

CATALYST CSR DASHBOARD

A MORE COMPLETE PICTURE OF SUSTAINABILITY

MAY 2013

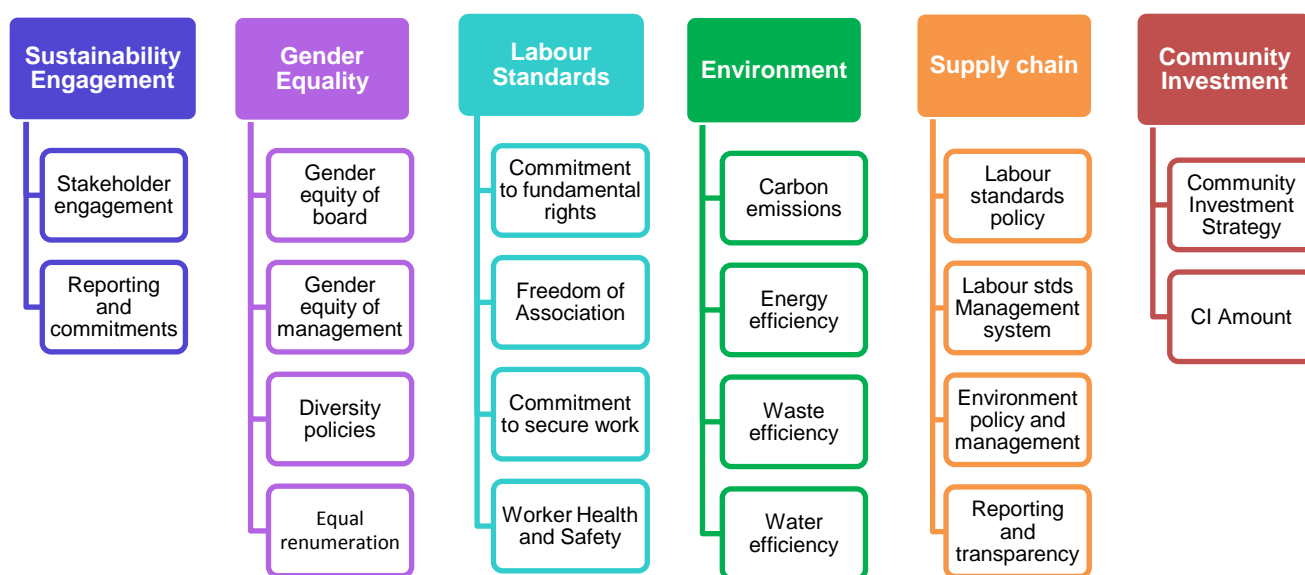


The Catalyst Corporate Social Responsibility (CSR) Dashboard is an exciting new creative initiative that has been developed to assess the performance and reporting of 32 leading companies in selected areas of corporate social, governance and environmental practice.

The Dashboard collects, analyses, rates and presents this information in a clear, accessible web-based format.

By bringing together several aspects of corporate social and environmental performance (also known as 'sustainability' performance), the CSR Dashboard will aid investors, consumers, trade unions and community groups to seek out companies that embrace sustainability across their organisation. It will also assist charities and non-Government organisations make informed choices about corporate-community partnerships.

Initially, six topic areas were selected for review and two to four indicators or sub-categories have been developed in each topic area, as shown below. Capacity to expand the Index in subsequent years has been built in.



The performance indicators

Each of the indicators was developed through a review of standards and benchmarks such as the Global Reporting Initiative, the Australian Securities Exchange (ASX) Corporate Governance Principles and other national and international standards. Relevant federal government legislation and policy was examined to capture any prevailing obligations, such as in the area of gender diversity and energy efficiency. International data was purchased to evaluate company performance in environmental areas against industry sector benchmarks.¹ Guidance on sustainability engagement and community investment indicators came from the findings in Catalyst research papers published in 2011 and 2012.² Catalyst consulted widely with topic sector experts throughout the development process, and Banarra Consulting was engaged to work with Catalyst on the labour standards and supply chain indicators.

In the first version of the CSR Dashboard, two to four indicators were developed for each topic area, reflecting available resources and expertise. The CSR Dashboard indicators have the capacity to be refined and expanded over time including through collaborative projects with other organisations.

Rating company performance

The rating system is based on clearly defined parameters. Performance criteria on a scale of 0 to 4 have been developed to assess company performance. The score of 4 at the top end of the scale refers to Excellence or 'best practice'. Thus, a score of 'average' is a rating within the indicator, rather than a rating of average of performance within the company sample.

The selection of indicators from well-grounded relevant literature in consultation with experts helped to combat subjectivity. The rating scale of indicators was objectively benchmarked before application drawing on this external guidance. The subjective nature of the narratives in annual reports was avoided where possible by establishing numerical scales.

Where non-numerical scales were applied, the rating system sought to clearly distinguish between content to rate the quality of non-numerical reporting, and all ratings were cross-checked.

The company sample

Companies selected are leaders in their sector according to the ASX Global Industry Classification Standard, a system developed by Standard and Poor's ratings services.

To build the sample, the top two companies in select sectors (by market capitalisation as at September 2012) were researched to see if they produced a Sustainability Report or integrated sustainability information into their Annual Report in 2011. Sub-sectors were also chosen to cover a large range of activities and to ensure that companies were selected in pairs with similar areas of operation. If companies produced a report, they were included in the sample. If not, the next largest company in the sector or sub-sector was selected and reviewed until two comparable companies were identified. The list of companies is attached, along with a list of companies that would have met the criteria for selection but did not produce a report. Thus, some companies making it into the sample may have performed poorly, but these companies should be distinguished from those who did not produce any report and could not be selected for the CSR Dashboard.

Information selected for review

To compile company information, researchers reviewed the published 2012 Corporate Social Responsibility, Sustainability or equivalent reports, the Annual Report and company websites. Additionally, researchers looked for disclosures to the Carbon Disclosure Project, National Greenhouse and Energy Report and the Equal Opportunity in the Workplace Agency.

Companies adopted a variety of timeframes for releasing material, spanning from July 2012 to March 2013.

Presentation of results

The custom-built website strongly emphasises visual presentation, with its colourful graph wheels allowing public users to conveniently and easily search and compare company information.

This new invaluable resource responds to the growing public interest in corporate citizenship and social responsibility. It reflects Catalyst's long-standing commitment to promote greater transparency, consistency and improved standards in corporate reporting and it addresses the growing demand from investors, consumers, workers and communities for accessible information about social and environmental practice. Too often this information can be difficult to locate, hard to comprehend and cloaked in technical jargon, making it difficult for non-experts to evaluate corporate performance. The website has in-built capacity to expand the list of companies over time, and to produce tailored private or public reports on one or more topics, or on new topic areas.

Limitations on using public disclosures

The focus on public disclosures brings with it some limitations, in that it relies on high quality and accurate public reporting and disclosure. However, unlike financial disclosures, release of sustainability information to the market "is largely unregulated". According to KPMG "data quality is a significant issue". They note that as greater reliance is placed on the use of corporate responsibility or sustainability information, "it will become increasingly important for organisations to build a framework of CR processes, information systems, controls and governance on par with those already in place to support financial reporting."³ Local and overseas studies have found occasions where social and environmental information is partial, incorrect or in some cases, misleading.⁴ One way that companies can boost confidence in their disclosures is to have external independent assurance or auditing of reports. Where appropriate, Catalyst's rating system recognises and rewards this practice.

While every effort has been made to thoroughly review public information, it is possible that some small details have been overlooked, particularly where information is located across several reports and/or company websites. In these cases, Catalyst invites companies to provide corrections so that appropriate amendments can be made.

The researchers did not set out to make ethical judgements about the business or activities that a company is involved with.

Companies

Materials, Energy and Utilities

AGL
Amcor Ltd
APA Group
BHP Billiton
Orica Ltd
Origin Energy Ltd
Rio Tinto
Woodside Petroleum

Industrials

Brambles Ltd
Downer EDI
Leighton Holdings
Qantas Airways Ltd
QR National (Aurizon
Holdings Limited)
Transurban Group
Virgin Australia Holdings Ltd
UGL

Consumer

Crown Ltd
Fairfax Media Ltd
Graincorp
Tatts Group Limited
Ten Network Holdings Ltd
Treasury Wine Estates
Wesfarmers Ltd
Woolworths Ltd

Financials

Commonwealth Bank
Westpac Banking Corporation
Westfield Group
Stockland

Healthcare

Ramsay Health Care Ltd
CSL Ltd

IT and Telecoms

Computershare Ltd
Telstra Corporation Ltd

Companies excluded because they did not produce a Sustainability Report or integrate/include sustainability information in their Annual Report:

Seven West Media
Southern Cross Media Group
Coca Cola Amatil
Mesoblast Limited
AcruX Ltd

Note: NewsCorp, ResMed and SinTel were excluded as they were primarily listed overseas.

Contributors

Catalyst Australia Incorporated is the author and creator of the CSR Dashboard. Catalyst is a member-based policy network, working closely with trade unions, non-government organisations, academics and practitioners on issues of public interest and importance.

Martijn Boersma (Lead Researcher)

- Background in environmentalism
- Experience in indicators research
- Knowledge of gender/workplace issues.

Jenni Downes (Consultant and researcher)

- Experience in indicators research
- Experience in corporate responsibility
- Authored 'What Gives? How Companies Invest in Communities' 2012

Jo-anne Schofield (Executive Director)

- Overall project management, co-ordination and supervision
- Author/co-author Full Disclosure Research series.

Catherine Turner (Executive and Policy Assistant)

- Project administration, assistance with company research, advice and communications

External Consultants:

Banarra Consulting is a sustainability consulting firm that believes that a sustainable future for people and the planet is possible when organisations and their stakeholders relate more equitably. Their mission is to enable organisations and individuals in their pursuit for a more sustainable future.

Jaana Quaintance-James

- Expertise in labour standards and supply chain indicators.

Website design and development

Boccalatte in partnership with Small Multiples

Topic experts

Several people provided helpful feedback and advice, or simply steered us in the right direction at crucial stages of the projects development. Thanks to Dr Richard Archer, Peter Colley, Rebecca Stark, Philippa Hall, Alexandra Heron and Melissa Coad.

Editor: Kathleen James.

¹ Data was purchased by Trucost®, and organization that “provides the world's most comprehensive environmental performance data covering over 93% of global markets by market capitalization, including carbon, water, land use, pollutants, waste and commodity flows. The environmental efficiency of a company, and its supply chain back to raw material extraction, can be accessed on demand for holistic natural capital analysis”. See www.trucost.com

² Alice Klettner, Centre for Corporate Governance, *Steering Sustainability* (2011), and Jenni Downes, *What Gives? How Companies Invest in Communities* (2012) www.catalyst.org.au

³ KPMG, International Survey of Corporate Responsibility Reporting 2011. This is an annual survey of 250 companies drawn from the Fortune Global 500 List (2010) representing more than a dozen industry sectors.

⁴ See for example, Banarra Consulting, 2010 *Labour Standards in Sustainability Reporting* which found challenges in locating information and inconsistencies between the claimed level of reporting against the GRI and information found in public reports. See also Elaine Cohen, citing a study by Professor Michael Muller-Camen outlining discrepancies between disclosures claimed against the GRI by 131 companies of the Forbes 250 list. The research looked at nine GRI labour and six human rights indicators. http://csr-reporting.blogspot.com.au/2012/11/false-claims-in-sustainability-reports.html?utm_source=feedburner&utm_medium=email&utm_campaign=Feed:+blogspot/csr-reporting+%28csr-reporting%29