



Maplecroft
Maplecroft House
Bath Road
Bradford on Avon
BA15 2PE
United Kingdom

Company report review

Unilever

Social and Environmental Reports 2004

Presented by: the Ethical Insight team at
Maplecroft

Contents

1	Company background	4
2	Reporting practices	4
2.1	Materiality	4
2.2	Transparency	4
2.3	Comparability	5
2.4	Assurance and verification	5
3	Management structure	6
4	Review of core issues	6
4.1	Consumers	6
4.2	Business partners	7
4.2.1	Policy	7
4.2.2	Programme	7
4.2.3	Performance	8
4.3	Employees	8
4.3.1	Policy	8
4.3.2	Programme	8
4.3.3	Performance	9
4.4	Society	9
4.4.1	Policy	9
4.4.2	Programme	9
4.4.3	Performance	9
4.5	Environment	10
4.5.1	Policy	10
4.5.2	Programme	10
4.5.3	Performance	10
5	Certification	11
6	Ethical Insight's comment	12
7	Appendices	13
7.1	Maplecroft's Ethical Insight report review criteria	13
7.2	Previous Ethical Insight report reviews	14
7.3	Ethical Insight's sustainability reporting services	15

Note

This review is based on information contained in the electronic versions of Unilever's Society Report 2004 (<http://www.unilever.com/social>) and its Environmental Report 2004 (<http://www.unilever.com/enviro>). This review is intended as a summary only and does not provide full and complete discussion of all the issues contained in the report.

1 Company background

With 227,000 employees, Unilever is engaged in manufacturing and marketing food and home and personal care products to consumers in approximately 150 countries around the world through a portfolio of global, regional and local brands.

According to Unilever, consumers are increasingly bringing their views as citizens into their buying decisions, demanding more from the companies behind the brands. Consumers are rewarding companies and brands they trust. In response to disappointing financial results in 2004 (€6,138 million operating profit), Unilever therefore announced in early 2005 a new 'Vitality mission', expressed through an updated Corporate Purpose, designed to help the company regain its growth momentum. The new Corporate Purpose makes explicit Unilever's commitment to corporate responsibility: 'To succeed requires, we believe, the highest standards of corporate behaviour towards everyone we work with, the communities we touch, and the environment on which we have an impact.'

Unilever currently produces separate social and environmental reports but in response to stakeholder feedback, plans to compile a single report covering both these areas by 2007.

2 Reporting practices

2.1 Materiality

Unilever conducted a structured consultation with interested partners about the company's social and environmental reporting which is a vital process to gain the critical feedback necessary to ensure material issues are addressed, taking into account the different stakeholder perspectives.

Material issues are not addressed directly in the report, but are largely included within relevant sections divided according to stakeholder groups (shareholders, consumers, business partners, employees and society). The inclusion of shareholders and focus on economic impacts is of particular interest for such a large and geographically diverse company. Other pertinent issues appropriately addressed in the report include various aspects of Unilever's responsibilities vis-à-vis employees, including the affordability, quality and safety of products, responsible advertising and outreach with regards health, nutrition, hygiene and sustainable consumption. The company's environmental impact is covered at length in a separate report.

There is, however, a lack of focus on risk, particularly for a company that is expanding its businesses outside its original European home countries. There is little discussion in the report of how Unilever is monitoring and assessing specific political, social and economic issues that could impact on the company. Beyond high-level management systems such as the chairmen's letter of assurance and a newly launched supplier engagement programme, there is little indication of how specific challenges are being approached. This is of particular interest in countries where the risk of complicity is known to be high.

Unilever could also illustrate more clearly in its reporting how its approach to corporate responsibility ties in with overall business strategy. The report implies that corporate responsibility was a factor in the company's adoption of a new strategy in 2005, responding to consumer and customer demand for companies and brands in which they trust, but this is not fully explained.

2.2 Transparency

Unilever's Environmental Report is a model of transparency in environmental reporting. Trends in performance and impact data are clearly presented, alongside relevant targets. Environmental prosecutions and fines are also presented over multiple years.

Unilever's Social Report shows a more limited commitment to transparency. The report discloses a number of pieces of information that are of particular interest, notably employee dismissals for non-compliance with the company's Code of Business Principles, work-related fatalities and trade union membership. However, the report offers little insight into key risks and challenges and ways in which the company is grappling with them. Although there is evidence of stakeholder feedback mechanisms in place, there is limited disclosure of

particular areas of concern and the company's response. Discussion of how Unilever manages stakeholder expectations would also be of interest.

2.3 Comparability

Unilever has chosen not to make use of the guidelines of the Global Reporting Initiative which provide a framework for companies to report on their impacts and activities that is useful in terms inter-company comparisons. Nevertheless, the report includes an abundance of environmental performance and impact data, presented in such a way that it is easy to track progress over multiple years. Use of the London Benchmarking Group model is an effective way to provide comparable information on the company's community impact. Much relevant and interesting data is provided in the report, particularly with regards employee feedback following a recent company-wide survey, health and safety and compliance related issues. However, data could be presented more systematically to show progress over time. The inclusion of a clear set of performance indicators, with multiple years of performance data against a baseline would be a great help in this regard. Unilever should also define a more comprehensive list of time-bound targets, highlighting priority areas.

2.4 Assurance and verification

Unilever commissioned independent assurance and verification of both the Society Report (for the first time) and Environmental Report, adding to their credibility and providing important critical feedback that is vital to continuous improvement. The scope of the assurance was fairly extensive, covering the sections of the report on employees and society – but not business partners. In line with good practice, interviews were held both with managers and operational staff both at corporate level and in South Africa and Brazil.

3 Management structure

There is evidence in Unilever's report of a high-level commitment to corporate responsibility. Unilever's Corporate Purpose makes explicit the company's belief that success depends on high standards of corporate behaviour. Unilever has also developed a Code of Business Principles which describes operational standards for all employees. Based on interviews with senior managers, the independent verifiers of the report indicate that social and environmental issues receive strong support at the executive level. Unilever's decision to be a founding signatory of UN Global Compact is also a noteworthy indication of its commitment.

Unilever's Social and Environmental Reports give the impression that management of these issues is fairly decentralised. The Social Report makes reference to an External Affairs and Corporate Relations Committee but there is no indication of the exact nature of its role or the programme of work carried out in the reporting year. Day-to-day responsibility for environmental policy implementation and management rests with operating companies in each country. For such a large and geographically diverse company it is particularly important to describe in more detail the management structures that are in place to ensure risks are being managed at both the corporate and local levels, presumably requiring some degree of centralised coordination.

While the corporate responsibility management structure is unclear, the report does provide some evidence of management systems in place. For example, Unilever states that its Code of Business Principles (available in 47 languages) is communicated to all managers and employees. This communication process is an important part of ensuring high standards of corporate responsibility are embedded in the company culture. The report also makes reference to the company's monitoring system, based on internal audits and a recently established ethics' hotline. In future reports, Unilever should consider providing further details on how these systems operate – the nature of training and the number of audits and calls actually recorded.

It is particularly significant that Unilever has established some degree of personal accountability for the implementation of responsible practices, as this is known to be a powerful implementation mechanism. At senior management level, company chairmen are required to give an annual assurance that their business is in compliance with the Code. There is also evidence of the consequences of non-compliance amongst employees – Unilever shows a commitment to transparency by disclosing that 89 employees were dismissed in 2004 on grounds of breaches of the Code. Unilever adds further interest to this statistic by expanding on the nature of non-compliance: apparently, the majority of dismissals related to integrity concerns such as fraud and conflict of interest, with a small number were due to issues such as sexual harassment and internet abuse.

4 Review of core issues

Unilever has produced separate reports on social and environmental issues. This review of core issues covers the key stakeholder groups addressed in Unilever's Social Report, including business partners, employees and society, as well as the company's environmental management and impact contained in its Environmental Report.

4.1 Consumers

Unilever addresses a number of areas in which responsible corporate behaviour touches on consumers. These include the affordability, quality and safety of products, responsible advertising and outreach with regards health, nutrition, hygiene and sustainable consumption.

Affordability

Unilever products are sold in 150 countries, many of which are poor. Clearly, there is a strong business case for ensuring that products are affordable. However, to some extent this can be seen as a question of corporate responsibility vis-à-vis consumers, particularly in light of the nature of Unilever's products which aim to meet people's basic nutrition, hygiene and personal care needs. The report provides evidence that Unilever is carefully monitoring the affordability of its products. For example, in 2004, Unilever conducted a study comparing the prices of its products in 80 countries with that of the country's minimum wage. Unilever

overcomes the restrictions of people's low-incomes in some countries by making products available in small, affordable sachets.

Product safety and quality

With regards quality and safety of products, the key considerations are to ensure that products meet high standards regardless of where they are produced, and that standards are not compromised by commercial considerations. The report provides evidence that both these fundamental considerations are being addressed. Unilever has established an independent global Safety and Environmental Assurance Centre by which all products must be approved. Unilever discloses that it recalled six product batches from the marketplace in 2004 due to consumer safety concerns – further information relating to these kinds of incidents should be included in future reports.

Responsible advertising

It is good to see that Unilever is addressing the question of responsible advertising, though there does appear to be room for improvement. To its credit, Unilever does not distinguish between advertising standards in different countries, having defined worldwide brand communication principles. The principles state that marketing materials should take a responsible approach to messages regarding diet, nutrition and healthy lifestyles, with additional principles directed at children. Unilever's support for the International Chamber of Commerce's framework for responsible food and beverage consumption can also be seen as a good sign of its support for the principle of responsible advertising. However, the report offers little insight into what this means in practise. The inclusion of a set of commitments in support of the company's own principles and ICC framework within the report would help build trust in the company's self-regulatory mechanism.

Outreach on health and sustainable consumption

Unilever plans to adopt a more coordinated approach to outreach on issues relevant to its core business such as consumer health and sustainable consumption. This is extremely encouraging and it will be interesting to see in future reports the extent to which the company can bring local or pilot projects to scale.

4.2 Business partners

Across Unilever, around 19,000 business partners supply raw materials and packaging to its operations. Partners also carry out approximately 15% of total production. In future reports, Unilever might consider providing a graphical illustration of its supply chain, with information pertaining to the nature and country of resources it procures. This would help the reader gain a better understanding of the company's operations and add meaning to the high-level statistics provided.

4.2.1 Policy

Unilever has developed a Business Partner Code that is compatible with its Code of Business Principles. The Code makes clear the standards to which the company expects business partners to adhere. It contains 10 principles covering business integrity and responsibilities relating to employees, consumers and the environment.

4.2.2 Programme

Unilever has committed itself to a new supplier approval process which now formally includes assessment and rating of environmental care, health and safety at work and compliance with Unilever's business principles. According to Unilever, trained auditors in place in all regions – a point of information that it could substantiate in future reports with further details of the audit programme.

Evidence is provided that Unilever is beginning to work with suppliers not only to assess, but also to help them meet the required standards. In 2004, Unilever started to introduce the Code by writing to all those suppliers with whom it has a direct relationship ('first-tier suppliers'). Further details as to the number, geographic location and primary business of these suppliers would also be of interest. Although there is no indication of rigorous targets having been set, Unilever aims to cover a majority be covered by this process by the end of 2005.

It will be particularly important going forward to demonstrate risk management by identifying and prioritising work with suppliers that do not meet the required standards. Case-studies of the company's approach to working with suppliers with social and environmental challenges would be of particular interest.

4.2.3 Performance

As Unilever has only recently launched its new supplier approval process, no performance data is presented in the report. The success of an initiative in India which encourages rural women to become entrepreneurs by selling Unilever products is worthy of note. Project Shakti works with over 13,000 women who, by the end of 2004, were selling Unilever products in 50,000 villages across 12 states in India. External research points to the benefits of encouraging female entrepreneurs whose families are more likely to benefit from the fruits of their labour than those of working men.

4.3 Employees

In 2004, Unilever employed 227,000 people in around 100 countries. This section of the report focuses particularly on aspects of the company's investment in employees (excluding training and professional development), health and safety and diversity.

In September 2004, Unilever conducted a global survey of its employees (with a high participation rate of 86%), providing feedback which is most valuable to both management and company reporting. While key findings of this survey are provided to support relevant points, a more systematic presentation of the key issues highlighted by employees, and Unilever's response would provide a valuable insight of the extent to which corporate responsibility is embedded within the organisation and areas for improvement to be monitored in future reports.

4.3.1 Policy

It is appropriate that all Unilever employees throughout the world are required to abide by the same standards contained in the company's Code of Business Principles which covers the core standards of the International Labour Organisation (ILO), as well as a commitment to equal opportunity and diversity. Significantly, Unilever recognises the right of employees to freedom of association and, unlike most companies, discloses the proportion of its workforce that are currently trade union members (34%). This is particularly important in light of the challenging situation faced by employees over the last five years as a result of continued job losses, affecting an estimated 50,000 people in more than 150 factories. All operations are also required to comply with the company's Occupational Health and Safety Framework Standards.

4.3.2 Programme

Unilever states that in every country, it invests in local employees and managers, although the report does not provide any evidence to support this point which would be of value. The report is exceptional, however, in presenting figures showing the lowest wage paid in different countries as a percentage of the minimum wage. This is an extremely interesting insight into the management of this issue. A table shows that while the lowest wage in countries such as the UK, US and Brazil is equal to the minimum, Unilever's lowest wage is up to 350% more than the minimum wage in some less developed countries where the minimum wages are more likely to be inadequate (such as Indonesia, Nigeria and Peru), and even greater than 350% in others (including Cote d'Ivoire and Pakistan).

With regards employee health and safety, Unilever's programme shows it to be responsive to events on the ground. For example, due a number of employee fatalities from road accidents, Unilever conducted a detailed study across six countries exploring the factors affecting road safety in high-risk environments. It is now developing intervention strategies in Africa, Asia and Latin America to address this risk. Similarly, following a number of fatalities amongst contractors, the company has prepared a new standard on contract management which is being rolled out in 2005. Further information on Unilever's efforts to address serious diseases such as HIV/AIDS amongst the workforce would also be of interest.

4.3.3 Performance

With regards health and safety, Unilever discloses that in 2004, three contractors and one employee lost their lives while working on-site, and a further six employees died while on business elsewhere. Unilever should also include performance related data on serious diseases such as HIV/AIDS, given its operations in countries with high prevalence.

The report provides evidence of progress towards greater diversity. Over 30% of Unilever managers are now women, compared to one quarter in 2001. As many as 32 nationalities are represented among the company's top 200 businesses, although the report does not say in what proportions. The gender and ethnic diversity of senior managers would also be of interest. A survey in 2004 found a 5% increase in the number of employees who believe management supports diversity.

4.4 Society

This section of the report addresses Unilever's relations with government and contribution to local communities, as well as key partnerships with development and civil society organisations.

4.4.1 Policy

Unilever has not adopted an overarching policy vis-à-vis its contributions to local communities or relations with government. With regards local communities, the company's policy is on the contrary not to impose global social programmes on its managers. While health and education emerge as the dominant areas of community spend, there is no indication of a clear set of priorities. This can be seen as an effective approach where managers are motivated and empowered to plan and implement local initiatives, allowing them to develop initiatives that are best suited to their businesses and local societies. Evidence of how local managers are encouraged to play this role at Unilever would add substance to the report.

With regards government relations, Unilever makes the interesting disclosure that it actively encourages group companies to take part in the development of public policy that may affect 'legitimate business interests'. It is a pity that the report offers little other insight into the company's relations with government (other than to say it does not support or fund political parties). In future reports, Unilever might elaborate on its understanding of the company's role in public policy development, where it considers the boundaries to lie and how it ensures that they are not overstepped. Particularly in this area, it is important that companies are transparent to reassure stakeholders that their actions are consistent with business principles.

4.4.2 Programme

During 2004, Unilever supported as many as 13,000 community organisations around the world, and a number of case-studies are presented on the company website. Interestingly, Unilever identifies three categories of community spend, with a roughly equal proportion dedicated to each, namely commercial initiatives, social investment and charitable donations. The company thereby distinguishes between those projects that seek clear commercial as well as community benefits, which are usually linked to a brand, and those considered more purely philanthropic.

During 2004, Unilever co-chaired the Transatlantic Business Dialogue (TABD), an advisory forum made up of the chief executives of 30 companies. The report highlights TABD's support for completion by 2006 of the Doha Development Agenda. Unfortunately, Unilever does not elaborate on other aspects of its programme aimed at influencing public policy and the international development agenda.

4.4.3 Performance

Unilever is a company that can be said to make a positive contribution to society through the products it provides which help to meet people's basic nutrition and hygiene needs. In terms of dedicated community efforts, Unilever uses the London Benchmarking Group model which is an effective way to evaluate the group-wide impact. Unilever estimates that community spend accounts for 1.7% pre-tax profit which is much higher than most multinationals and a significant indication of the company's commitment. Figures also show that community contribution by region is in roughly equal proportion to turnover, and that health, education and the environment constitute the main categories of spend.

As such a large and geographically diverse company, there are clearly challenges in reporting on community initiatives in a way that provides the reader with both an overview of activities, and some sense of their impact on the ground. Unilever estimates that some 200 million people directly benefit from its community projects, but the lack of context makes this statistic difficult to digest. There is little sense of the company's contribution relative to development needs and the roles of other actors. In addition to the global overview, a more focused approach on specific regions and issues, as well as particularly innovative or effective projects, would also be of interest.

4.5 Environment

Unilever excels in its environmental reporting, dedicating a separate report to this area in 2004.

4.5.1 Policy

Unilever has developed an environmental strategy based on six goals which incorporate not only the management of its own environmental impact, but also the company's role in reaching consumers, business partners and employees. The six goals are: eco-efficiency (reduced impact of operations); eco-innovation (reduced impact of products); sustainable supply of resources (agriculture, fish and water); connecting with consumers on environmental care; environmental knowledge-sharing across the supply chain; embedding environmental sustainability into everyday decision-making.

Unilever's Environmental Care Standards are based on ISO standards, and require all Unilever operations to establish a formal Environmental Management System. Further, all companies are required to include compliance with Unilever SHE (Safety, Health and Environment) Standards within their annual positive assurance report. Sites are subject to an environmental audit at least once every three years.

4.5.2 Programme

Unilever focuses its environmental efforts towards sustainability in three key areas: agriculture, fish and water. The report provides evidence of the proactive steps Unilever has taken to establish rigorous and innovative programmes in all these areas.

Unilever's Sustainable Agriculture Programme grew out of a series of pilot projects starting in 1998 with growers of five key raw materials (palm oil, tea, tomatoes, peas and spinach). On the basis of this research, Unilever began to roll out in 2004 its Good Agricultural Practice Guidelines for all five crops, using ten indicators for agricultural sustainability. The guidelines will surely be of better quality as a result of the empirical research behind them. There is also evidence that Unilever is attempting to increase the impact of its Sustainable Agriculture Programme by bringing the initiative to scale, with the inclusion of more growers and crops in 2004. Unilever is also to be commended for now working on these issues with other major food companies, including Groupe Danone and Nestle, in a [Sustainable Agriculture Initiative Platform](#).

With regards water, Unilever launched an innovative sustainable water project in 2004 called Project Medusa which challenged 12 food manufacturing factories in ten countries across Latin America to cut their total water consumption. The same principles are now being used to reduce energy use and cut waste. Unilever is also participating in a two year project run by the World Business Council for Sustainable Development to explore the role of business in water issues over the next 20-25 years.

It is remarkable that Unilever committed as far back as 1996 to buy all its fish from sustainable sources. Although the company has missed its target of achieving this by 2005, it is to be commended for its proactive approach. In partnership with the WWF, Unilever established the Marine Stewardship Council (MSC) which became a fully independent, non-profit organisation in 1999 and has since developed a certification process for sustainable fishing practices. In 2005, Unilever launched products from a newly certified fishery, raising the proportion of its European fish products made from MSC-certified fish from 4% to 50%.

4.5.3 Performance

Unilever presents an exceptionally clear set of environmental performance and impact data, based on performance indicators and targets over multiple years. Figures show that in 2004, the company's performance improved across all key indicators (including waste, water and emissions), except energy which remained constant since the previous year. However, while performance has improved, the company failed

to meet all its targets in 2004. The report not only presents this information clearly, but also offers an explanation in cases where targets were missed. This transparent approach and the management systems in place are encouraging signs that the company will continue on a trajectory of continuous improvement.

5 Certification

- Ranked food industry category leader in the Dow Jones Sustainability Indices for the sixth consecutive year.
- Included in the FTSE4Good Index.
- Achieved ISO 14001 certification for international environmental management at 114 manufacturing sites.
- Ranked second in the Dutch government survey Transparency Benchmark 2004.
- Ranked in the top 10 companies with high corporate responsibility standards in Brazil by business magazine *Exame*.
- Rated 10th best sustainability reporter in the UNEP/Standard and Poor/SustainAbility sixth benchmark survey of corporate non-financial reporting.
- Rated top environment reporter in the UNEP/Standard and Poor/Sustainability sixth benchmark survey of corporate non-financial reporting.
- Received European Community Engagement Excellence Award (for further information, see <http://www.unilever.com>)

6 Ethical Insight's comment

4 Star Rating: ★★★★★

Reporting practices

Unilever addresses all key material issues, particularly relating to its responsibilities vis-à-vis consumers and the environment. It is also good to see the report take into consideration the company's economic impact, although this section could be further developed. There is, however, a lack of focus on risk, particularly for a company that is expanding its businesses outside its original European home countries. In light of its recent strategic re-focus, Unilever could also illustrate more clearly how its approach to corporate responsibility ties in with overall business strategy. With regards transparency, Unilever's Environmental Report provides a model for others to follow, presenting a clear set of performance and impact data over multiple years, alongside relevant targets. Environmental fines and prosecutions are also disclosed. There is more room for improvement in the Social Report, although some pertinent information is provided, for example the number and nature of compliance-related dismissals. Unilever should be encouraged to present its social data more systematically to show progress over time, using a clear set of performance data and time-bound targets. Both the Social and Environmental Reports are independently assured, in line with best practice.

Management structure

There is evidence in Unilever's report of a high-level commitment to corporate responsibility. However, there is insufficient information on the management structures in place, perhaps because they are decentralised. Clearly, some important management systems do exist, including training on the Code of Business Principles, internal audits and an ethics' hotline but more robust reporting would include further details on the nature of these programmes. While it is good to see that mechanisms are in place to ensure personal accountability for the implementation of responsible practices at senior management level, this does not adequately convey how responsible behaviour is embedded throughout the organisation.

Management systems

This review considers Unilever's policy, programme and performance with regards the management of responsibilities towards five key stakeholders:

- Consumers: Unilever addresses a number of material issues vis-à-vis its responsibilities towards consumers. In future reports, Unilever should consider including a set of commitments in support of the company's own principles and ICC framework on responsible advertising to illustrate what it is doing in practise. Further progress could also be made on outreach initiatives related to health education and sustainable consumption.
- Business partners: It is good to see that Unilever has launched a new supplier approval process designed not only to assess but also to assist suppliers to meet the same high standards. In future reports, Unilever might consider providing a graphical illustration of its supply chain, with information pertaining to the nature and country of resources it procures.
- Employees: In September 2004, Unilever conducted a global survey of its employees (with a high participation rate of 86%), providing feedback which is most valuable to both management and company reporting. A more systematic presentation of the key issues highlighted by employees, and Unilever's response would provide a valuable insight into the extent to which corporate responsibility is embedded within the organisation and areas for improvement to be monitored in future reports. An interesting and unusual aspect of Unilever's reporting in this area is its presentation of data to show wage levels in relation to the minimum wage in different countries.
- Society: The report does not quite strike a balance between presenting an overview of the company's overall impact on society, and a sense of the nature and diversity of initiatives on the ground. There is little sense of the company's contribution relative to development needs and the roles of other actors. Further information on how Unilever manages its impact in this area would also add substance, for example by providing evidence of how local managers are encouraged to be involved. With regards government relations, Unilever makes the interesting disclosure that it actively encourages group companies to take part in the development of public policy that may affect 'legitimate business interests' and should expand on what it means by this in future reports.
- Environment: Unilever's environmental management is its shining light. The Environmental Report is engaging and provides numerous examples of how the company is living out its commitments in this area. Unilever provides a clear set of performance and impact data which are easy to interpret and serve as a model for others to follow.

Certification

Unilever has received a number of awards and certificates and is included in the major sustainability indexes.

7 Appendices

7.1 Maplecroft's Ethical Insight report review criteria

Maplecroft's Ethical Insight report reviews are based on a four-pillar framework, taking into account reporting practices, corporate responsibility management structure, management systems (policy, programme and performance), and certification. The review of management systems considers the company's core issues as identified by the company in its report and by Maplecroft on the basis of the company's industry sector. Maplecroft is currently developing a map of core issues by sector which will be available shortly. The report review criteria are not comprehensive, but are designed to highlight the most significant practices and performance within each company, as well as important omissions and areas for improvement in future reporting.

- **Reporting practices** are reviewed on the basis of four key reporting principles:
 - **Materiality:** Does the report cover all the key issues relevant to the sector? Does the report provide the context and relevance of each issue to the company? Has the company engaged with key stakeholders in identifying and exploring material issues?
 - **Transparency:** Does the report disclose regulatory non-compliance? Does the report make other sensitive or groundbreaking disclosures? Is there public reporting at the local level?
 - **Comparability:** Does the company report in accordance with the GRI guidelines or other external metrics? Have internal metrics and data collection/management systems been developed? Does the report clearly present key indicators and targets?
 - **Assurance and verification:** What type of assurance and verification are provided? What is the scope of assurance and verification? What are the feedback / results of the assurance and verification process?
- **Management structure** is assessed on the basis of three main criteria: Is there a board level CSR Committee (or equivalent) in place? Is there a dedicated CSR network in place? Has the company signed up to any best practice principles or external bodies?
- **Management systems** incorporate principles (governance level), policies (strategic level), procedure and guidance (executive level) and practise (operational level). For each of the company's core issues, Maplecroft reviews policy, programme and performance.
- **Certification** refers to the company's listing on sustainability indices, such as the FTSE4Good and Dow Jones; external certification such as SA8000 and ISO14001; and any external awards received during the reporting year.

7.2 Previous Ethical Insight report reviews

Ethical Insight includes a review of a company sustainability report in each fortnight's edition. These reviews, together with the original report, can be accessed from the Maplecroft website at <http://www.maplecroft.net>.

Previous Maplecroft reviews are as follows:

- [ABN Amro sustainability report 2003](#)
- [Alcan corporate sustainability report 2004](#)
- [Alcatel - Sustainable Development Report 2004](#)
- [Anglo American Report to Society 2004](#)
- [BAA annual report 2003/2004](#)
- [BAE Systems corporate responsibility report 2003](#)
- [BBC Corporate Sustainability Report 2004](#)
- [BP Sustainability Review 2004](#)
- [Cadbury Schweppes Corporate and Social Responsibility Report 2004](#)
- [Citigroup Citizenship Report Review 2004](#)
- [Co-operative Group corporate responsibility report 2003](#)
- [HSBC Corporate Social Responsibility Report 2004](#)
- [Hydro corporate social responsibility annual report 2003](#)
- [Marks & Spencer Corporate Social Responsibility Report 2005](#)
- [Nike Corporate Responsibility Report 2004](#)
- [Rio Tinto 2004 Sustainable Development Review](#)
- [Royal Mail corporate responsibility report 2004](#)
- [RWE corporate responsibility report 2003](#)
- [Shell Foundation 'Enterprise solutions to poverty' Report 2005](#)
- [Standard Chartered 2004 Corporate Responsibility Report](#)
- [TPG annual report 2003](#)
- [TPG Corporate Sustainability Report 2004](#)
- [Vodafone corporate social responsibility report 2003/04](#)
- [WestLB Sustainability Report 2005](#)
- [Westpac Stakeholder Impact Report 2004](#)

7.3 Ethical Insight's sustainability reporting services

The Ethical Insight team at Maplecroft works with global organisations across all sectors, providing a range of specialist corporate responsibility advisory services. Further details about the wider range of Maplecroft services and the Maplecroft team are available at <http://www.maplecroft.net>.

In the area of sustainability reporting, we have considerable expertise in the full range of management systems that underlie effective social and environmental reporting, including auditing, indicators, monitoring, impact assessment and performance management. Maplecroft is also experienced in report writing, verification and assurance, having contributed substantively to several award winning reports.

The Ethical Insight team is also able to provide independent assurance and verification services of the highest standard, including in accordance with GRI and AA10000 criteria.

Maplecroft has developed a number of proprietary tools to assist companies in the reporting process. Specifically, we have developed the *Principles-plus multi-audit etool*, a practical and comprehensive auditing method that brings together a host of social and environmental standards, international best practice principles and instruments of corporate citizenship in a set of worksheets. The tool is designed to help companies assess their conformance with best practice requirements and identify the specific areas in which performance can be improved. A corrective action request form assists in the performance management process.

Maplecroft has also developed a *Human rights monitoring mechanism*, a straightforward electronic human rights survey, which can be used and adapted by companies to provide a detailed picture of human rights risk in its operations around the world. The survey assesses the human rights situation and management systems in place at the country level which, together with external country and issue specific human rights research, allow for a detailed analysis of the company's risk of complicity in human rights violations, and specific recommended action points.

The Ethical Insight team comprise fully trained and experienced SA8000 and ISO14001 auditors.

Please call us or email to discuss how our award winning Ethical Insight team might help:

info@maplecroft.com or + 44 (0)1225 863882.



Maplecroft
Maplecroft House
Bath Road
Bradford on Avon
BA15 2PE
United Kingdom

T +44 (0) 1225 863 882
F +44 (0) 1225 864 950
<http://www.maplecroft.net>