Corporate Reporting QUARTERLY

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REPORTING TODAY

CR and the "R" word

Over the past several years countless presentations, blogs, and white papers have been devoted to convincing company decision-makers of the "business case" for corporate responsibility (CR). And in turn, literally thousands of reports, corporate ads, and company websites have declared companies' unyielding commitment to CR. Why, then, the sudden concern over whether CR efforts will suffer in a recession? Two reasons come to mind.

The first is that corporate commitment to CR may be only skin deep. Generally companies do not change their core business strategy in an economic downturn. So it follows (doesn't it?) that if CR principles are embedded in business strategy, neither CR initiatives nor their budgets should go by the wayside in a recession. Unfortunately for many companies, CR efforts are not so intricately interwoven into business strategy that they can't easily be excised when the economy sneezes.

The second reason for concern is, unfortunately, myopia. All too often investors focus on short-term results, while, to be effective—and thus to realize any benefit for shareholders—CR efforts generally require long-term perspective and commitment. Investors who see such efforts as *expenses* rather than *investments* will view them with suspicion unless convinced of their (preferably rapid) return on investment.

It's incumbent, then, upon the companies themselves to quantify the benefits—both tangible and not-so-much—of their initiatives in terms of long-term investment and ROI.

Sure, you may say, but how to quantify the financial return on investments in efforts that yield mostly reputational (read "intangible") benefit?

The key is to connect the dots. If companies allow CR efforts to suffer during the recession, they may save on costs in the short term. Yet they will likely suffer themselves on the inevitable upswing and beyond, having fallen behind on the integration, execution, and communication of valuable environmental, social, and governance initiatives. On the other hand, companies that, instead of cutting, turn to creativity and persistence in CR implementation will come out ahead, both during and after leaner times.

In fact, the principle of embedding CR throughout the organization—by involving each and every employee—can be a particularly smart "recession strategy." Not only does widespread CR integration engender a sense of purpose, direction, and renewed loyalty to the company, having many minds directed at finding new, efficient, and ecologically and socially sound methods of operation can generate significant returns.

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REPORT REVIEWS

We regularly evaluate a corporate responsibility report for Ethical Corporation magazine. Click on the following links to read our most recent reviews:

> **Brown Forman 2007-2008 Corporate Responsibility Report**

> **Philips 2007 Sustainability Report**

NEW AND NOTEWORTHY

Most admired firms' CCOs focus on CR

The Rising CCO, a study from Spencer Stuart and Weber Shandwick, finds that Chief Communications Officers (CCOs) of Fortune's "Most Admired Companies" spend less time on crisis communications and more time on CR and reputation than CCOs of rival firms.

Employees considered key stakeholders

According to a recent Edelman report, businesses are recognizing employees as a key communications audience with regard to CR issues. More attention, however, needs to be paid to potential employees and their interest in CR performance.

Corporate Climate Communications Report 2007 released

CorporateRegister.com evaluated the climate communications of Global FT500 companies against 29 disclosure metrics. Analysts discovered that 87% of the companies issuing non-financial reports addressed climate change in their most recent communications.

Materiality key to reporting

Framework:CR CEO Kathee Rebernak delivers a special report on "How to Measure What Matters" in the March issue of *Ethical Corporation* magazine. The article advises companies on how best to determine the issues that are material to sustainability performance.

REPORTING TODAY (continued)

Effective CR efforts create a ripple effect of sorts: their results show themselves in greater customer loyalty, market share, ability to attract and retain talented and conscious (not to mention conscientious) employees, and access to capital.

Companies need to understand the details of how their CR initiatives, both individually and in the aggregate, produce that ripple effect. If they do, they can then lay it out for investors and other stakeholders. In doing so, they can show their CR efforts to be both strategic and farsighted.

Multiplied by effective communication (both internal and external), the outcomes of continued CR integration can mean the difference between struggling through (and maybe going under) or staying strong in the face of a difficult economic environment.

—Kathee Rebernak

ANNOUNCEMENT

ECOA Sponsoring Partner Forum

May 7–9, Scottsdale, Arizona

The Ethics & Compliance Officers Association Sponsoring Partner Forum 2008 entitled "Leveraging Our Community: Understanding the challenges and shaping the opportunities" will feature speakers from Shell; Novartis; Cravath, Swain & Moore; Ernst & Young; Xerox; Alcoa; and many others. Framework:CR CEO, Kathee Rebernak, will serve as a facilitator.

CONFERENCE NEWS

CRO Spring Conference

March 27; New York, New York

More than 200 corporate responsibility practitioners converged on the Union League Club of New York to discuss recent trends and innovation in the sustainability industry. Keynote speaker Cynthia Cooper, once Time Magazine's Person of the Year, set an inspiring tone for the full-day event by recounting her experience as an auditor- turned-corporate-whistleblower at WorldCom in 2002.

The event celebrated the CRO magazine's list of 100 Best Corporate Citizens for 2008. Andy Bryant, Chief Administrative Officer and EVP at top-ranked Intel, spoke about the importance of having a corporate responsibility strategy in line with the overall business strategy.

Another panel discussed "Mega-Trends in Stakeholder Communications." Among the trends identified were the power in partnerships, the rise of social and digital media in stakeholder communications, and the increasing difficulty in deriving competitive advantage through corporate responsibility. Panelist Susan Puflea, SVP, Golin Harris, encouraged attendees not to focus on making next year's list of best corporate citizens. She urged participants to focus instead on what the list stands for and the work required to achieve such recognition.

GRI: Amsterdam Global Conference on Sustainability and Transparency

May 7-9, Amsterdam, The Netherlands

2008 Sustainable Brands Conference

June 2–5, Monterey, California

STANDARDS UPDATE

UN Global Compact supports signatories, removes laggards

In January the UN Global Compact (UNGC) removed 394 corporate participants and marked 510 others as inactive for failing to meet reporting obligations. Shortly thereafter the UNGC distributed "The Practical Guide to the Communication on Progress (COP)" in an effort to assist active members in communicating their adherence to UNGC principles.

Few companies to disclose performance-based pay in 2008

Despite mounting pressure from the SEC, just 42% of large, publicly traded companies plan to disclose performance goals that determine the compensation of top executives, according to a recent survey published by Watson Wyatt.

AA1000AS

Revisions are ongoing for AccountAbility's AA1000AS, the world's first corporate accountability standard. The collaborative wiki drafting process will address key issues associated with the standards development process, namely transparency and accessibility.

GRI issues second sustainability report

The GRI has released its second sustainability report which measures performance between July 2004 and June 2007.

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At Framework, we know that excellent reporting enhances business performance. We communicate your results—and the hard work behind them—clearly and compellingly, without spin or fluff. We navigate the ever-shifting reporting landscape, and we guarantee that your reports are consistent with your overall communications approach. And you reap the benefits of increased accountability: greater trust, confidence, loyalty, and long-term business value.

To begin planning your world-class report, call us or send us an email.

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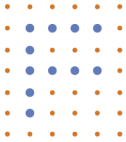
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