Advanced Sustainability Reporting – Reaping the Benefits of the Internet and its Associated Technologies and Services

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Abstract

Corporate sustainability reporting using the Internet – especially the WWW – is a rapidly emerging and increasingly popular method. Today, sustainability online reporting has become part of the business practices for a great number of companies, and thus many of the communication vehicles provided for key target groups, stakeholders, and other interested parties are available on the WWW: reports, brochures, leaflets, newsletters, press releases, slides, presentations, audio sequences, video clips etc. are accessible via download and/or online, prepared for being pulled or automatically disseminated via email or other current push technologies. Despite the considerable progression companies have made in recent years however, it is not yet clear how the field will develop and how practice could be improved. In particular, the *technology push* through the *Internet* as *the* emerging computer-based medium and its unique capabilities in form and content need to be understood better.

In the following, an outline is given how to develop from early environmental reporting stages towards the more advanced *sustainability reporting*, while exploiting the Internet's specific capabilities.[1] This path is illustrated as a progression along three dimensions:

- *integration* of financial and social issues into environmental reporting,

- provision of reporting instruments on *various media*, and

- *fine tuning* communication vehicles according to users' different information needs and exactly meeting the requirements of a number of standards and guidelines.

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[1] The presentation held at the 19th International CODATA Conference, Berlin (Germany), 7th-10th November 2004, is based on a series of papers focused on current trends of sustainability online communication and latest insights of internet-based sustainability reporting. Cf. *Isenmann* (2005); *Marx Gómez* and *Isenmann* (2004); *Isenmann et al.* (2004); *Isenmann* and *Lenz* (2002).

These developments in terms of a more balanced reporting approach, cross media availability, and customisation seem to be some of the improvements made possible by using the Internet and empowered through its associated technologies and services. Without support from ICT, progress in the field toward sustainability reporting is seen as quite difficult, as moving away from orthodox reporting is a complex task.

1   Introduction to sustainability reporting

Corporate sustainability reporting has its roots in environmental or non-financial reporting respectively. It describes a development path towards a more holistic concept of corporate reporting, communicating the three pillars of environmental, social, and economic performance and its mutual interrelations, what in business terms is called the *triple bottom line* approach.

While the early sustainability reports in the late 1990s have been available on print media and are prepared as "one size fits all" documents, today, as practice matured and companies realised that the "honeymoon period" is over, the provision of "green glossy brochures" does not seem to be sufficient any longer. A substantial amount of information and quality in communication are required. More and more stakeholders expect that reports are available on various media, either as hard copies or as electronic documents put on the WWW or stored on CD-ROM. Further, users also want tailored reports exactly meeting their specific information needs and preferences.

2   Movements from "one size fits all" environmental hard copy reports towards tailored sustainability reports available on different media

Among a number of movements observed in the field and despite certain difficulties companies are struggling at present, there are at least three crucial trends facing companies today and in the near future (fig. 1).

Criterion	Early reporting approach	Advanced reporting approach
Focus	Environmental issues	Sustainability issues (environmental, economic and social)
Customisation	One size fits all reports	Tailored reports (target group specific, individualised, personalised)
Availability	Hard copies and print media fixation	Computer-based media and cross media availability

Fig. 1: Three key trends in sustainability reporting

The first trend highlights that the focus of an advanced reporting approach is moving away from a standalone environmentally centred strategy and thus producing an environmental report on its own towards *integrated* reporting according to the triple bottom line (fig. 2). The reason why companies are in the process of broadening their reporting methods and thus the scope of reports' contents is that a narrow perspective exclusively focused on environmental performance ignores at its peril important interrelations with economic indicators and social aspects, both are crucial for corporate sustainability.

Environmental ⟶ Integration ⟶ Fragmented approach
⟶ Limited two/three dimensional
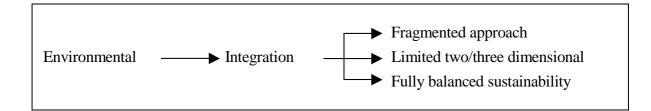⟶ Fully balanced sustainability

Fig. 2: Movements in terms on reports' content

Further to the still ongoing process of gradual integration, another trend is towards a more *customised* approach (fig. 3). For target group tailored reporting it is characteristic to consider requirements of several standards, guidelines, and different needs of a number of users and then to produce reports exactly meeting all these requirements and needs. Such a process of fine tuning and tailoring results from the fact that key target groups, stakeholders, and other interested parties are more critical on companies' business and well informed about their activities, perhaps willing to initiate activism, to start campaigns, or to take up other forms of laying pressure or challenging companies.

One size fits all ⟶ Customisation ⟶ Stereotypes for certain target groups
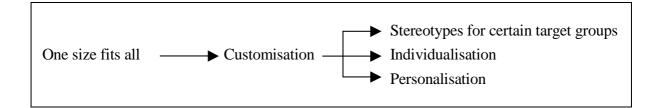⟶ Individualisation
⟶ Personalisation

Fig. 3: Movements in terms of customisation

The third trend, as argued here, is referred to as a step beyond a strict print media fixation towards *cross media* availability of reports (fig. 4). While in the early years most companies prepared reports primarily as hard copies, more recently, however, the Internet has rapidly become the popular reporting medium of choice because of technological progress in ICT applications and Internet technologies in line with their overall penetration in corporate business as well as increasing access of the public. Since advanced environmental and

sustainability reporting has become business commonplace and hence more sophisticated, companies are providing reports in different formats, presentation styles and on several media.

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┌─────────────────────────────────────────────────────────────────────┐
│                                              ──► Hard copies (PDF)    │
│  Print media fixation ──► Cross media ──────┼──► Web-based duplicates │
│                                              │    (HTML)              │
│                                              ──► Internet-based       │
│                                                  documents (XML)      │
└─────────────────────────────────────────────────────────────────────┘
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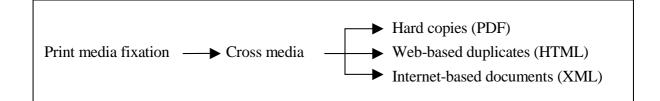
Fig. 4: Movements in terms of availability

Taken together, the key trends highlighted here are setting the scene for any forward-looking approach in the field, and thus they are taken for drivers to stimulate companies' efforts to improve sustainability reporting. Further, the trends clearly illustrate that corporate communication in general and particularly sustainability reporting rapidly evolves or has already developed towards a more sophisticated and digitally influenced stage. Moreover, a holistic reporting approach covering the three pillars of environmental, economic and social issues, cross media availability and tailored reports according to users' different information needs represent some of the converging criteria every foresighted company should take into account. Without a solid understanding of current developments in ICT, orthodox standalone reporting methods, print media fixation and non-targeted reports can be ineffective, or even misleading and thus a rather useless enterprise.

3   Conclusions

The cutting-edge approach in the rapidly developing field of sustainability reporting seems to be Internet-based reporting. In technical terms, an Internet-based approach is fully supported by an underlying ICT infrastructure that has its basis in using the Internet and in employing the benefits of XML (eXtensible Markup Language). Such a comprehensive and fully ICT-based reporting approach offers a variety of *added-value* creating features compared with early environmental reporting stages. For example, Internet-based sustainability reporting provides a set of:

- important *contents* (environmental, economic, and social issues and mutual interrelations) that comprise the core themes for corporate sustainability,

- available on different *media* (print media, Internet, CD-ROM etc.),

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- presented through various *styles* (media-specific, target group tailored), and

- using corresponding *distribution* principles (push, pull).

Use of the Internet, support by companies' underlying ICT-infrastructure, and application of recent Markup Languages such as XML, XBRL (eXtensible Business Reporting Language) and EML (Environmental Markup Language) offer an array of benefits to improve sustainability reporting in a number of aspects so that forward-looking companies may regard a holistic reporting approach, cross media availability, and tailored reports as emerging requirements of a company's "licence to operate". Consequently, more and more are moving away from obviously outdated, very early stages simply providing standalone green glossy brochures, one size fits all hard copies on print media, simple electronic duplicates, and one-way communication towards an advanced reporting stage.

Companies are going to make more use of the Internet as it provides *unique media-specific benefits*. Compared with traditional means, internet-based reporting embraces a broader range of beneficial characteristics, e.g. combining text, still images and moving ones, sound, feedback, interactivity, dialogue, integration of different contents etc. Despite varying degrees of exploiting its benefits, yet, the Internet will likely become a "facilitator" for any forward-looking approach of sustainability reporting.

At present, the Internet is already being used by some reporting companies and target groups as the *pivotal platform* to provide or to access information on environmental, social, and economic performance and other related issues, in some cases even in a tailor-made fashion. Its great potential for facilitating stakeholder dialogue and its outstanding opportunity for producing customised communication vehicles in an effective, automated, and cost-saving manner however, seems to be hardly exploited, yet.

All in all, putting more emphasis on using the Internet is regarded as a *real progression* of the field, finally to the benefit of all groups involved in or affected by sustainability reporting, inside and outside the company, be they managers, accountants, employees, members of the financial community, customers, suppliers, local authorities, non-governmental institutions, pressure groups, or organisations focused on benchmarking, rating and ranking. This will mean a need to develop from an orthodox reporting approach towards an advanced, more sophisticated approach and therefore a challenge.

4 References

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5 Biographical notes

Dr. Ralf Isenmann read business and engineering at the Kaiserslautern University of Technology (http://www.bior.de). He is a senior lecturer and researcher at the Department of Business Information Systems and Operations Research (BiOR), Head: Prof. Dr. Heiner Müller-Merbach, Kaiserslautern University of Technology, and executive manager of several research projects focused on using internet technologies and internet services for financial, social, environmental and sustainability reporting at corporate level.