

THE PAIN POINTS OF CORPORATE RESPONSIBILITY MANAGERS ACROSS THE WORLD

International benchmark study



JULIETTE BARRE, 2016

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Sustainability reporting is increasing in popularity and in complexity. Whether companies have a sustainability team in place or they have multiple departments such as Environmental, Health and Safety (EHS); Communications; Human Resources and Compliance departments that share responsibility for sustainability reporting, it is challenging to effectively collect, consolidate, analyze and communicate data that reflects sustainability performance. ReScore Group undertook this study to understand—based on empirical proofs—the major “pain points” sustainability practitioners encounter with reporting. The study is based on survey responses received from 56 global companies from various industry sectors (manufacturing, food, chemicals, logistics, energy, aviation, finance, resorts, packaging, apparel, health), and of different sizes (from \$3M to >\$20Bn of revenue) as well as nine in-depth interviews.

The most significant take-away from this study is that companies don’t have a single or simple way to manage their sustainability reporting. The majority of companies only discuss environmental issues, with just a handful reporting on governance, labor, local communities, and compliance. The most common reporting framework is Global Reporting Initiative (GRI). Most survey participants respond to the Carbon Disclosure Project (CDP) Climate Change Program or the CDP Supply Chain Program when requested by specific clients.

Key Findings

The tools companies use to manage data collection and reporting are generally insufficient for their needs.

Thirty-six percent of respondents use Excel with the support of email and SharePoint systems while **49 percent use a mix of solutions** such as Excel, safety software, reporting software, and so forth. **Fifteen percent of the sample use specialized sustainability reporting software for all their needs.** As you will see in this report, there are major differences between user types. The large proportion of organizations that use a mix of systems (49 percent) can be explained by the complexity of the processes in large organizations and the broad spectrum of functions (such as EHS, HR, Compliance, Finance, and Procurement) that are involved with sustainability reporting.

“We started to monitor different kinds of indicators across the year in different services without necessarily sharing the information internally, which resulted in using different systems. We produced our first sustainability report last year and realized the complexity of the task to gather all the information. This is why now we are thinking of choosing one system to simplify the process.”

Anonymous respondent

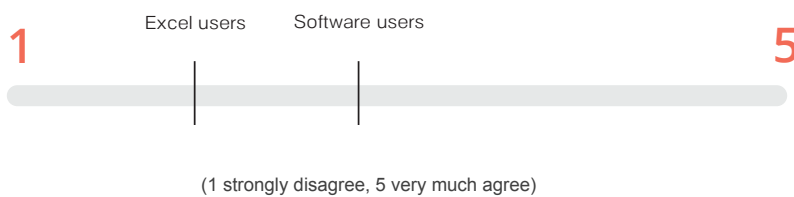
The other interviews support the conclusion that the multiplicity of systems presents a significant challenge in producing a sustainability report.

Three major pain points

The survey revealed three major pain points experienced by practitioners:

1. The increasing number of frameworks and stakeholders requests

The primary frameworks that organizations mentioned in the survey and during our interviews include GRI, CDP, DJSI RobecoSAM, and Ecovadis. When asked if they could easily use their current reporting tool to respond to various frameworks, their responses were as follows:



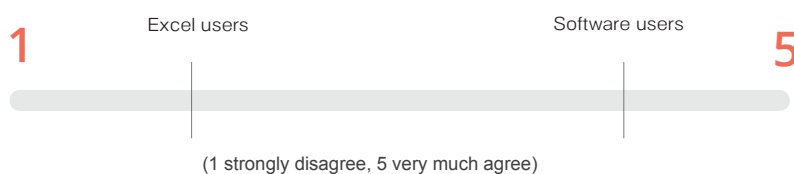
Whether they use a specific tool or not, all our survey respondents indicated that reporting to multiple frameworks and responding to requests from clients, investors, and non-governmental organizations (NGOs) presents a major challenge.

“I can’t even tell you how many requests we are replying to, between the frameworks, the rating agencies, the research centers and our own clients. The worst is that they ask questions on the same topics but differently so we cannot just copy/paste our answer. For at least 6 months, a major part of my team’s job is to reply to requests, which they have to do in addition of their daily job.”

Anonymous respondent

2. The inability to easily track the flow of information

Auditors typically want to know who provided the information and when. However, our survey reveals that a large proportion of companies can’t easily answer those questions. Companies that use Excel for data collection find it difficult to affirm that their data is accurate (supported by evidence) and can be validated and analyzed. We asked respondents if they agreed with the following sentence “I can easily track our data collection process”:



There is a big difference between Excel users and sustainability reporting software users. Companies that use specialized software are able to overcome the challenge of tracking their information workflow much more easily than companies that use Excel.

“To minimize the risk of error in my master spreadsheet I don’t let anyone have access to it and I am the only one making the updates. Before, we were several coordinators inputting information in the master spreadsheet but then we never knew when/if someone updated the document with the latest data and where it was coming from. It led to major misunderstanding, errors and frustration.”

Anonymous respondent

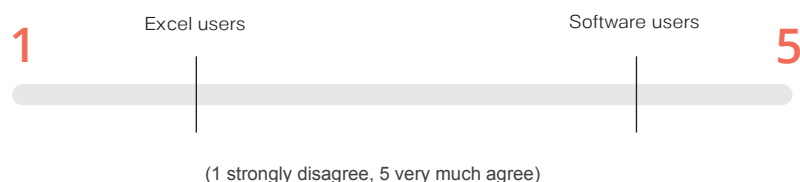
3. The difficulty involved in consolidating their data

Companies that want to report sustainability performance to their top management or external stakeholders through their own framework or through a standard such as GRI, generally need to provide consolidated information. During our interviews, some respondents mentioned that their tools did not provide them with the flexibility they need so they could not easily change the way they wanted to consolidate information (for example, by business units, regional areas, types of facilities, or product lines).

“I have problems communicating environmental issues for both our activity and our products. It’s not the same thing to calculate the footprint of a plant and the footprint of a product. It is difficult using information from different systems to obtain the aggregated data.”

Anonymous respondent

Additionally, our survey shows that it is very difficult for Excel users to handle changes in reporting scope or changes due to acquisitions, mergers, divestitures, or business unit reorganizations. When asked how easily they could change the scope of CSR reporting to reflect mergers and acquisitions, divestitures, or business unit reorganizations, the respondents replied:



Audit and assurance is not yet a common practice

46% of the respondents are not going through an internal or external audit process, 24% have an internal audit process while **30% are audited and/or assured by an independent third-party**. Our in-depth interviews highlighted that companies don't feel the need to assure their reports because there is no regulation requiring them to do so. Additionally, some of the respondents don't publish a sustainability report and don't see a significant added value to audit their current data management process. However, some companies implement an internal audit process to increase the reliability of their process and to be ready in case regulation evolves and requires companies to assure the data they report and publish.

“We developed an internal process to ensure that our data our reporting process is robust. We are ready to go through an audit if regulation changes but at the moment we don't see sufficient added value to spend time and money to externally assure our reporting.”

Anonymous respondent

Among the 30 percent of companies that are audited and/or assure their report by an independent third party, all agreed they were worried the first time they undertook an audit. However, respondents using a dedicated sustainability reporting software emphasized that the tool was a major added value and saved them a lot of time during the audit process. The main reasons were:

- The software increased the reliability of the data.
- Since everything was aggregated in one system, no time was lost looking for the right information.
- The auditor always knew the source of the information.

Our finds revealed that 75 percent of software users were audited by an independent third party. In contrast, 61 percent of Excel users don't have any kind of internal or external audit process. This probably reflects the fact that audited companies feel the need to have dedicated software. Excel users may experience difficulties if and when their companies conduct an audit.

From monitoring to reporting supply chain performance

All respondents believe that sustainability in their supply chain is a growing topic which increasingly needs to be addressed.

“We don't report using any framework such as GRI or SASB at the moment but we do reply to client requests. And there is a lot! Sometimes it's coming from platforms such as Ecovadis and CDP but a lot of our client are sending individual surveys and questionnaires to our procurement team. This is very time consuming because they never ask exactly the same questions.”

Anonymous respondent.

Survey fatigue is the number one complaint of the people interviewed. This is the direct result of pressure exerted by their own clients to provide sustainability data or by other stakeholders such as NGOs, the public, or the government (i.e. the SEC requirement regarding conflict minerals). About 40 percent of respondents monitor their supply chain sustainability performance, mostly on subjects such as human rights, labor, ethics and occasionally their environmental practices and carbon footprint. However, 67 percent of this group doesn't know how many suppliers contribute to their CSR data collection. Most of the respondents couldn't tell if the data collected was from first-tier suppliers (i.e. from only their biggest suppliers) or if questionnaires were sent to all their suppliers. Also, 40 percent of respondents that collect sustainability metrics from their supply chain do so to monitor supplier programs and progress, not for reporting purposes.

“For the moment we monitor what our suppliers are doing but we are not really reporting publicly about it. We are not yet mature enough with our own reporting to talk about our suppliers but this is in our strategy to be more involved with them on the subject.”

Anonymous respondent

Very few respondents are publicly reporting their supplier sustainability performance, and even fewer respondents are engaging with them to improve it.

Conclusion

Specialized software plays a strong role in improving sustainability managers' performance in terms of time management, business intelligence, and agility. This conclusion is supported by the fact that 34 percent of Excel users replied that were 'very unsatisfied' or 'unsatisfied' with their solution while 100 percent of software-only users reported that they were 'satisfied' or 'very satisfied' with their solution.

About the Author

Juliette Barre is part of the ReScore Group which was co-founded by Columbia University alumni and researchers specializing in Sustainability Management. They use their diverse backgrounds and experiences to research sustainability metrics with the goal of improving data management reporting.

This report is based on a 2015 global survey followed by individual interviews of the respondents. This study was sponsored by the [Triana Group](#), 2020 Strategies, [Wenck](#), [iCompli Sustainability](#) and [Tennaxia](#).