# Sustainability reporting - The dog that didn’t bark

Posted by Mallen Baker [1] on Dec 10, 2012

That companies are making false sustainability claims isn’t the scandal – it’s that nobody noticed, says Mallen Baker

Recent research into companies producing reports in line with the Global Reporting Initiative has found some fairly dramatic results. In short, it appears that companies are massively over-claiming when they state some of their key indicators to be in compliance with what GRI says they should be reporting.

According to Elaine Cohen, a regular report reviewer for Ethical Corporation, who reported the results of the Vienna University research on her blog, 86% of companies declared disclosure against the top workforce indicators, but only a meagre 11% actually met the full terms of those indicators. For human rights indicators, 62% of companies similarly declared against top indicators, but only 20% really met the terms. One assumes that the areas outside the scope of that research might well follow the same pattern.

There is an obvious response to this revelation, and it is summed up in the title of Cohen’s blog post: False Claims in Sustainability Reports.

Companies have been gaming the system. Although the GRI “A+ rating” (to be dropped in the next generation for exactly this reason) is not supposed to be a mark of sustainability performance, companies continue to believe it to be so, and therefore are doing whatever it takes to get the gold star.

You may think this is a problem that is already fixed. GRI is responding to the fact that people took the A+ rating system on face value and removing the incentive. Job done, right?

That is to miss the point, and to neglect the bigger challenge that the research uncovers. As Sherlock Holmes might have said, this is about the dog that didn’t bark.

Since such an overwhelming majority of these companies had not been providing the full information on so many of these key indicators, isn’t it worth noting that no stakeholders had called them out on this before the fact was uncovered by academic researchers?

Nobody was so keen for this information that they had complained they weren’t getting what they wanted. Frankly, nobody had much noticed. Even, presumably, GRI itself.

If what these companies had been doing constituted false claims, then they were claims to something that nobody cared enough to check. And it is that we should be focusing on.

The truth is that a good 50% of the information that is put into standard sustainability reports is of no interest to anyone. That is the truth we keep hiding from.

And the presence of all that information makes it harder to get to the stuff that people genuinely do find relevant and interesting.

**Over disclosure**

GRI completeness is a concept for box-tickers who feel on principle that all this information should be disclosed. But that principle is highly questionable if none of the box-tickers themselves actually use that information, or notice when it is not provided.

There is a myth that GRI is, to quote Cohen again, “found to be universally relevant to a representative range of stakeholders … if it’s in there, it must be relevant and someone wants to know.”

If that were the case, you would not need academics to highlight the fact that companies are not following what GRI specifies.

It is more likely that GRI represents the comprehensive wish-list that could be brainstormed by a dozen sub-committees of the sorts of stakeholders for whom the principle that as much should be disclosed as possible is important, even though they don’t have an immediate need for this information themselves.

Companies want a framework, but they ignore all the things that are too onerous, too intrusive and at the same time don’t really seem to add much value in terms of what the information tells you. They do it because they think the framework, although it is the only framework and they have to use it, isn’t as good as people think it is.

And then when they do this, nobody notices. Which rather reinforces the point that this is not information that “is relevant and someone wants to know”.

This is why the next evolution of reporting is not tied to the next iteration of GRI.

The next evolution of reporting is about genuinely connecting with audiences. Providing the information they will respond to. Finding ways to engage and seduce them to even care in the first place.

Yes, there is still a role for reporting as accountability, where a number of the genuinely important performance measures are there and people who have the skill to interpret the numbers can do their thing.

But that is not where the innovation needs to take place. That is not where the excitement is.

And when it comes to finding reasons for companies to report, once you’ve abolished the absurd A+ rating, it’s not where the strongest business case lies either.

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