



SPECIAL SECTION

# Truth & Transparency

The *why* and *how* behind world-class corporate environmental reporting.



## Truth

## Making Better Business Decisions

BY GIL FRIEND

What's the ROI of your corporate environmental reporting procedures? With the cost of a Corporate Social Responsibility (CSR) report potentially running into the hundreds of thousands of dollars for a large company, it's worth asking what its return on investment will be. Producing a good CSR report costs more than the cash investment (in design, printing and perhaps consultants)—it costs staff time, data collection and analysis, etc. (which can increase total costs five-fold). So it makes good business sense to leverage that investment for multiple benefits.

Most companies' investments in CSR reporting produce only a very expensive marketing brochure. Can the same dollars deliver a powerful business tool as well?

CSR reporting is becoming widespread—some 2,500 companies worldwide, including half of the Global 250, produce environmental/social reports—but its potential remains underutilized. Early reporting efforts were driven by compliance requirements, with little tie to core strategy/business objectives. With the growth of the environmental and social responsibility movements, the audience has broadened, but is reporting still externally focused? Most companies' reporting practices have a long way to go; even leading reporters are not leveraging their reporting process to make better business decisions.

What's missing? Oftentimes it's a failure to exploit the full value of the information gathered. Over the past two years, we've asked dozens of CSR reporters a simple question: "How do you use your CSR report to help your people make better business decisions?" The most common (in fact, almost universal)

response is: "Gee, what an interesting idea." Another increasingly common response is the one offered by a Fortune 20 CEO: "That's exactly what we need to do next."

#### REPORTING AS FEEDBACK

What does it take to make that next step? It takes creating a report that's a tool, not just a press release—in other words, shifting reporting from a cost of doing business to a source of competitive advantage. How? With a process that supports both the report's "rearview mirror" as well as the business manager's need for "radar" in order to have a functional impact on the trajectory of the company.

Reporting becomes a cost of doing business when it relies on a tedious, time consuming, expensive, manual process; in addition to their direct costs, by the time analyses are completed, the data is so old that no one even uses it. Reporting can be a source of competitive advantage when it is streamlined with economical, "auto-magic" data collection and analysis, made timely by delivering results available in close to real-time, and when the metrics selected are relevant, powerful and easy-to-use since they provide information in context.

A good CSR report must communicate an intrinsic relationship between your CSR goals and your business goals and operations. An outstanding report will leverage the reporting process to create significant business value—by making timely, relevant, accurate information, in context, available internally to business managers; by raising senior management's awareness of business opportunities; and by delivering quick and documentable results to demonstrate its business value.

This requires decisions on commitment, process and tools.

It also requires a systematic process (see "Transparency: Reports that Add Value" on page 30), but with particular attention to the selection of metrics and information systems), with seven key steps: question; map; identify; find; engineer; implement; and train.

#### KEY STEPS

##### QUESTION

Begin with some basic questions: What do we care about? Why? What do we measure? Why? Which measures guide us toward our goals?

##### MAP

Graphically map the key physical flows through your company, business units and facilities—energy and material flowing in, product and non-product flowing out. Ensure this represents the full picture, from all perspectives. Use this map to:

##### IDENTIFY

Identify the key "aspects" or significant factors that define your Key Environmental Performance Indicators (KEPIs). The challenge here is moving away from the huge universe of potential metrics to the "measures that matter"—and that are worth tracking.

##### SELECT

Select effective metrics that turn data into actionable insights. Present trends, ratios and benchmarks that put data in context, that turn data into information and enable people to use that information to gain insight. For example: don't just measure one year's energy use, measure it for three years so people can see if the trend is improving or deteriorating. And don't stop there: don't just measure the energy use trend; rather, measure a meaningful *productivity* ratio—like revenue per kiloWatt-hour or profit per ton of carbon emissions. Next, compare key ratios across facilities within a company or across companies within an industry.

Other resource productivity ratios—in effect, measures of Return on Key Resources—could include conversion efficiency (yield), material content (percent recycled content in inputs), renewable energy (percent in the energy portfolio). In general,



#### DOW: FROM THEORY TO PRACTICE

**A**t Dow, integrity has been a core value since Herbert H. Dow started the company over a century ago. Part of integrity involves asking the question: **Does the way we work, work? One way Dow gets the answer is through communication with its stakeholders—employees, communities, customers and shareholders. Through their feedback and ongoing communications, Dow learns, grows and ultimately succeeds as a better company and a good neighbor in the communities where it operates.**

An important focus of its dialogue is on sustainable development. A valuable tool in that dialogue is Dow's Public Report. First published in 1999, the Public Report is a voluntary initiative that details the company's progress in three areas: economic prosperity, environmental stewardship and corporate social responsibility.

Dow also organized Community Advisory Panels at 36 of the company's sites worldwide to engage stakeholders on local policies. The company also conducts community surveys, which act as "report cards" to ensure Dow is upholding its commitment to the community. Dow's Corporate Environmental Advisory Council, the first of its kind in the chemical industry and in its 11th year, convenes independent experts to help Dow set policy

and procedures on sustainability and environmental issues.

Progress toward sustainability is a journey at Dow. At the heart of its journey are its values and Dow's Sustainable Development Guiding Principles, first published in the 2000 Public Report. Dow translates sustainable development from theory to practice through its 12-Point Sustainable Development Operating Plan, developed in 2001, with significant implementation in 2002. This plan gives businesses and functions the tools to incorporate sustainability into their strategic plans and operations.

The 2001 report, released in early October, contains a wealth of information about the journey toward sustainability at Dow. The report includes data on the progress it is making on its EH&S 2005 goals and overviews of the 12-Point Sustainable Development Operating Plan and the 12 sustainability tasks added to Dow's "to do" list.

**Please visit [www.dowpublicreport.com](http://www.dowpublicreport.com) where you can review and download Dow's company-wide report and individual reports for 21 Dow sites around the world. Dow invites you to tell it: Does the way we work, work?**



putting the ratio of any intended result (product, revenue, profit) in the numerator, to energy, water, PBTs or other resource inputs or outputs in the denominator, can provide a meaningful metric that aligns sustainability measures and business measures in a traditional “up is better” framework.

The most sobering of these metrics is probably the Throughput Pie<sup>®</sup> generated by our Business Metabolics<sup>™</sup> indicators/reporting software. This measure of the proportion of output identified as “product” (or “intended result”) versus “non-product” (or “unintended result”) supports the inescapable logic of zero emissions better than anything we’ve seen. The Throughput Pie makes a “picture is worth a thousand words” business case that it makes no sense to blow raw materials out a smokestack or pour them down a sewer where they add no value to either customer or shareholder.

These metrics are especially sobering because the ratios can be shocking and because the opportunities are significant. Only six percent of the total U.S. material flow is embodied in durable products, according to Robert U. Ayres. “The other 94 percent is converted into waste residuals as fast as it is extracted.”<sup>1</sup> One client—with an already strong commitment to recycling—discovered that only 20 percent of its output was product, five percent recycled and 80 percent literally went “down the drain.” The “profit discovery” analysis sparked by the Throughput Pie found that the “waste” stream could generate a new—and very profitable—product line. (See Throughput Pie chart below).

One emerging measure is the *carbon footprint*, which may become the “poster child” for measuring environmental performance. Consider a “carbon productivity” ratio with greenhouse gas (GHG) emissions (in carbon equivalents) generated from a company’s activities in the denominator. Consider tracking indirect (e.g., from energy use by suppliers or by actual use of products in the world) as well as direct emissions (e.g., plant, equipment, fleet). For many products the impacts generated in use is far greater than in

manufacturing; presenting that information in your report will drive customers to demand—and designers to deliver—more efficient products. This will also tie to Kyoto Treaty targets, thus offering potential economic value as carbon trading matures.

Cross-functional teams are essential to determine what metrics are meaningful for diverse internal and external stakeholders. The CFO, NGO, investment analyst and plant manager each needs different views of common information; provide a core set of six to eight at each level (corporate to facility), with a larger variety down the pyramid. However, keep them consistent to simplify a company-wide “roll-up.”

► **FIND**

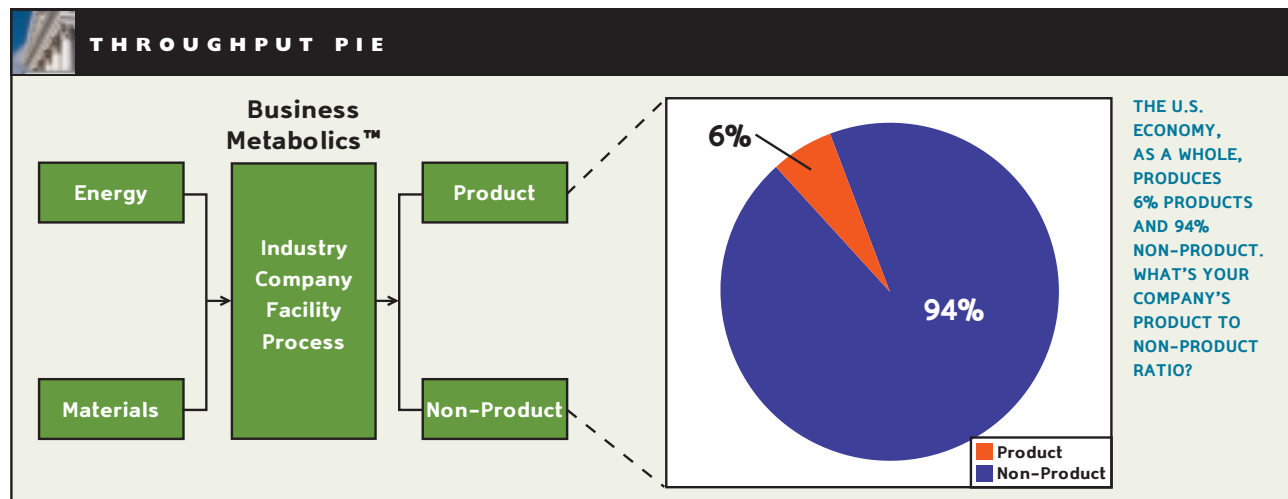
Find the data that supports those KPIs. Where is it? How often is it generated? How accurate is it? Who owns it? What will have to be done—technically and politically—to get it?

Keep in mind that many people are still nervous about reporting “sensitive” matters to the public; they forget that expectations of transparency are rising and that in the age of the Internet nothing sensitive will stay secret for long. It’s far better to be frank and forthright than secretive and defensive, but you may have to awaken your data-owners and corporate gatekeepers to that reality.

► **ENGINEER**

Engineer efficient information systems (compatible with ISO 14000 and Global Reporting Initiative standards) to streamline data collection, validation and analysis. (Some companies buy these, some build their own; all too many try to get by without them.)

Reporting is often limited by poor data quality and access. Broad geographical scope makes data gathering and analysis complex. Individual sites track local usage and consumption metrics using vendor bills and then report to corporate for what is typically a “manual/annual” consolidation exercise that is both slow





and expensive. (We know of one multi-billion dollar company where a senior vice president personally consolidates spreadsheets from worldwide sites.)

As a result, most current reporting processes are slow, error-prone and expensive, and simply don't support proactive resource management and productivity improvement.

#### ► IMPLEMENT

Instead, implement interactive, enterprise-wide, Web-based environmental information management system (EIMS) decision support systems that can streamline data collection, validation and analysis, and provide ready access to up-to-date information.

Ease the pain of data management by replacing ad hoc, manual data collection with automated data collection and re-refresh using Web based performance evaluation software.

Design it to be secure (so people can access what they should and not be able to access what they shouldn't); simple (so they'll use it); and flexible (so they'll get value by tailoring their use to their needs—which no amount of planning will completely anticipate).

Don't, however, try to standardize data collection processes and systems across the company. Let people keep what works for them, and design the EIMS to effectively gather and parse the data from wherever it may be. Make the system adapt to the people, rather than the other way around.

Many companies are publishing their CSR reports on the Web, but few are taking full advantage of the interactive potential of the medium. Downloadable PDFs are fine for saving trees. User-driven, live charting (see for example, Novo Nordisk, at <http://tbl2001.novonordisk.com/view.asp?ID=202>) enables an interactive process that can build both your brand and the intelligence of your stakeholders. None have yet taken CSR reporting to the level of GE's "real-time" management systems, where GE senior managers have a "digital dashboard" that "compares how certain measurements, such as response times or sales or margins, perform against goals, and alerts managers if the deviation becomes large enough for them to have to take action."<sup>2</sup>

#### ► TRAIN

You can put the best systems in place, but they're useless if people don't use them. Train employees, managers and key external stakeholders to understand—and own—the goals, to use the system to find insight and business value in the metrics and to share what they learn with others. The simpler the system, of course, the easier the training task will be. Flexibility enables insight; ease of use inspires active use.

#### CATALYZE CHANGE

The opportunity here is significant. A CSR report designed as a tool, not just a press release—and as a radar system, not just a

rearview mirror—can provide direct business benefits and catalyze further change.

The direct benefits include reduced costs of producing the report, greater immediacy in reporting, and the tools to support a "profit discovery" process to identify and exploit internal best practices and turn apparent "waste" into competitive advantage. This can deliver powerfully by: improving financial performance (leaner cost structure, gains in market share and penetration, improved customer loyalty and employee morale); increasing shareholder value (gaining brand momentum as a CSR leader); improving tools and capabilities (innovation in product and business development); better feedback for better operating efficiency (improved strategic thinking and managerial confidence); while simultaneously improving environmental performance (reduced footprint, regulatory "insulation").

The resulting opportunities for what we call "profit discovery" are huge, since modern industrial society pours energy and materials "down the drain" at a prodigious rate—\$64 billion on fuels and electric energy and \$1.9 trillion on materials for U.S. manufacturing alone. Since even within single companies we find variances of 20 to 50 percent in energy efficiency across different regions and facilities, close tracking of performance and internal best practice initiatives—a "side effect" of this approach to reporting—can yield significant financial returns.

But, "today, businesses are mostly shooting in the dark," says Michael Maoz, a research director at Gartner, an IT consultancy, and one of the pioneers of the 'real-time' concept. Real-time technology, he predicts, "will give firms a window into their business they never had before."<sup>3</sup>

So ask yourself, "Do we have a world-class CSR report?" Then ask, "Do we use our CSR reporting process to help our people make better business decisions?" If you discover that you are not leveraging CSR information management to discover new business opportunities, then the next question should be: "When can we start?"

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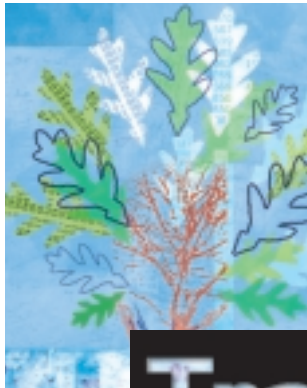
*Gil Friend is president and CEO of Natural Logic, Inc. ([www.naturallogic.com](http://www.naturallogic.com)), a strategy and design consultancy "helping companies and communities prosper by embedding the laws of nature at the heart of enterprise." Natural Logic's offerings include workshops and software to support the processes described in this article. Its most recent CSR reporting client is Hewlett-Packard, whose report can be found at [www.hp.com/engage](http://www.hp.com/engage). Eric Olson and David Jaber also contributed to this article.*

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<sup>1</sup> Ayres, R.U., Kneese, A.V., 1989. "Externalities, Economics & Thermodynamics," in Archibugi & Nijkamp, eds., *Economy & Ecology: Toward Sustainable Development*, pp. 109-117. Kluweracademie Pubs, The Netherlands

<sup>2</sup> "How about now?", *The Economist*, January 31, 2002, [http://www.economist.com/displayStory.cfm?Story\\_id=949071](http://www.economist.com/displayStory.cfm?Story_id=949071)

<sup>3</sup> *ibid.*



# Transparency

## Reports that Add Value

BY SUSAN RUSSELL

Increasingly, the demand for corporate transparency and accountability is being met through the publication of annual corporate environmental reports—and, by extension, environmental, health and safety; corporate social responsibility; and full-boat sustainability reports. The journey to developing these reports is often wrought with false starts, project delays and dead ends. Following publication, many reports also end up mere adjuncts to the company’s overall communications plan rather than productive hard-working members of the corporate communications family. Wherever you find yourself along the reporting continuum, these essential tips will help you avoid costly pitfalls where they usually begin—in the report development process itself—and get your report working harder for your company.

### TIP 1: ASSEMBLE A “FELLOWSHIP”

Lack of senior-level support; lack of buy-in from key departmental players; inconsistent messaging; missed opportunities and stalled progress are just some of the roadblocks that can crop up when the right people aren’t brought into the report development process from the beginning.

Developing an environmental report, especially one destined for external consumption, will mean gaining support from many areas of your company. Depending on your reporting agenda, you may also have a number of information owners beyond the environmental department who will be integral to the success of the report. Assemble a representative team. (See side bar at right). And always include those who manage your company’s brand and reputation (e.g., a senior-level corporate communications representative and/or public affairs representative). They’ll be

reviewing it at some point, and they’ll be accountable for it once it goes beyond the company walls.

Moreover, cultivating a representative team from the outset can provide the perfect platform for discovering value-generating synergies that go beyond the final communications result. Ira Feldman, president and senior counsel of the Maryland-based environmental consultancy, Greentrack Strategies®, comments: “The preparation of a report can have an ‘integrative’ function—it should be viewed as an opportunity for the organization to integrate its strategic thinking about environmental and sustainability issues.”



### SUGGESTED TEAM MEMBERS

**Recommended Core Team:**

- ▶ Environmental (EHS) representatives (including the project manager)
- ▶ Corporate communications/public affairs representative(s)
- ▶ Optional outside consultant

**Potential Advisory Team Members:**

- ▶ Subject matter experts/gatekeepers
- ▶ Senior management
- ▶ Investor relations
- ▶ Governmental affairs
- ▶ Human resources
- ▶ Legal
- ▶ A global perspective
- ▶ Finance/accounting
- ▶ Business development and marketing



## TIP 2: CULTIVATE COMMON INTERNAL UNDERSTANDING

Ask two people what an environmental report is and you may get two very different answers. Don't assume that your team shares a common understanding of this evolving corporate communications genre. Says Gil Friend, president and CEO of the California-based environmental consultancy, Natural Logic, Inc.: "Be sure that they're informed about current reporting practices, so reviewers don't reject innovative approaches out of ignorance of what leading reporters are doing."

Provide your team with a "Trends in Reporting" presentation to promote understanding. (For those reviewers who aren't on your team, send them a copy of your presentation along with the report.) Cover such topics as potential value to business and the communications opportunities; the dangers of "green washing"; the potential down sides of reporting; the need for balanced and accurate information; and the broader reporting agendas that many companies are tackling, such as corporate social responsibility and sustainability. One source for trends reporting is the "Global Reporters" series published by the U.K.-based consultancy SustainAbility and the United Nations Environment Programme (UNEP). You might also consider giving an overview of what the most pressing environmental issues are in your industry—generally and from a regulatory perspective—how your company is tackling these, locally and globally; and how its efforts compare to similar companies.

Also, don't assume everyone has a common understanding of what is meant by performance-related terms and agendas. (Terms like "environmental performance," "sustainability," "stewardship" and "corporate social responsibility" can mean many things to many companies—and, worse still, many things to individuals within those companies.) Establishing a clear and concise explanation of performance-related terms up front can promote understanding of where your company's selected terminology fits into the broader corporate lexicon. This will also help reduce confusion and, in the longer term, help solidify consistent brand associations.

## TIP 3: SEE THE FOREST FOR THE TREES

Without the benefit of the bigger picture, the communications potential of your report will be considerably diminished. An environmental performance report should never be developed in a vacuum. From the beginning, cultivate a team-based, big-picture understanding of the company's business and branding strategy, major business challenges, and how the environmental performance strategy is geared toward supporting the company's goals. (If possible, enlist a senior manager from your team to provide this insight.) Follow up with a discussion of where this report might realistically fit into the overall corporate communications strategy.

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## TIP 4: ESTABLISH YOUR REPORT'S REASON FOR BEING

Many times, reports are created without anyone raising two of the most important questions: why publish a report in the first place and for whom? A communications piece without a clear objective and audience(s) is wasted energy, time and money.

Engage your team in a little "reason why" reconnaissance to find out how reporting environmental performance might create communications opportunities with key internal stakeholders (e.g., the sales managers, the supply-chain managers, the human resources recruiters and managers, investor relations—and, if possible, the board of directors and the CEO) and external stakeholders. Says Feldman: "There is always benefit from direct stakeholder engagement. This can range from focus group input to ascertaining expectations of target audiences or 'interested parties' to an exploration of how new corporate environmental commitments described in the forthcoming report can be linked to 'sustainable community' activities."

Use the findings to work closely with your team to determine the general communications objectives for the report, preliminary scope and targeted audience segments. This will get everyone working toward a common purpose, rather than individual agendas.

## TIP 5: STRATEGICALLY DETERMINE REPORT CONTENT

An environmental report should not be an "everything but the kitchen sink" communications piece. Developing the content framework—from targets to indicators to anecdotal and other information—should be guided by your overall objectives for reporting, the information needs of your key audience segments, and relevance to key environmental issues associated with your business operations. Your performance indicators will be based on what information your company can accurately and realistically generate. To promote



a well-rounded reporting approach, assess reporting guidelines, such as the CERES guidelines (environmental performance only) or the 2002 edition of the *Global Reporting Initiative Sustainability Reporting Guidelines* (economic, social and environmental) and any recommended indicators related to your industry sector. (The CERES guidelines can be found at [www.ceres.org](http://www.ceres.org); the GRI Guidelines at [www.globalreporting.org](http://www.globalreporting.org).) Also, review reports from your industry for strengths, weaknesses, indicators and issues.

Once you've determined a general idea of the content, create a report framework and detailed copy outline for review by your core and advisory team. This will serve to ensure buy-in from the entire team, and streamline the subsequent data gathering process necessary for crafting the copy.

**TIP 6: DETERMINE YOUR REPORTING MEDIA UP FRONT**

Reports can be published in multiple media using multiple communications strategies: from Web-based documents with hyperlinks and searching capabilities to text-based reports (or executive summaries) to a combination of media. Bob Axelrod, president of Steele, a Chicago, IL-based firm that specializes in environmental communications, comments: "Today the Web is instantly accessible to millions, but not to everyone. Many companies are turning to a combined reporting strategy: a printed executive summary and an in-depth (and easily updateable) full Web-based report. This approach offers maximum flexibility with minimal waste and satisfies both 'push' and 'pull' communications strategies."

Determining the media early in the process is critical because it impacts the way a company reports, with whom they communicate, and even with what frequency. It also impacts the way a report is written and designed. (When developing a printed report, remember

that the "media is the message" too. Consider carefully the length of your report, your paper choices, as well as your ink options.)

**TIP 7: WRITE CREDIBLE AND BALANCED COPY**

Reporting invites scrutiny. A safe assumption for any report is that your readership will be discerning, savvy and looking for actionable information. Green wash will not do. More likely it could prove damaging to your corporate reputation and amplify the general atmosphere of mistrust surrounding companies in light of recent corporate scandals.

An environmental report has a different objective than most corporate marketing pieces. The most obvious difference: the news is never all good. Gil Friend elaborates: "The people who read reports—NGOs, financial analysts, even employees—have growing expectations of frankness and transparency. Tell the truth, even if the truth is not all flattering (it will come out eventually, anyway) and then tell specifically what you will do to improve." Although the level of transparency to which a company chooses to commit will vary for a number of reasons, whatever level this happens to be, relay the information without "spin" and as objectively as possible.

**TIP 8: CONTEMPLATE COPY AND DESIGN DEVELOPMENT TOGETHER**

Whether your writers and designers are members of the corporate communications staff or a consultancy, bring them in at the front-end to ensure they clearly understand the objectives of the report. This will also give them ample opportunity to work together to establish an integrated approach to developing the message and design.

By bringing design in early, you'll also avoid one of the biggest design challenges: finding photography that supports your content.



**DUPONT: DOCUMENTING PROGRESS ON ITS JOURNEY**

**While many companies adopt environmental initiatives and policies into their business practices, DuPont embraces the issue. The company is committed to the creation of shareholder and societal value while decreasing its environmental footprint along the value chains in which it operates. Chairman and CEO Chad Holiday made sustainability a primary company objective over a decade ago and has transformed the company into a model of sustainable progress. Each DuPont business unit shares this commitment, contributes to its progress, and is monitored on its achievements.**

DuPont Commercial Flooring, for example, has made significant environmental achievements over the past 10 years including a 35 percent production increase without increasing energy use and a 50 percent reduction in the need for fiber finishes. Efforts to improve the

sustainability of its products and maintain a position of responsibility in the flooring industry have resulted in the recent certification of Antron® nylon as an Environmentally Preferable Product. Antron® BCF nylon is the first and only commercial carpet fiber to receive this third-party certification.

DuPont documents its progress toward becoming a sustainable growth company in its annual Sustainable Growth Progress Report. The report explains how the company creates shareholder and societal value while decreasing its environmental footprint.



**To order a copy of the Sustainable Growth 2002 Progress Report, visit [www.dupont.com](http://www.dupont.com) or call 800-441-7515.**



Once the framework for the report is completed, and content submission requests are heading out to the subject matter experts, be sure to ask at that time for relevant images or photo opportunities.

To ensure the tone and style of your copy credibly convey your information and support corporate branding objectives, have your writer provide the team with a writing sample based on actual report content before report writing begins in earnest. The same applies for gaining early buy-in on design concepts. This will go a long way in managing expectations and maintaining efficiency.

#### TIP 9: THINK DISTRIBUTION AND FEEDBACK

Don't assume that if you build it, they will come. And don't miss the opportunity to ask your intended audience what they thought of your efforts. Before the report is complete, take time to discuss with your team an active distribution strategy that targets your audience and that is rooted in your report's reason for being. Some strategies include sending e-mails or mailing postcards with the report's Web address, or promoting the report at speaking engagements, job fairs and shareholder meetings.

To get the most out of the report internally, engage your corporate communications team members in developing a plan that shares the report with all employees. The plan should include explaining to various departments how this communications piece might be used to help further their day-to-day and strategic goals. This will also indirectly assist with the report's external distribution.

Creating a distribution strategy before you finish the report also means that you'll be able to share it in a timely manner with your key audiences immediately upon its completion.

#### TIP 10: MAP YOUR JOURNEY AND MEASURE SUCCESS

When a company decides to embark on developing an environmental report, whether for the first time or the tenth, there exists tremendous opportunity to document the learning experience and build on it for future environmental communications. Don't let the journey end with the release of the report. Encourage your core and advisory team to engage in a report development review session. Discuss what worked and what didn't, and leave a road map for next year.

Finally, don't look to other reports to measure the success of your own. This may distort your hard won efforts. To improve future communications, measure your success based on what your team initially set out to accomplish and the feedback you received from your key audience segments through your distribution strategy.

Use these tips to help you take a more strategic approach to developing your report—and realize more value from this considerable investment of time, money and emotional and physical energy. @

*Susan Russell is director of EHS/CSR communications for Steele, a Chicago, IL-based firm that specializes in environmental communications.*

## IP RELEASES FIRST-EVER SUSTAINABILITY REPORT

**International Paper is the world's largest paper and forest products company. Businesses include paper, packaging and forest products. As one of the largest private forest landowners in the world, the company manages its forests under the principles of the SFI program, a system that ensures the perpetual planting, growing and harvesting of trees while protecting wildlife, plants, soil, air and water quality.**

In November 2002, IP released its first-ever Sustainability Report that covers environmental, forestry, financial and social data following the Global Reporting Initiative (GRI) standards. "International Paper meets the true test of sustainability because its primary raw material is a natural resource that can be continually regrown with sustainable management," said Tom Jorling, vice president of environmental affairs.

"It is fitting that we provide our employees, customers, shareholders and communities a report on our sustainability that represents a step-change from our eight previous Environment Health & Safety Annual Reports. The guidelines from the GRI are very comprehensive and specific, and International Paper



is proud to say that because of our tradition of environmental and forestry stewardship and analysis, our report addressed 100 percent of the core indicators and more than 50 percent of the additional indicators in our first year working with the GRI standards. We already have aggressive plans in place to collect additional data for next year's report."

IP's new Sustainability Report covers the company's global performance and policies on antitrust and anticorruption, political participation, human rights, labor practices, pension plans and community service, among other social indicators. The report also includes IP's first life cycle assessment of one of its best-selling paper brands, Great White®.

Among the continuous improvement efforts highlighted in the report is that in 2001 International Paper achieved its goal of ensuring all 10 million acres of its U.S. forestlands were third-party certified to the Sustainable Forestry Initiative® (SFI®) and ISO 14001 standards. Of the total 10 million acres the company owns, manages or has interest in outside of the United States, nearly eight million are third-party certified. The remaining acres are in the process of certification.

The report can be viewed on the "Our World" section of IP's Web site at [www.internationalpaper.com](http://www.internationalpaper.com).