans base trust on the visible actions of a company with a past track record as proof of future success (65 percent). For them, the link with the business strategy and a clear set of strategic goals are of higher importance than robust data. Indians are different again, listing hard performance data as relatively unimportant (51 percent). Strategy (70 percent) and actions (66 percent) are more important than performance for this group.

Professional view from KPMG

As organisations continue to report, they are building more than a list of reports and a track record of action. They are also building trust from a growing, year-on-year evidence base of commitment and performance. The longer an organisation reports, the more trustworthy it will appear to Readers.

KPMG

Standards have value

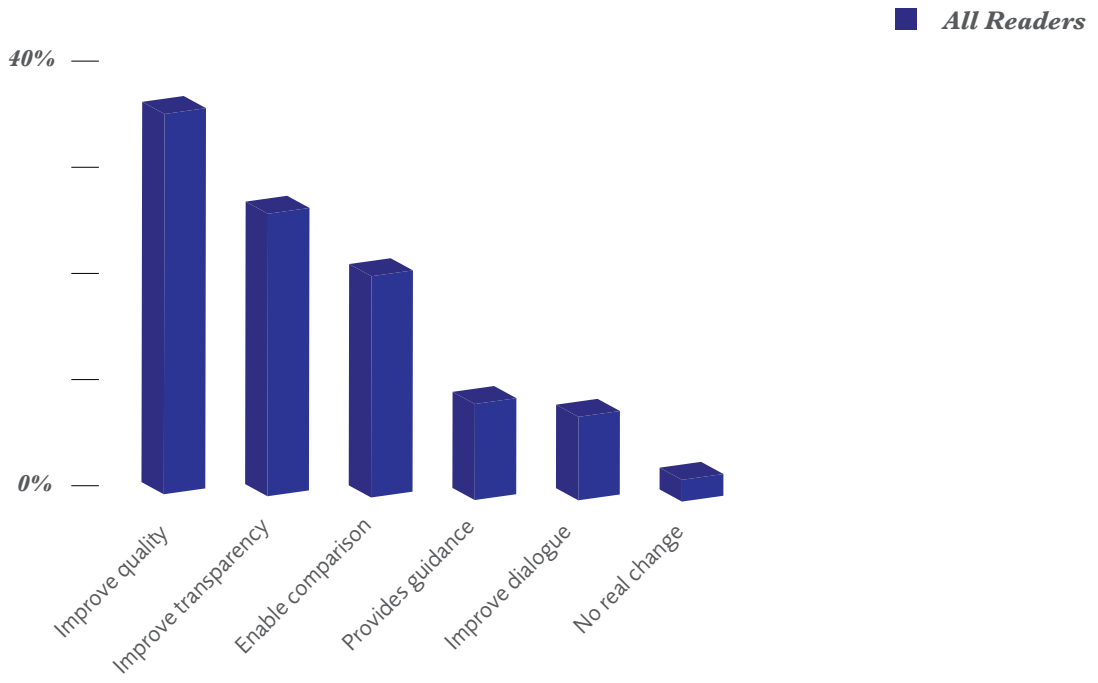
To build more trust, the survey suggests that the logical question organisations should answer is how best to demonstrate performance and the link between sustainability and business strategy.

Independent standards have a clear role in answering that question. We asked Readers to judge the impact of standards (such as the GRI Guidelines) on sustainability reporting; 35 percent chose improved quality and 26 percent indicated transparency (see Figure 10). Interestingly, enabling comparison was in third place, with votes from 20 percent of the Readers. These results contrast with those answers given by the heaviest consumers of sustainability reports: consultants. This group, more than any other, think GRI provides guidance to clients (18 percent). Readers also believe that using standards facilitates comparison (28 percent).

The results varied regionally. Readers from the United States were perhaps the least impressed by the impact of standards such as GRI. Only 19 percent of American Readers stated that standards improved transparency, against an overall average of 26 percent. Eight percent indicated they did not see any real change as a result of standards, against an overall average of two percent. Indians, on the other hand, were most enthusiastic (40 percent) on how such standards could improve the quality of sustainability information.

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What do you think is the most significant impact of standards such as the GRI on sustainability reporting?



All assurance is not equal

What other factors affect trust in reporting? Reporters already realise the need for validation from external audiences for their reporting to be deemed successful. Over two-thirds cite external recognition, positive feedback or use of the report to connect as key success factors (see Figure 11). The tactics Reporters employed to secure this validation are similar, from installing external expert panels to entering sustainability reporting awards.

External assurance is clearly a contributing factor to building trust in a business. When asked what helped them build trust in an organisation's sustainability commitments, 80 percent of Readers selected one 'external input' option in their top three choices. However, the Readers valued the specific tactics at very varied levels (see Figure 7).

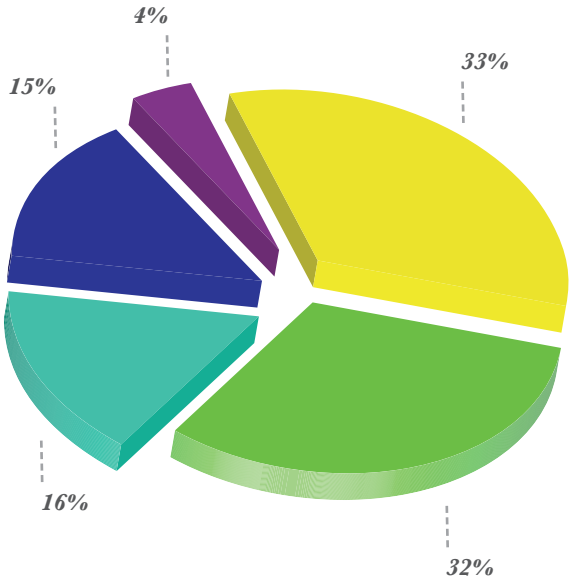
Third-party assurance scores highest out of all of the external feedback mechanisms (see Figure 7), with stakeholder comments following closely. Regionally, there were some significant differences, with Brazilian Readers demonstrating a high preference for third-party assurance (40 percent against the overall average of just seven percent). In addition, Indians value external stakeholder voices nearly twice as much as the other respondents.

The survey results suggest that expert panels and awards hold lower value for Readers. Reporters, however, remain enthusiastic. Considering the effort Reporters put into these mechanisms, the need for a re-evaluation, or a better explanation of their process, is clear.

11

What are the metrics for measuring the success of your sustainability reporting?

- ***Internal progress towards achieving sustainability goals as a result of the reporting***
- ***Formal, external recognition (including awards or good ratings)***
- ***Utilisations of the reporting by stakeholders to connect with our organisation***
- ***Positive feedback from Readers and/or media***
- ***Other***



Reporting Action

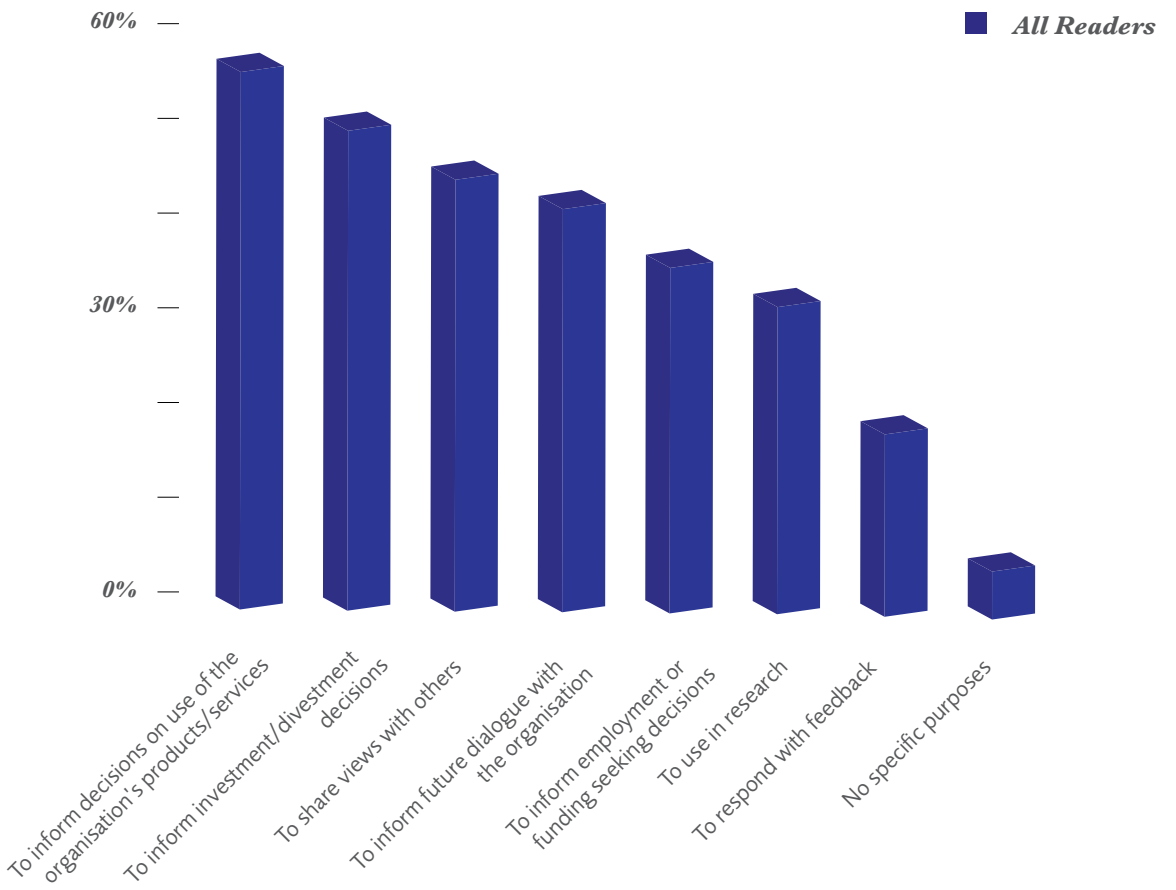
It is no secret that some organisations complain that their sustainability reports are not read or used. When they do not receive any feedback, it is tempting for the organisation to question the benefit of continued reporting. Readers, however, do not realise the need to respond, with less than 20 percent of them ever providing feedback (see Figure 12). This suggests that reporting rarely results in a two-way dialogue with organisations. This is not to say, however, that Readers do not act based on the information they gain from a report.

When asked how they use sustainability information, over half of Readers (56 percent) have used reports to inform decisions on products and services, and half have used reports to inform decision-making on investment. Even the simple act of reporting positively influences what Readers think (See Figure 14). Ninety-seven percent consider reporting itself a proxy for good performance management. Readers have already indicated that providing robust performance data, a clear track record of actions and a link with business strategy are the top three factors that help them trust an organisation's sustainability commitment. Therefore, it is hardly surprising that 60 percent of Readers claim their commitment and connection to an organisation is positively influenced by reading a sustainability report.

Again, regional differences play a part in this. In the United States, audiences are more sceptical; U.S. Readers claim that reports do not significantly impact their commitment to an organisation. Figures for U.S. Reporters are lower than for other respondents - more than 40 percent increase their commitment to an organisation based on a report (compared to 60 percent overall), and 13 percent decrease their commitment (versus three percent overall). Both Indian and Chinese Readers scored higher on the change a report had on their views of the general importance of sustainability issues and also sector-relevant material issues.

12

How do you use the information they get from sustainability reports?



Readers influence others

Almost half of the Readers (45 percent) use information from sustainability reporting to share their views or opinion with others (see Figure 12). This means that whilst the organisation may not receive any feedback on the report, the impression the report has made on the reader will be shared with others.

Some significant differences on dialogue appear amongst countries (see Figure 13). For example, Chinese Readers indicate that they use reports more heavily to create dialogue (54 percent) than overall respondents (42 percent). Only 22 percent of the Chinese Readers use it to consider employment or funding opportunities (36 percent overall).

In India, reports are more intensively used to inform investment/divestment decisions (66 percent), but a majority of Indian Readers (60 percent) will also tell others about individual reports. For the United States, the situation is again unique. Unlike the rest of the respondents, American Readers indicate that their first ranked use is for research, whereas they use it in the second instance to discuss their views and opinions with others (46 percent) before considering other uses.

Professional view from Futerra

Social media and sustainability reporting should be a perfect match. Across the world, trust is shifting from traditional authority to peer and word-of-mouth. Ipsos MORI and Edelman both track this fascinating phenomenon globally.

However, many fantastic Reporters are missing this most trusted channel.

Well-articulated content containing informative snippets and exciting facts will be discussed. A report designed to be explored, where data is simply extractable and information is easy to share on social media, will far surpass a flat PDF file. A communications campaign where sections of a report are fed into mainstream communications and social media will attract more attention than a one-off mailed report.

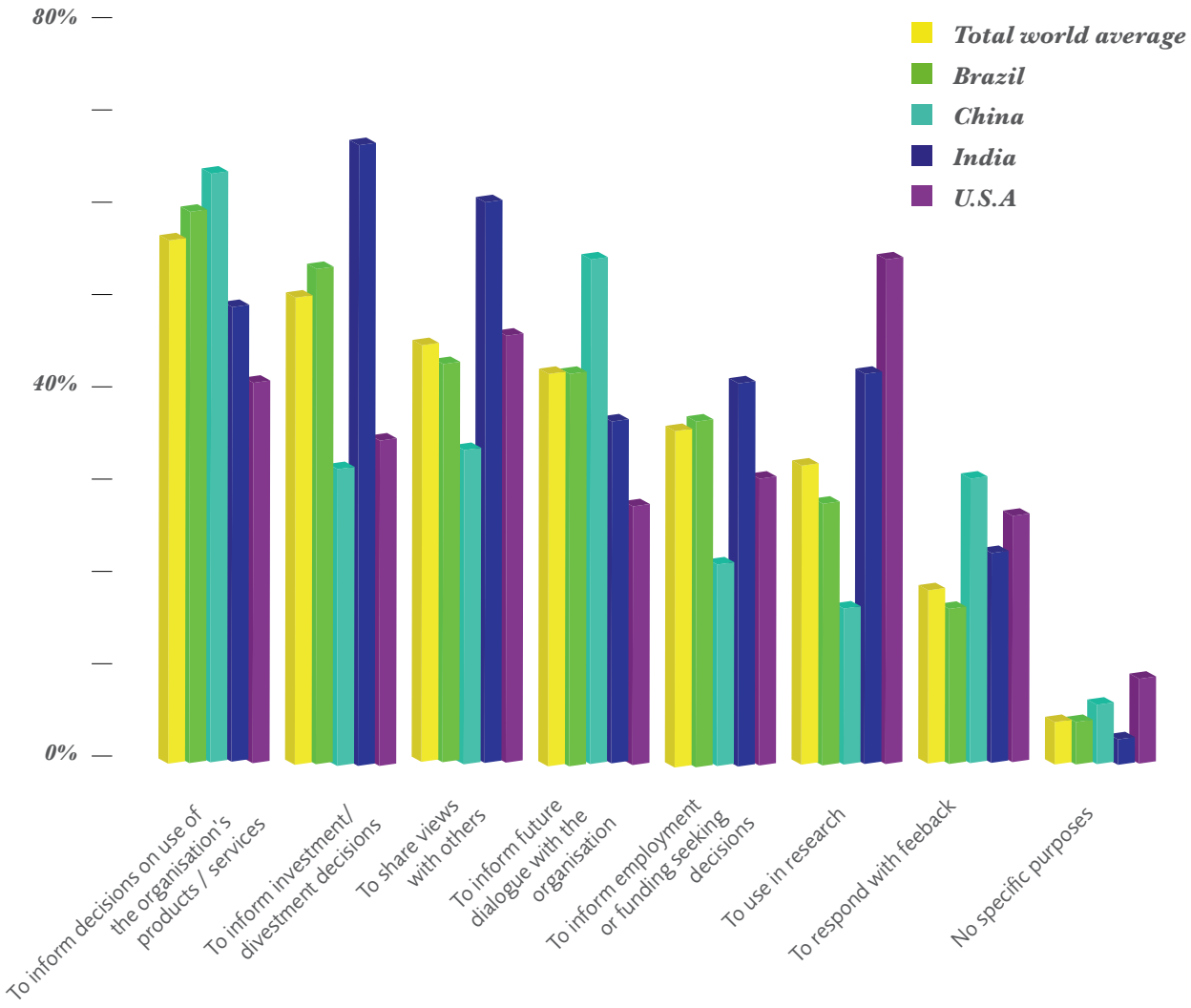
We anticipate that new media will become the number one trusted source for transparency on sustainability performance.

Reporting changes behaviour

Readers have already indicated that they consider reporting a means to change organisations' behaviours by helping to drive performance.

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How do Readers use the information they get from sustainability reports?



If reporting clearly changes the reporting organisation's behaviour, how does it change that of the Readers?

Our survey demonstrates that sustainability reporting can significantly affect stakeholders by:

1. Informing their views on sustainability issues (beyond specific organisations).

2. Informing their views on a specific organisation.

3. Triggering a direct change in behaviour.

Sixty percent of Readers were positively influenced by reading a sustainability report, and increased their commitment to that organisation. Readers were also more likely to be influenced by specific issues, rather than overall corporate impact. The report changed their views (53 percent) or improved their awareness (65 percent) on a set of issues, rather than changed their views or 'connection' to an individual company (36 percent and 60 percent, respectively). In addition, more than half (53 percent) of the Readers changed their views about the importance of sustainability issues as a result of reading a corporate sustainability report. Furthermore, almost 40 percent of Readers have used reporting to inform decisions about seeking employment with an organisation, demonstrating the importance of reporting as an employee engagement tool.

Approximately 40 percent of the Readers reported that they changed their behaviour as a consumer and almost one-third also took other actions to contribute to the broad sustainability agenda (see Figure 14).

More than 50 percent of the Readers indicated that they have used reports to inform investment decisions and whether to use a company's products or services (see Figure 12). For businesses, these are crucial decisions.

This is not a consistent picture across our respondents, and actions differed largely, depending on where the Readers lived (see Figure 13). Readers from India are nearly twice as likely to use reporting information to feed into investment decisions, whereas Chinese Readers use information from reports to inform purchase decisions more than any others.

By understanding these behaviours, Reporters can deliver more effective reports and reporting strategies. If Reporters can harness these differences rather than assuming 'one size fits all', the benefits will be significant.

Professional view from SustainAbility

Sustainability reports need to target a specific audience in order to maximise their impact. Our study shows that Readers are slightly more interested in information on issues rather than on the organisations themselves. Consequently, organisations should ensure that they are providing information to their key Readers on issues that affect them and in a way that they can use.

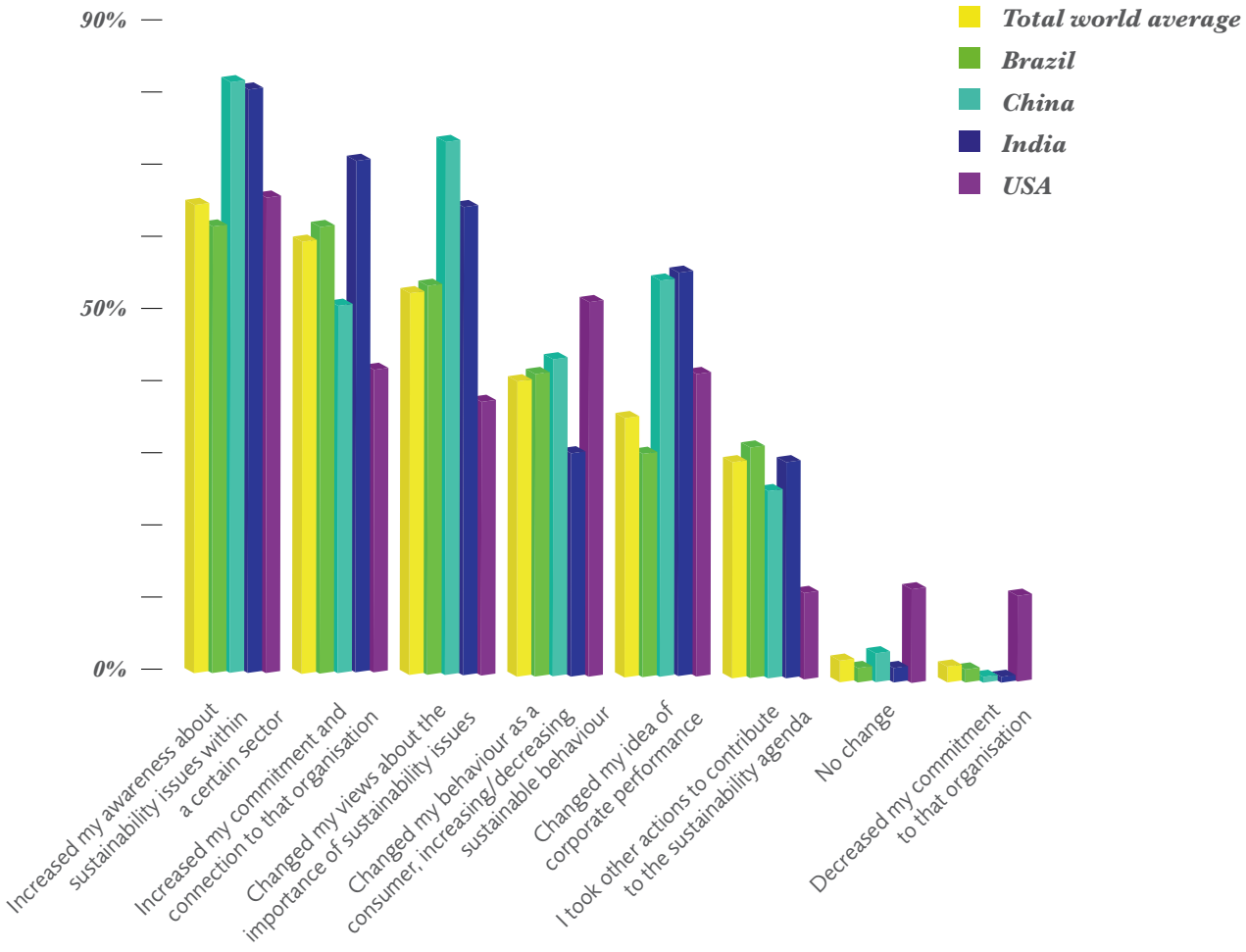
The influence of reporting extends beyond the impact it has on the final readership. Many companies realise that the internal benefits are at least as great as the external impact. Internal benefits include:

1. Raising awareness (from the Board or the factory floor) on issues and processes not traditionally captured by conventional financial management
2. Providing tools for internal accountability and performance improvement
3. Helping the company to focus its efforts and management on the issues that really matter to its business

SustainAbility

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How has reading an organisation's sustainability report affected your attitudes and actions in the long term?



Reporting change: Changing reports

This Survey focused on how reports are changing, but as these developments accelerate, so too will the need to change reporting further. After analysing the results, some clear conclusions have emerged. The virtuous circle between Readers and Reporters both working to improve performance can be enhanced in six ways:

Reporting Change	*Change Reporting*
Readers are taking action on what they read, making investment, partnership and purchasing decisions.	Design your strategy to identify the information stakeholders need to make these decisions. Consider including 'calls to action' to Readers on specific behaviours.
Readers don't consider reporting to be a form of stakeholder engagement.	Reporting and stakeholder engagement are not interchangeable. Create separate but complementary strategies for both.
Trust is driven by consistent, transparent performance demonstrated over time.	Emulate your annual report and focus on your track record of actions and demonstrated performance. Better yet, integrate your financial and sustainability reporting into a comprehensive reporting strategy.
There is no trust without consistent and balanced transparency.	Robust reporting must take into account your dilemmas and failures as well as successes.
Readers discuss what they have learnt from reports.	Translate key messages into memorable sound bites, create accessible modular structures and conduct and enable social media communications.
Readers are now global.	Appreciate and accommodate regional variations in report design and communications to deliver returns in both trust and action. Go beyond simple language translation to account for local priorities, local concerns, and local success stories.

This year's results show the progression and evolution of reporting since the first Readers' Choice Survey conducted in 2008.

However, elements of future reporting remain uncertain. Reporters have the opportunity to shape the future of reporting, and set a benchmark that others can follow. Readers have the opportunity to communicate with Reporters to provide input that is honest and constructive. Communication between both groups and an open dialogue is a crucial element in reporting, and Futerra, KPMG and SustainAbility will continue to facilitate this for the future development of reporting.

Please email your comments to talk@reportingchange.com or contact us on Twitter by including #reportingchange in your message.

Methodology Comment

The Readers' Choice Survey was first conducted in 2008 to provide a voice for the users of sustainability reports. This is the first time Reporters have been included in the Survey.

Questions asked

To provide a better understanding of reporting, Reporters answered three multiple choice questions. Readers were asked a series of 12 multiple choice questions, three of which correlated with similar questions for Reporters.

What is a "report"?

It's about reporting, not just reports. This survey focused on reporting as a whole, not just the printed (or online) reports themselves. Reporting is defined as the process behind generating the resulting report, including data gathering, determining materiality and engaging stakeholders, and includes the different media used to disseminate the information once compiled. A 'report' is the output of this process, and can take multiple forms, such as a physical document or an interactive tool.

How do you define a Reader?

Readers are any stakeholders that have been engaged with an organisation's reporting output. This could range from in-depth reading to only reviewing specific elements on a company website. On average, the people that took part in the survey looked at a little over three reports. The most prolific Readers (five percent) read between 10 and 20 reports per year.

Evaluation

The 2010 Award winners - Brazil sweeps the board.

Following the results of the survey and awards, feedback was provided to GRI as to the survey process and voting system that was used.

Feedback on our Methodology

Although there were comments regarding the outcomes, the Readers and Reporters Survey and associated Awards are still a unique opportunity to get feedback from the people involved in producing and using reports. The results provide evidence and insights to help Reporters and standard setters evolve reporting technique.

The feedback raises two key questions about evaluating the impact of reporting:

1. With such low levels of report-reading and significant regional differences, can a global perspective ever be clearly defined?

2. Can open-to-the-public voting methodologies like the RCA and others accurately select the 'best reports' if Readers only review a handful of reports?

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Futerra is the sustainability communications agency; from green to ethical, climate change to corporate responsibility. We do the things great agencies do; have bright ideas, captivate audiences, build energetic websites one day and grab the attention of opinion formers the next. We're very good at it. Visit us at www.futerra.co.uk or @futerra on Twitter.

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KPMG Sustainability in the Netherlands consists of a team of 35 professionals with environmental, social and auditing experience. KPMG services include assurance and advisory on sustainability information, advisory on sustainability strategy and implementation and climate change advisory. KPMG Sustainability is part of KPMG's Climate Change & Sustainability Services.

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. It operates in 146 countries and have 140,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International performs no professional services for clients nor, concomitantly, generates any revenue.

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SustainAbility is a think tank and strategy consultancy working to inspire transformative business leadership on the sustainability agenda. Established in 1987, SustainAbility delivers illuminating foresight and actionable insight on sustainable development trends and issues. The company operates globally and has offices in Europe, North America and India. For more information, visit www.sustainability.com

About GRI

Global Reporting Initiative (GRI) is a network-based non-governmental organisation that aims to drive sustainability reporting and Environmental, Social and Governance (ESG) disclosure by all organisations. GRI produces the world's most widely used Sustainability Reporting Framework to enable this drive towards greater transparency. The Framework, incorporating the G3 Guidelines, sets out the Principles and Indicators organisations can use to measure and report their economic, environmental, and social performance. GRI is committed to continuously improving and increasing the use of the Guidelines, which are freely available to the public.

www.globalreporting.org

Survey technology

The survey was conducted online.

Other contributors

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Footnotes

1. http://www.globalreporting.org/ReportServices/GRIReportsList/

2. http://www.edelman.com/image/insights/content/FullSupplement.pdf

3. http://www.edelman.co.uk/trustbarometer/files/edelman-trust-barometer-2010.pdf


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