

9 *transparency*

Movement to Mandatory Corporate Reporting on Environmental Performance

As indicated in the ENHESA 2002 forecast report, continuing revelations emerging from the Enron-Global Crossing-Worldcom-etcetera debacle is continuing to strengthen calls for greater senior management accountability and transparency in corporate affairs, including those that could have significant implications for the environment and human health and welfare. Corporate social responsibility (CSR) initiatives are also taking on even greater importance in light of these developments.

Corporate Reporting - voluntary or compulsory?

Corporate environmental reporting is now becoming compulsory in some European countries, including Denmark and, more recently, France, and this is likely to spread, via the European Commission, to the rest of the EU, including the 15 current Member States and the nine Accession States of central and eastern Europe.

Denmark, Norway and Sweden have required companies to disclose, under the accounting Acts, their environmental performance since the mid to late 1990s. While Norwegian and Swedish firms can report on their environmental performance in their administrative reports, companies in Denmark are obliged to issue separate "green accounts". Reports from Swedish and Norwegian companies mainly focus on the financial consequences of their environmental impacts (similar to SEC 10k filings in the USA). Danish company reports, on the other hand, must contain more details on, for example, energy, water and raw material use and the types and quantities of emissions. All of these reports are expressly intended for broad public consumption.

In April 2002, France took environmental reporting a few notches higher. The new requirement requires companies quoted on the French stockmarket to report on their environmental and health and safety performance to the shareholders. The Annual Report from the Board of Directors to the Shareholders must include a whole detailed section on EHS issues [ID 4952].

Companies registered in France and quoted on the stock market will have to report every year on environment and health and safety issues. The information has to be included in the corporate annual report, starting with the financial year open on 1 January 2002. Decree 2002-221 of 20 February 2002 implementing article L. 225-102-1 of the Business Code requires the corporate annual report including the EHS information to be submitted by the Administrative Board to the Shareholder's Meeting. An implementing Order of 30 April 2002 detailed the information to be provided.

The details that must be reported by far exceed those required in the three nordic countries. This might potentially be adopted by other European countries individually and/or serve as a model for action by the European Union. In its Communication on the EU Strategy for Sustainable Development of 15 May 2001, the Commission invited all publicly-quoted companies with at least 500 staff to publish a "triple bottom line" in their annual reports to shareholders that measures their performance against economic, environmental and social criteria. On 30 May 2001, the European Commission adopted Recommendation 2001/453/EC on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies. The Recommendation identifies the type of environmental information that is appropriate to be disclosed in the annual accounts or reports with regard to the company's attitude towards the environment and the enterprise's environmental performance, to the extent that they may have consequences on the financial position of the company. On 9 July 2002, the European Commission issued a proposal for a Directive on the annual and consolidated accounts of companies which would also require that the information included is not restricted to financial aspects of a company's business and will lead to an analysis of environmental, social and other aspects relevant to an understanding of the company's development and position. It is clear that the issue is gaining momentum at EU level, and with the current Danish Presidency (the first country to have introduced compulsory green reporting) things are likely to be fostered even further.

Already, the European Commission is working on a EU strategy to promote corporate social responsibility. A July 2002 Communication defines corporate social responsibility as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

Mandatory environmental performance reporting is also likely to spread beyond Europe. In March 2003, Malaysia introduced Guidelines for companies to voluntarily publicise all eco-friendly actions in their business. Previously, in August 2002 the government had announced proposals to make it obligatory for companies to produce environmental reports. The objective of the Guidelines and the proposed amendments is part of a continuing drive in Malaysia to increase industry's accountability for their environmental impacts.

Environmental performance reporting remains voluntary in Japan, where new "Environmental Performance Guidelines for Business" were issued in April 2003. Following the provisions of the Basic Environment Plan, the Ministry of Environment formulated the Environmental Performance Guidelines aiming at encouraging companies to disclose their environmental performance and summarizing the directions and content considered preferable. The revised Guideline is substantially different from the 2000 version and reduces the number of Core Indicators to 9 from the 80 listed in the 2000 Guideline [ID 3808].

In Australia, a report on Environmental Management Accounting issued in February 2003 by the Institute of Chartered Accountants in Australia (ICAA), Environment

Australia and the EPA Victoria has concluded that businesses can make considerable savings by adopting more "environmentally-friendly" accounting practices. According to the report, which drew heavily on a US EPA report of 1995, the provision of information on environmental performance to stakeholders within an organization and outside of an organization is important to bring environmental costs to the attention of corporate stakeholders who may be able and motivated to identify ways of reducing or avoiding those costs and at the same time improving the environment [ID 5794].

How to measure your compliance?

ENHESA as leader in global EHS regulatory and policy support to industry can help you in multiple ways:

- provide you with a ScoreCard which contains the essential regulatory requirements with which you need to comply. A ScoreCard for all EHS regulatory requirements usually has about 300 questions with their exact legal citations and a list of legislation with in most cases hyperlinks to the text on a public website or the ENHESA knowledgebase. The ScoreCard comes in an Excel spreadsheet which automatically summarizes the results and allows you to provide a report on the spot and track follow-up. Up to date ScoreCards are available for some 20 countries in local language and in English. For further details, please visit: www.enhesa.com
- provide you with an Audit Protocol (including the aforementioned ScoreCard). The Audit Protocol comes with an introduction to the country and an introduction to each subject. It identifies the regulations applicable, provides the key definitions and the documents to obtain before or during the audit. Each of the questions from the ScoreCard is further detailed with guidance on the interpretation and application. Up to date Audit Protocols are available for some 20 countries in local language and in English. For further details, please visit: www.enhesa.com
- carry out an Audit for you or assist you in carrying out the audit. ENHESA staff are all trained auditors who know both the local regulations and how to apply them, as well as local and best practice. As need be we will team up with technical experts from our network of consultants or with the corporate auditors.

Emissions Reporting - Everything you always wanted to know about your neighbour or Competitor

These requirements for more transparency in corporate management and public reporting are accompanied by a global spread of public reporting requirements and associated pollutant release and transfer registry (PRTR) reporting. The data collected in the latter category are also increasingly used by non-governmental environmentalist organizations and by government agencies to "name and shame" companies that continually manifest a poor record of environmental protection or that consistently fail to make environmental improvements,

Such data are collected in dozens of countries in Europe, Asia and the Americas for the express purpose of making it publicly available, in order to harness public opinion in pressuring firms to improve their performance. Most such information will continue to be made available via the world-wide web by environmentalist

NGOs as soon as it is released, often with their own particular slant on the interpretation of the data. Widespread sharing of information is also improving coordination among national and regional permitting and enforcement authorities, particularly in the area of integrated pollution control. This approach to issuing a single environmental permit to industrial facilities covering emissions to air and water and for waste management originated in Europe over the past decade. Now, environmental authorities in other countries, including the US, are assessing how they might apply it in their countries.

While the USA was the first country to require such emission reporting with the Toxic Release Inventory (TRI) back in the mid 1980s, as a global phenomenon, the reporting trend was started in 1996 when an OECD Council Recommendation on Implementing Pollutant Release and Transfer Registers [C(96)41/FINAL] was adopted in the aftermath of the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992. The Council Act called on Member countries to take steps to develop and make publicly available a Pollutant Release and Transfer Register (PRTR) system, using as a basis the guiding principles to the Act and information set forth in the OECD's Guidance Manual for Governments on PRTR. The number of countries that have implemented or are implementing PRTRs continues to grow. Along with those noted in our last report (i.e., Japan, the Netherlands, the UK, the USA, Korea, Mexico and the Czech Republic), other countries requiring annual pollutant emissions reporting include Canada, France, Italy, Austria, Spain and Sweden. Indeed, with the implementation of the EU's IPPC directive in the Member States, PRTRs will become a permanent feature in all 15 EU Member States and the nine Accession States due to enter the EU in June 2004.

Japan released for the first time in March 2003 data on the total amount of chemical substances emitted since the implementation of its mandatory Pollutant release and transfer register (PRTR) system under the Law on the Reporting of Releases of Specified Chemical Substances to the Environment and the Improvement of Chemical Management (Law No.86 of 13 July 1999, as last amended by Law No.152 of 13 December 2002) [ID 1576].

Benchmarking - Who is the best in Class?

Meanwhile, competitors are also using such data to benchmark their activities against such companies, or even to compare performance between their own facilities to identify improvement opportunities.

Some governments may even use the information contained in environmental reports and emissions registers to "name and shame" companies that do not achieve satisfactory performance improvement. In October 2001, Philippine government developed a listing called the "Poison Award" to publicly identify companies with a poor environmental performance. The listing was set up through the DENR regional offices in cooperation with non-governmental organisations (NGOs). The listing was developed in response to the fact that, currently, there is no obligation for industries to disclose any information relating to their environmental performance [ID 4832].



Web-links

The quantity of interesting information that is being made available on the internet is growing every day. For the EHS Professional the internet has become an important tool for finding more information on the issues of concern. The following overview of interesting websites is not intended to be exhaustive. It is however intended to point at some of the more interesting websites on corporate environmental performance reporting requirements.

French Official Journal

<http://www.admi.net/jo/20020221/JUSC0220073D.html>

<http://www.admi.net/jo/2002/08933.html>

Access the French Decree 2002-221 of 20 February 2002 and its implementing Order of 30 April 2002 (Décret no 2002-221 du 20 février 2002 pris pour l'application de l'article L. 225-102-1 du code de commerce et modifiant le décret no 67-236 du 23 mars 1967 sur les sociétés commerciales)

FTSE4Good

http://www.ftse4good.com/frm_home.asp

FTSE4Good is an index for socially responsible investment designed by FTSE. FTSE4Good is a series of benchmark and tradable indices facilitating investment in companies with good records of corporate social responsibility. The Global, European, US and UK indexes list companies and can be downloaded from the site.

CSR Wire

<http://www.csrwire.com/>

The Corporate Social Responsibility Newswire provides free weekly CSR Newswire alerts. Its Newswire database allows searches by keyword, industrial sector, company and CSR issue.

UN Global Compact

<http://www.unglobalcompact.org/>

United Nations Secretary-General Kofi Annan first proposed the Global Compact in an address to the World Economic Forum on 31 January 1999 and launched at a high-level event at UN Headquarters on 26 July 2000. The meeting, chaired by the Secretary-General, brought together senior executives from some 50 major corporations and the leaders of labor, human rights, environmental and development organizations. The nine principles of the Global Compact cover topics in human rights, labour and environment. Participating companies are asked to post on the Global Compact website at least once a year concrete steps they have taken to act on any of the nine principles in their own corporate domains, and the lessons learned from doing so.

Global Reporting Initiative

<http://www.globalreporting.org/>

The GRI promotes international harmonisation in the reporting of corporate environmental, social and economic performance information to enhance responsible decision-making. The GRI is convened by CERES and incorporates the active participation of corporations, non-governmental organisations, international organisations, business associations, universities, and other stakeholders from around the world. GRI released its Sustainability Reporting Guidelines in June 2000. The Guidelines are designed to create a globally accepted common framework for corporate sustainability reporting. The site lists some 100 hundred companies worldwide who use the GRI Sustainability Reporting Guidelines, amongst which Agilent Technologies, AT&T, Baxter International, General Motors, Johnson & Johnson, and TXU Europe.

CSR Europe

<http://www.csreurope.org/Default.asp>

CSR Europe is the business-to-business network for Corporate Social Responsibility in Europe. We are a membership-based organisation with 48 company members (amongst which ABB, Coca Cola, General Motors, Johnson & Johnson, Mattel,...). Its mission is to help companies achieve profitability, sustainable growth and human progress by placing Corporate Social Responsibility (CSR) in the mainstream of business practice. The site amongst others provides a database with company examples of best practice, press database, a magazine and several publications and links to national and international partners.

Ethical Corporation Magazine

<http://www.ethicalcorp.com/>

The site provides a free monthly magazine started in November 2001 and Ethical Corp organizes conferences in Europe and the US.

Corporate Environmental Strategy

<http://www.corporate-env-strategy.com/corpenvst/show/>

International Journal of Corporate Sustainability is an international quarterly management journal that provides examples of leadership, strategy and management on environmental, economic and social issues that combine to make sustainable development. It examines best practice and new approaches in timely and thought provoking corporate case studies, critical policy analysis and commentary. Started in 1994.

ISO 14001 Global Overview

<http://www.ecology.or.jp/isoworld/english/analy14k.htm>

This site provides the most up to date overview of sites certified against ISO 14.001 and sites registered under EMAS. In October 2001, Japan topped the list with 7155 ISO 14.001 certified sites, followed by UK 2500, Germany 2400, Sweden 1926 and USA 1580. The provides a diagram with the number of sites per country. Figure 9 provides an overview of how the diagram looked at the end of 2001.

EU EMAS Site

<http://europa.eu.int/comm/environment/emas/index.htm>

European Commission web-site on EMAS, including the regulatory texts and background information, guidance documents, overview of benefits for EMAS registered sites, list of over 3500 registered organizations, list of verifiers, list of contact bodies in Member States, etc.

European Commission

http://europa.eu.int/comm/internal_market/en/company/account/news/com2002-259/com2002-259_en.pdf

Further details on the EU initiative, Communication on the EU Strategy for Sustainable Development of 15 May 2001

Austrian Environmental Management Site

<http://www.umweltmanagement.at/>

Austrian web-site on Environmental Management with a detailed list of Austrian EMAS, ISO 14001 and OKO-Profit sites. A one page description and contact details is provided for each site. Some EMAS site-reports are also provided on-line.

UK EMAS site

<http://www.emas.org.uk/>

UK web-site on Environmental Management with a detailed list of all UK EMAS sites and a database of ISO 14001 sites, list of verifiers and certification bodies, benefits of registration, text of the Regulation, etc.

Danish Page on Green Accounting

<http://www.mst.dk/homepage/>

In June 1995 the Danish Parliament adopted the Green Accounts Act. The primary political objective was to increase corporate and public interest in environmental work and encourage enterprises to more active and targeted environmental initiatives. Under the Act, 1,200 Danish enterprises had to publish green accounts. The enterprises were already subject to Part 5 of the Environmental Protection Act as they were particularly heavy polluters. In addition, 200 enterprises have decided voluntarily to submit green accounts.

Danish Environmental Protection Agency

<http://www.mst.dk/indu/05000000.htm>

Danish Green Accounting requirements

French Orée Site

<http://www.oree.org/>

Site of Orée, a French Association to promote private and public partnerships, encourage environmental management systems, etc. Contains amongst others 50 French corporate environmental reports, reference documents and tools for EMS, etc (in French)



Environmental Reporting Clearinghouse

<http://cei.sund.ac.uk/envrep/index.htm>

Site maintained by the Center for Environmental Informatics at the University of Sunderland with links to over 200 corporate environmental reporting websites and to over 100 environmental reporting resources.

French Environmental Reports on-line

<http://rapportenvironnement.free.fr/intro.html>

Links to environmental reports of around 100 French national and multi-national companies. (in French)

European Partners for the Environment (EPE)

<http://www.epe.be/>

EPE is a multi-stakeholder forum which builds the ground for consensus on sustainability, on which members can more confidently plan actions by bringing together international, European, national and local public authorities, companies large and small, trade unions, institutes, environmental, consumer and ethical NGOs.

Site to Promote Corporate Social Responsibility

<http://www.multinationalguidelines.org/csr/>

Corporate Social Responsibility site with codes of conduct etc.

OECD Pollutant Release and Transfer Registers (PRTRs)Website

<http://www1.oecd.org/ehs/prtr/index.htm>

Homepage of the OECD PRTRs programme, encouraging OECD-member countries to implement environmental database or inventories of potentially harmful releases to air, water and soil as well as wastes transported off site for treatment and disposal.

United Kingdom National Atmospheric Emissions Inventory

<http://www.aeat.co.uk/netcen/airqual/naei/index.html>

The UK National Atmospheric Emissions Inventory page with links to the National Air Quality Statistics Database. The site gives access to detailed emissions estimates for the UK. From these pages you can access a database containing estimates of emissions of 23 pollutants, for 29 years, divided by 197 source sectors (what sort of industry or process emitted the pollutant) and 120 activities (mostly this refers to the type of fuel that has been combusted to give rise to the emission, but also includes other materials used in a given process). Data is currently given for years 1970 to 1999.

United Kingdom Environment Agency local environment issues database

<http://216.31.193.171/asp/introduction.asp>

Environment Agency UK "What's In Your Backyard" page - allows you to search by postcode for environmental issues, threats and e.g. chemical storage facilities etc.

United Kingdom Environment Agency Public Registers On-Line

http://www.environment-agency.tv/ye/qa-ea-doc/register/Public_Registers_Search_Form.asp

The Environment Agency is obliged by law to make a certain amount of information about its licencees and their operations available to the general public. This on-line register includes information on IP(P)C Licences, Water Quality and Pollution Control and Radioactive Substances. The Register can be searched by Postcode or name of company.

Canada National Pollution Release Inventory - On-line Database Searchform

<http://www.npri-inrp.com/queryform.cfm>

Environment Canada's National Pollutant Release Inventory (NPRI) on-line database search form. The NPRI search form provides access to pollutant release information for communities in general as well as specific chemicals and facilities. It is possible to search by postal code, chemical name or CAS number or by facility name.

United States Environmental Protection Agency Toxics Release Inventory Website (US EPA TRI)

<http://www.epa.gov/tri/>

The Toxics Release Inventory (TRI) is a publicly available Environmental Protection Administration database that contains information on toxic chemical releases and other waste management activities reported annually by certain covered industry groups as well as federal facilities. Searches of the inventory can be carried out by geographical location (ZIP code), industry type or chemical.

Australia National Pollution Release Inventory - On-line Database

<http://www.npi.gov.au/database/database.html>

Australian national pollutant inventory on-line database. The National Pollutant Inventory (NPI) is an internet database designed to provide the community, industry and government with information on the types and amounts of certain substances being emitted to the environment. The NPI holds emission data for over 2000 facilities, 30 airsheds and 24 catchments around Australia.

Mexican Public Register of Emissions Website

<http://www.ine.gob.mx/dggia/retc/index.html>

In Spanish: Information about the Mexican public register of emissions and the transfer of contaminants (El Registro de Emisiones y Transferencia de Contaminantes (RETC)). It is an inventory containing the annual data of discharges, emissions or transference of 178 different pollutants to air, water and soil, detailed by category of establishment, economic sector and geographic region.

French Seveso activities and industrial risk websites

<http://www.drire.gouv.fr/>

In French: information on Seveso activities and industrial risk on the web sites of the regional branches of the Ministry of Industry (Directions Régionales de l'Industrie, de la Recherche et de l'Environnement, DRIRE). Information ranges from detailed search by company, activity, risk, discharge, etc. to a single list of Seveso activities of the region.

<http://debat-risques.environnement.gouv.fr/mate/politique/cadre02.htm>

In French: National inventory of Seveso activities in France.

Belgium - Flemish Environmental Corporation

<http://www.vmm.be>

The site of the Public Environmental Corporation of the Flemish Region in Belgium collects the wastewater discharge data of all companies and compiles them in an online database. Thus one can check the wastewater discharge data by company, as well as get a list of the biggest polluters by municipality.