

**GEMI Benchmarking Survey**

**Sustainable Development  
Metrics**

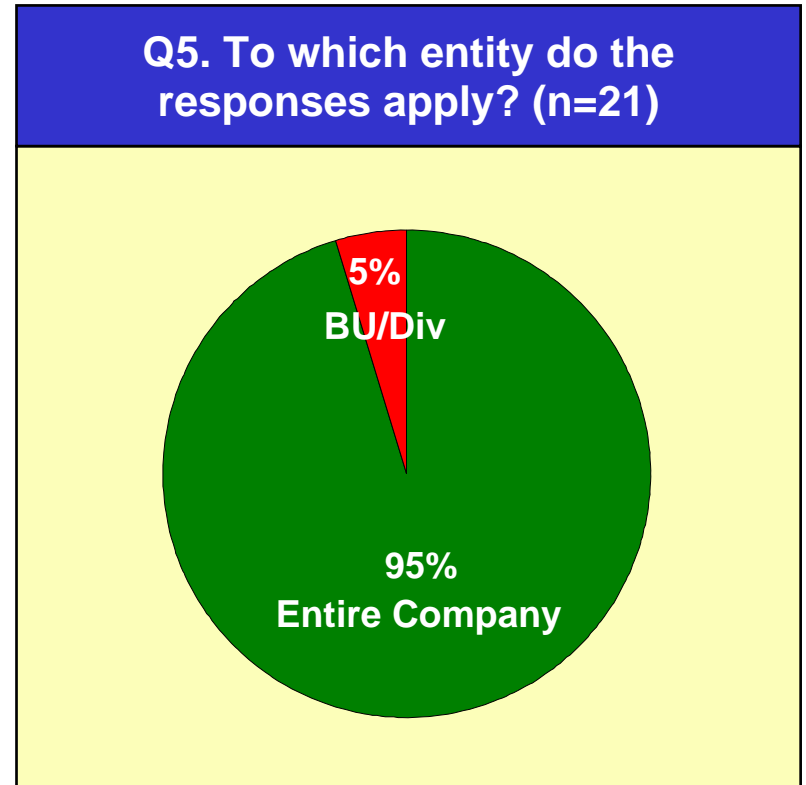
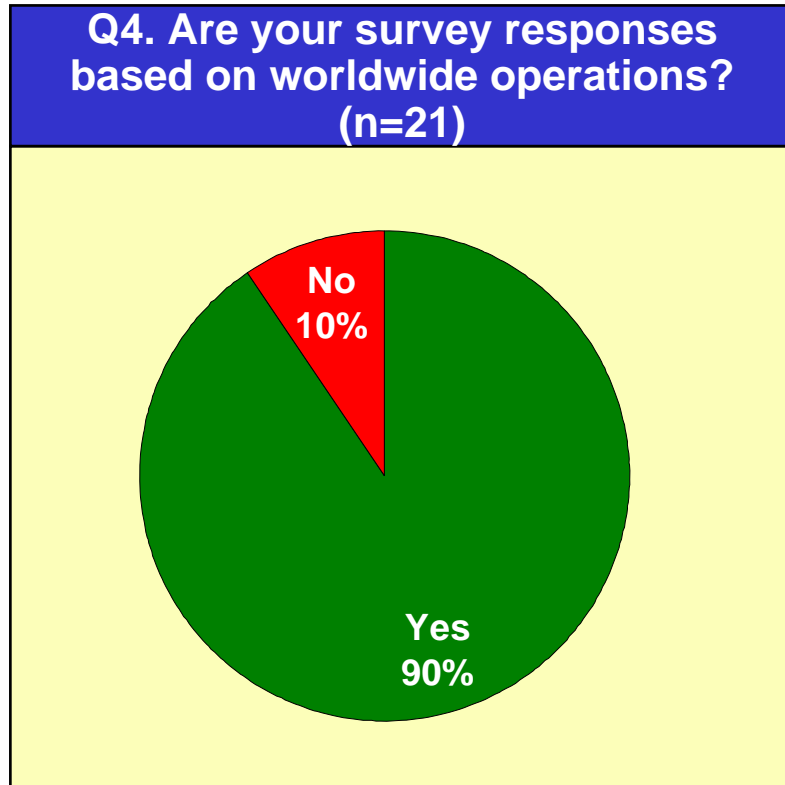
Bob Accarino, Abbott Laboratories  
Stephen Poltorzycki, The Boston Environmental Group

January 19, 2005

**This survey addresses sustainable development metrics and the processes in place to manage those metrics.**

- Survey response rate was 50%
  - 21 out of 42 member companies responded to the survey
  - Not all companies completed all questions
- Broad industry coverage
- Wide range in company size
  - Annual sales of participants ranged from \$15.8 million to \$51.4 billion, with an average of \$22.6 billion.
- Thank you to all participants!

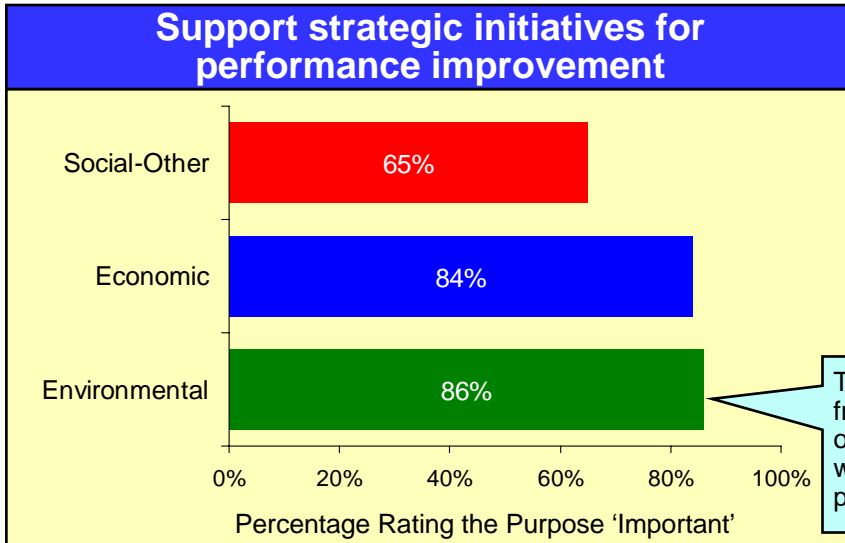
**For most companies, responses are based on entire worldwide operations.**



*\*For 'No' responses, results are based on US operations only.*

# Results

## Purpose of Metrics

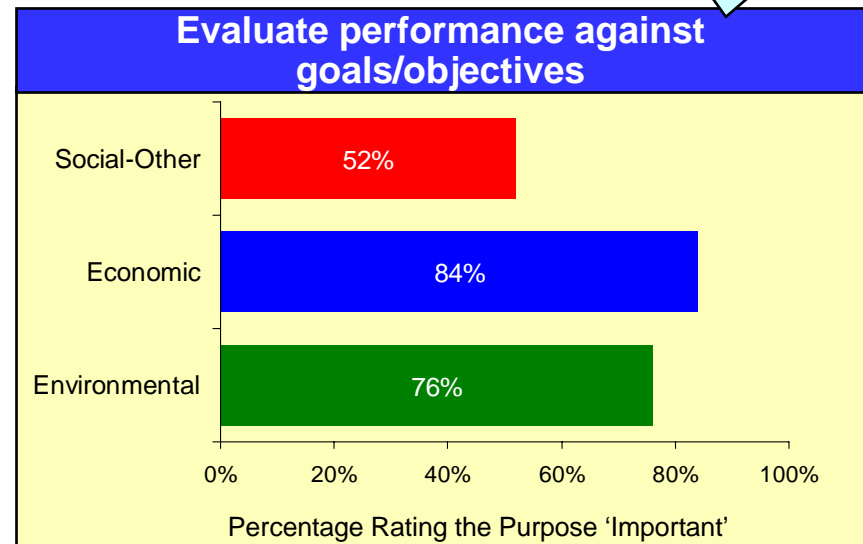
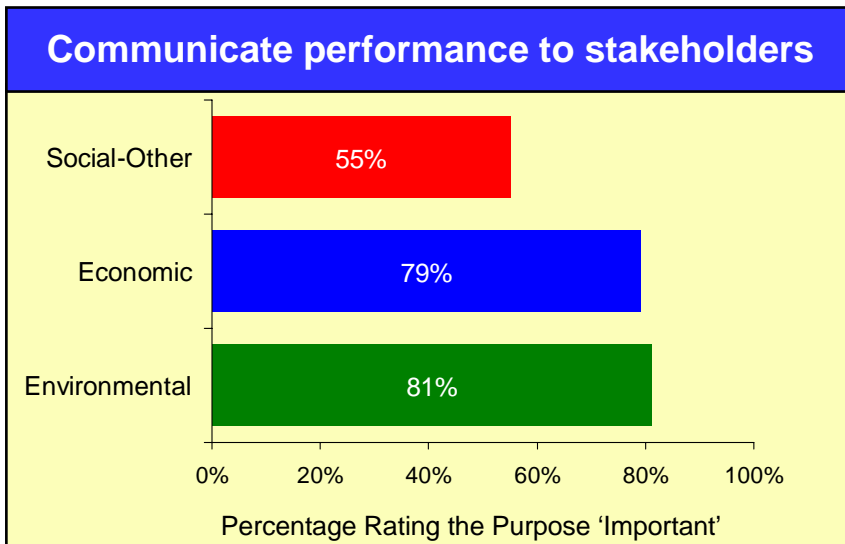


**Q6-8. For your company's sustainability metrics, how important are each of the following purposes? (n=19 to 21)**

The 'purposes' on this page were the three seen as the most important for all three categories of sustainability metrics (social, economic, and environmental).

This percentage is up significantly from a 2003 GEMI survey in which only 38% of companies thought that it was important for metrics to support performance improvement initiatives.

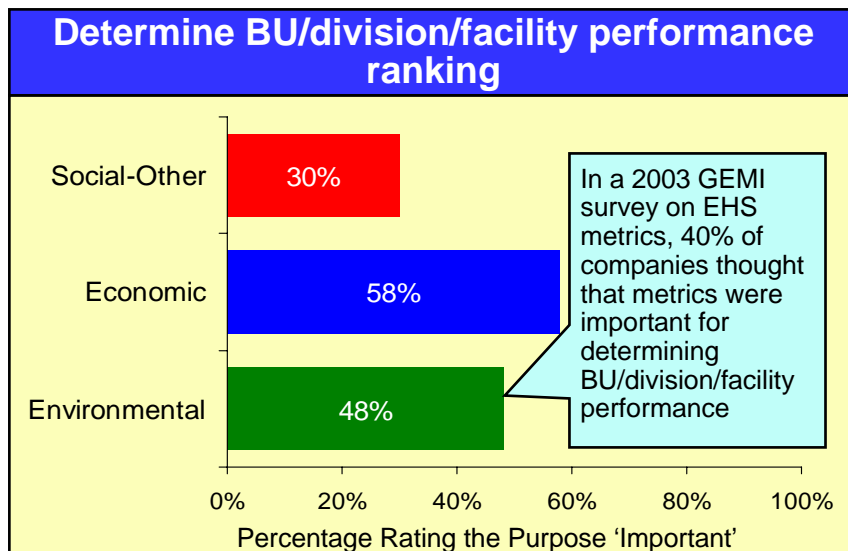
In the 2003 GEMI survey, "evaluate performance against goals & objectives" was also rated one of the most important purposes of EHS metrics (by 67% of companies).



**Note: The full data for questions 6-8 are reported in Appendix A**

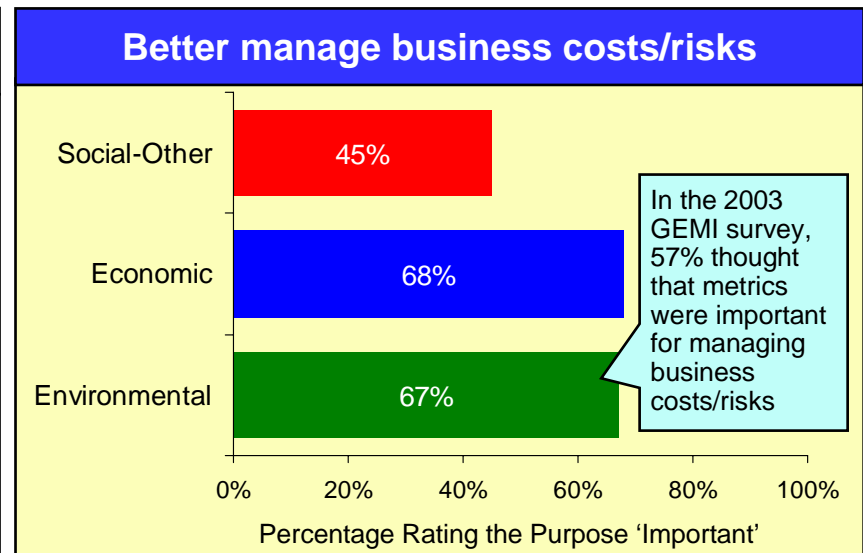
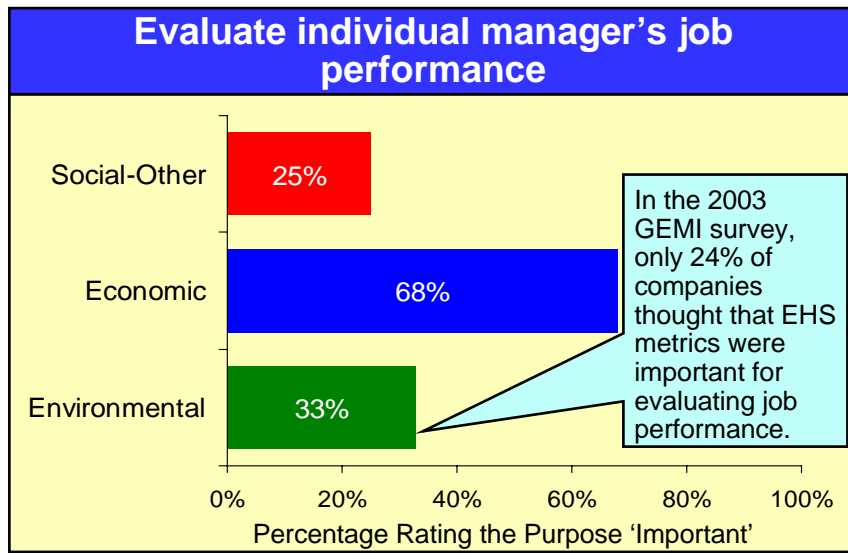
# Results

## Purpose of Metrics



**Q6-8. For your company's sustainability metrics, how important are each of the following purposes? (n=19 to 21)**

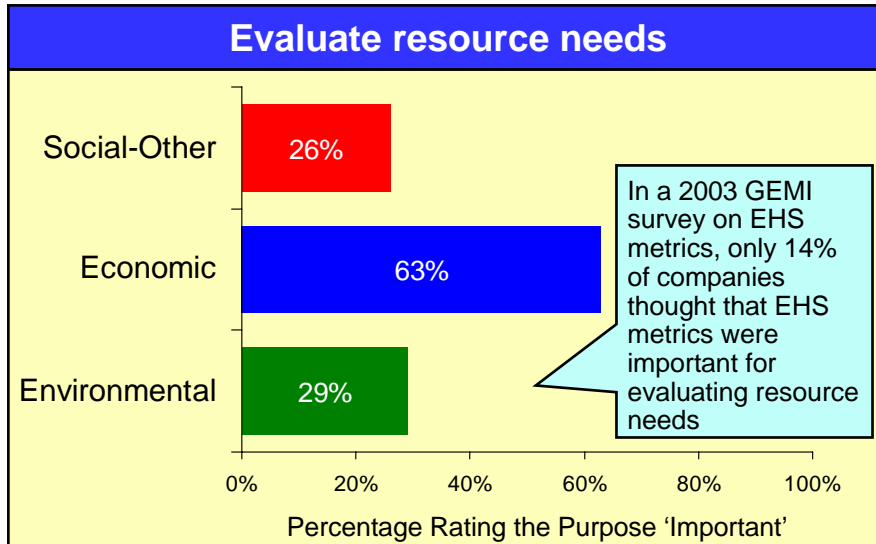
- Social measures tend to be viewed as less important than economic or environmental measures for evaluating BU, division, facility or individual performance.
- Economic measures are seen as more important for evaluating individual job performance than social or environmental measures.



**Note: The full data for questions 6-8 are reported in Appendix A**

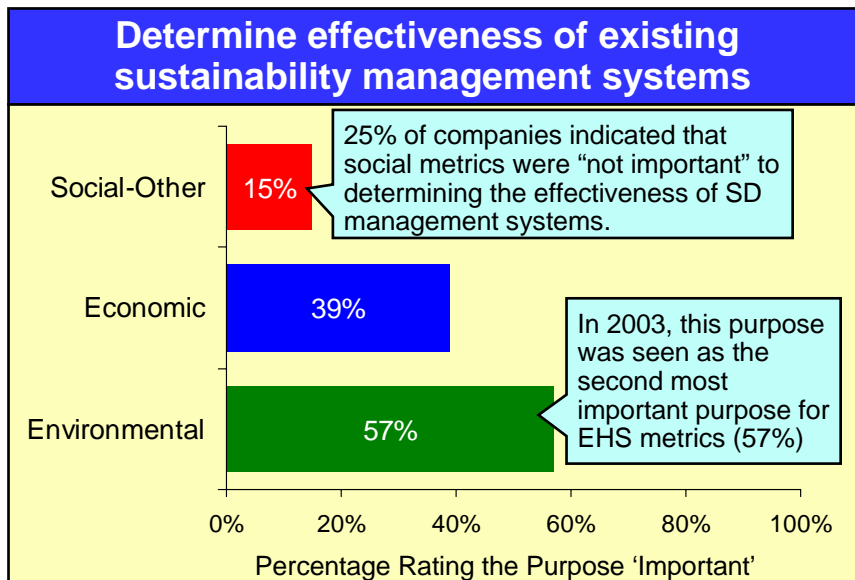
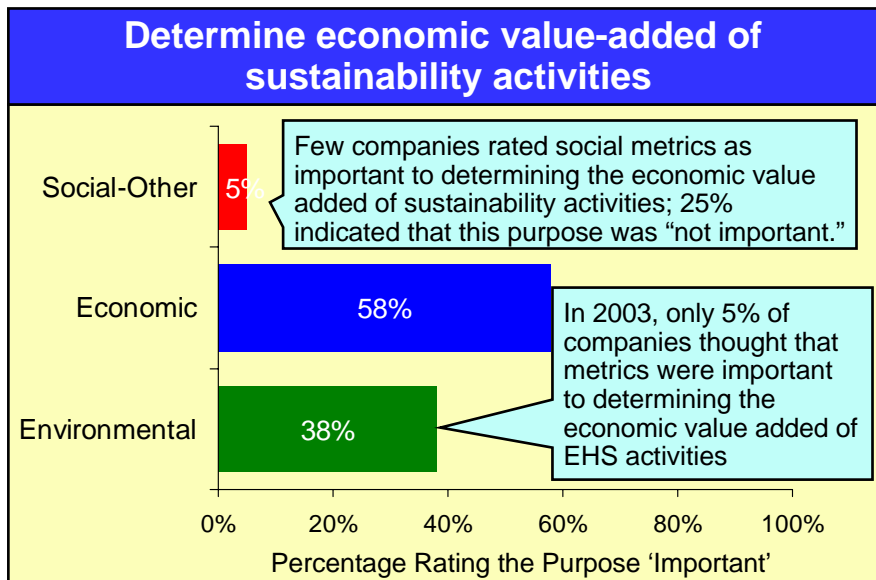
# Results

## Purpose of Metrics



**Q6-8. For your company's sustainability metrics, how important are each of the following purposes? (n=19 to 21)**

- Economic measures were seen as more important than social or environmental measures for evaluating resource needs and determining economic value added.
- Environmental metrics were seen as more important for determining the effectiveness of management systems than social or economic metrics.

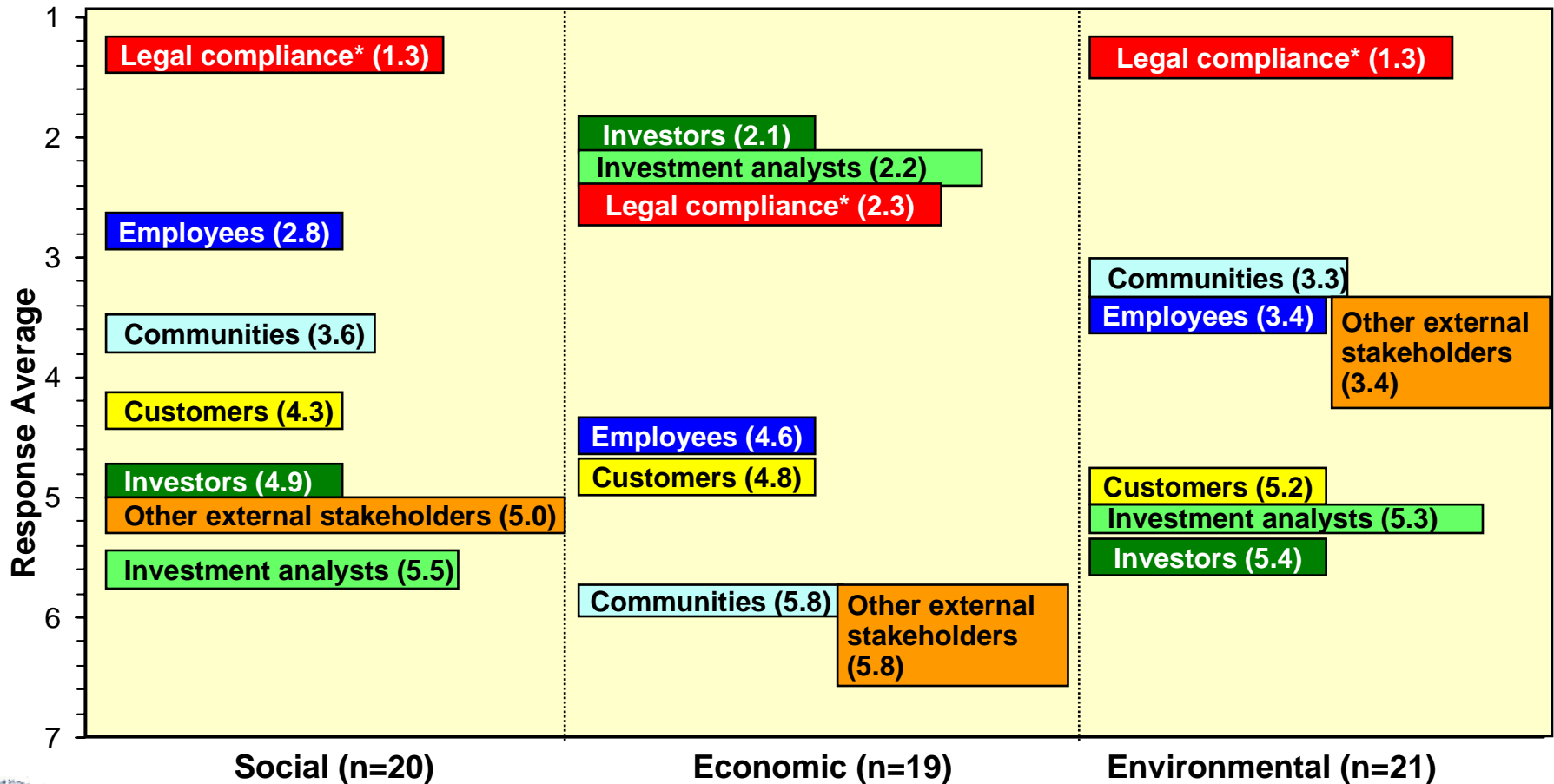


**Note: The full data for questions 6-8 are reported in Appendix A**

# Results

## Purpose of Metrics

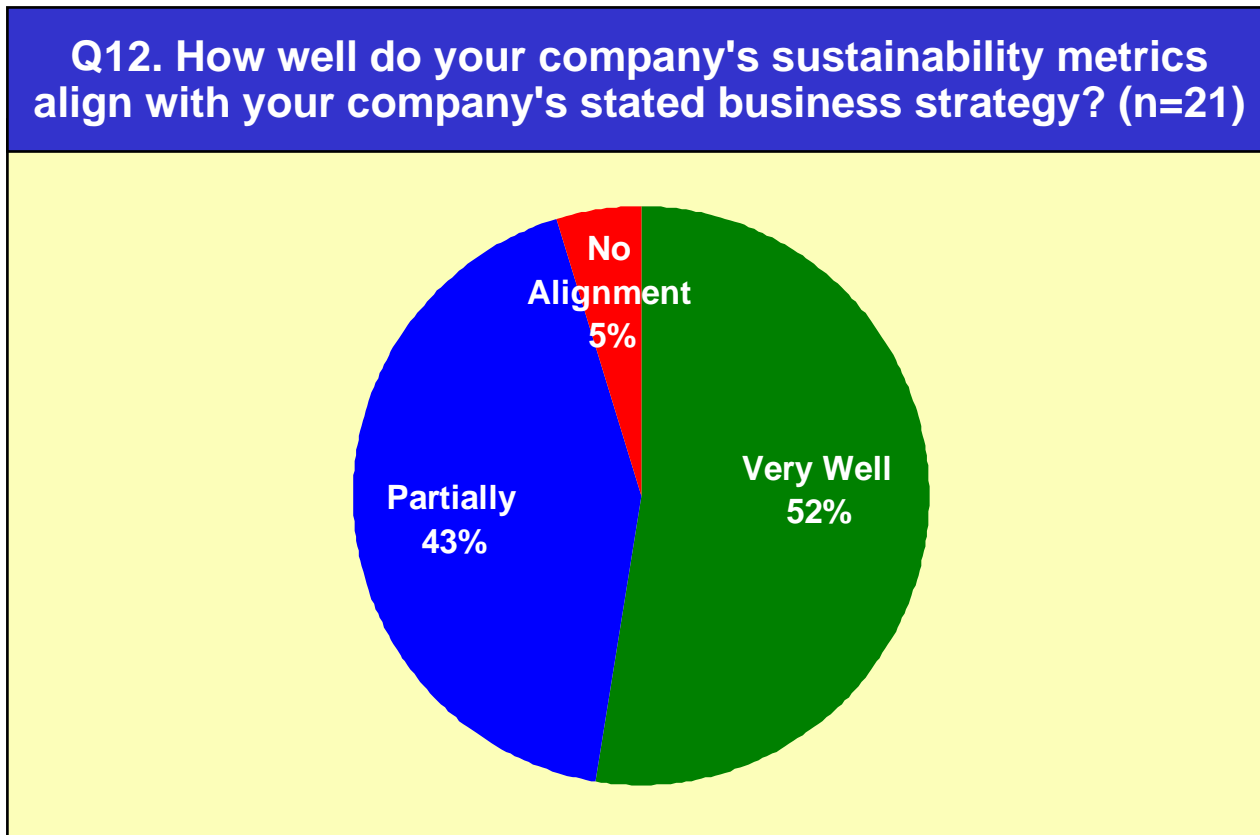
Q9-11. For your company's sustainability metrics, please rank each of these in the order of their relative importance as a driver for this group of metrics (with 1 being the most important and 7 being the least important). \* (n=19 to 21)



# Results

## *Relationship to Business Strategy*

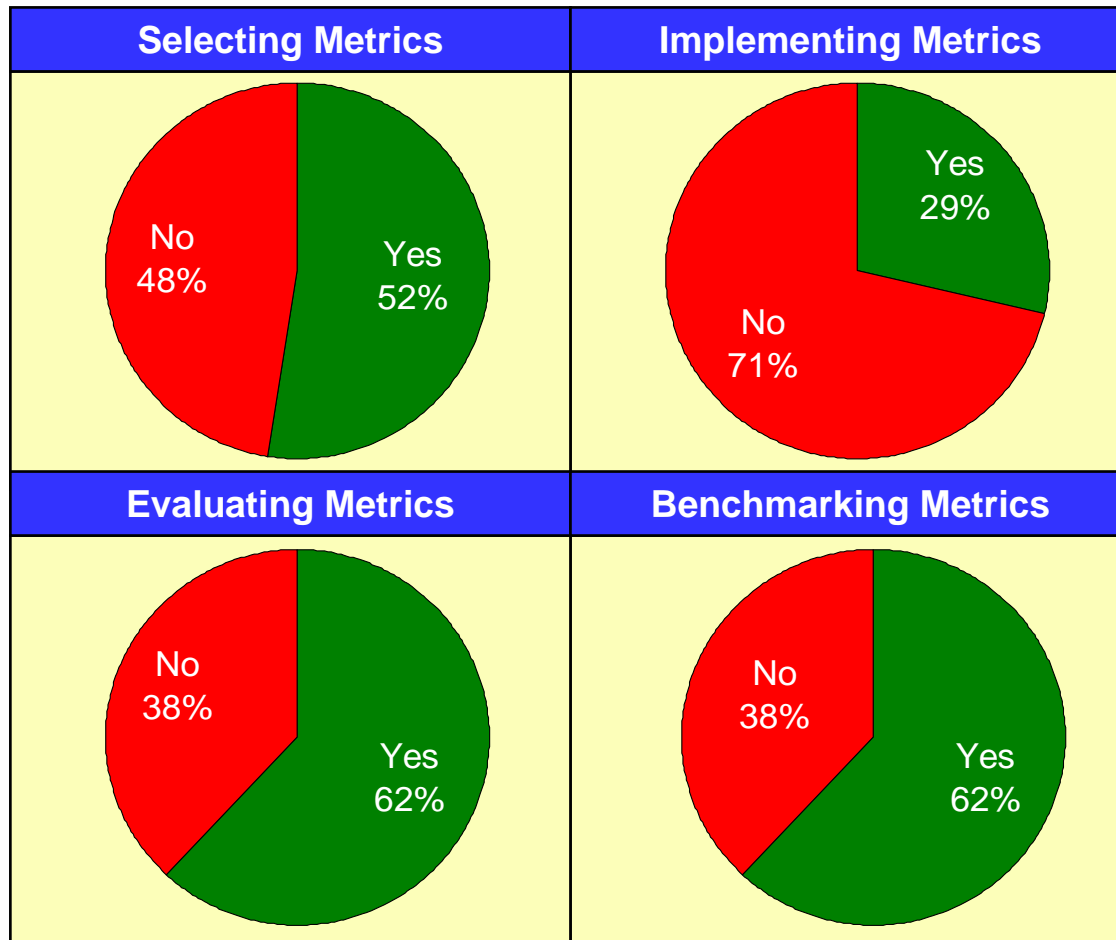
**Most companies (52%) believe that their sustainability metrics align very well with business strategy.**



# Results

## Stakeholders

**Most companies engage in stakeholder outreach during development and review of metrics; few engage stakeholders during implementation.**

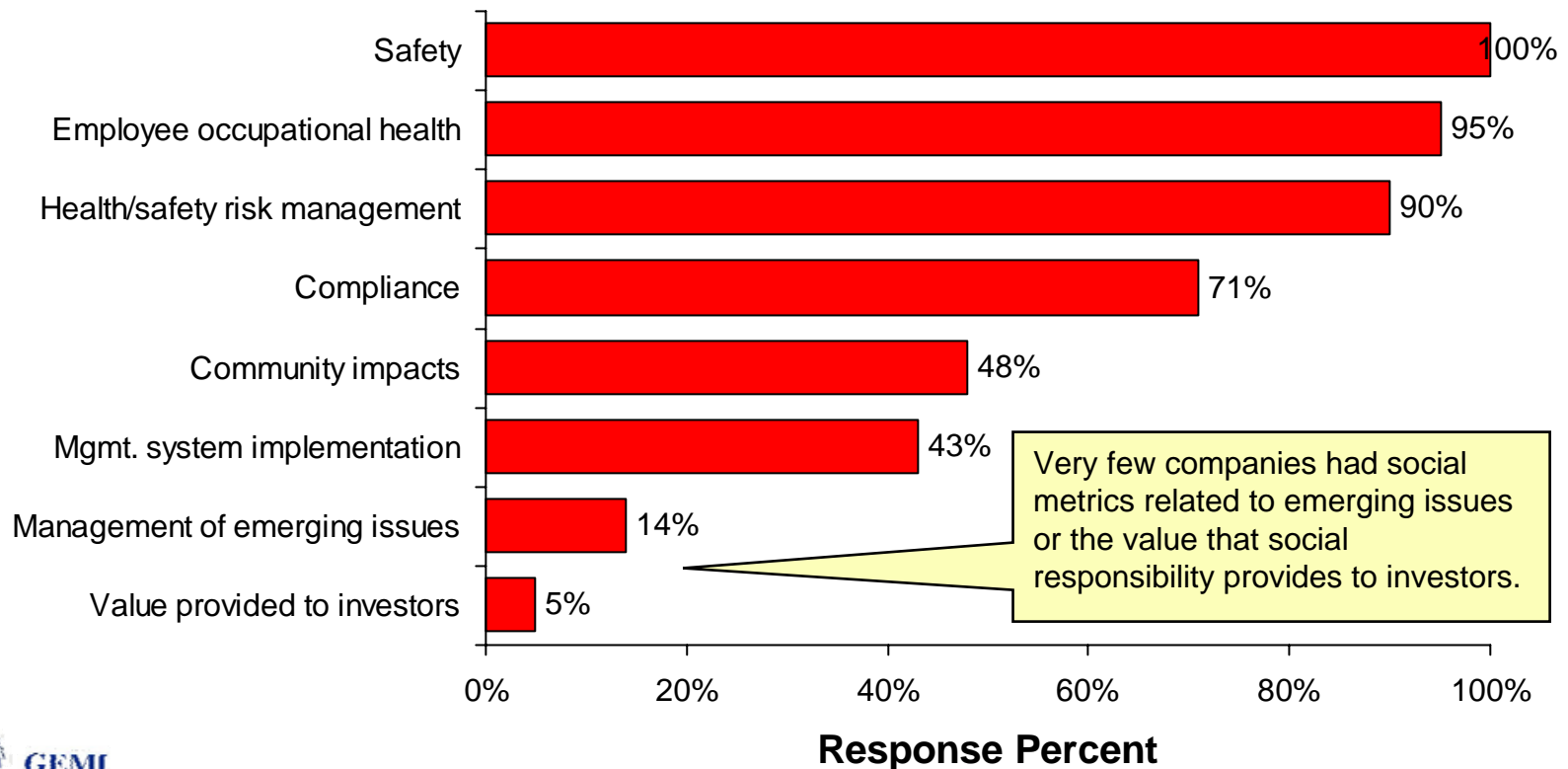


**Q13. Have you engaged in stakeholder outreach during the following process phases? (n=21)**

- 16/21 (75%) of respondents engage in stakeholder outreach in at least one of the process phases.
- This compares to a 2004 SD GEMI survey in which 16 of the 22 respondents (73%) reported involving stakeholders in the external reporting process.

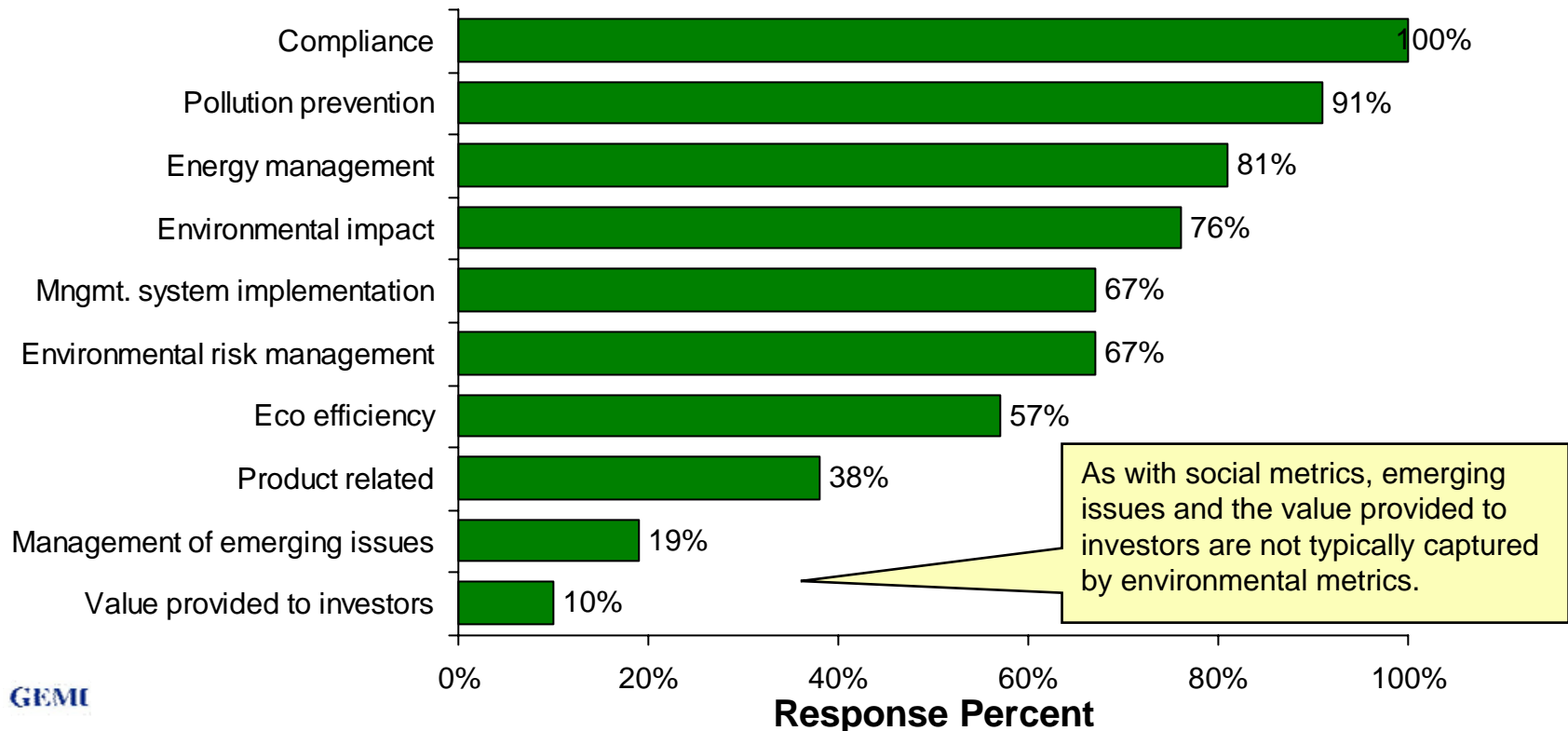
## Almost all companies ( $\geq 90\%$ ) have social metrics related to health and safety.

Q14. Please Indicate whether you have social metrics devoted to each of the following categories (n=21)



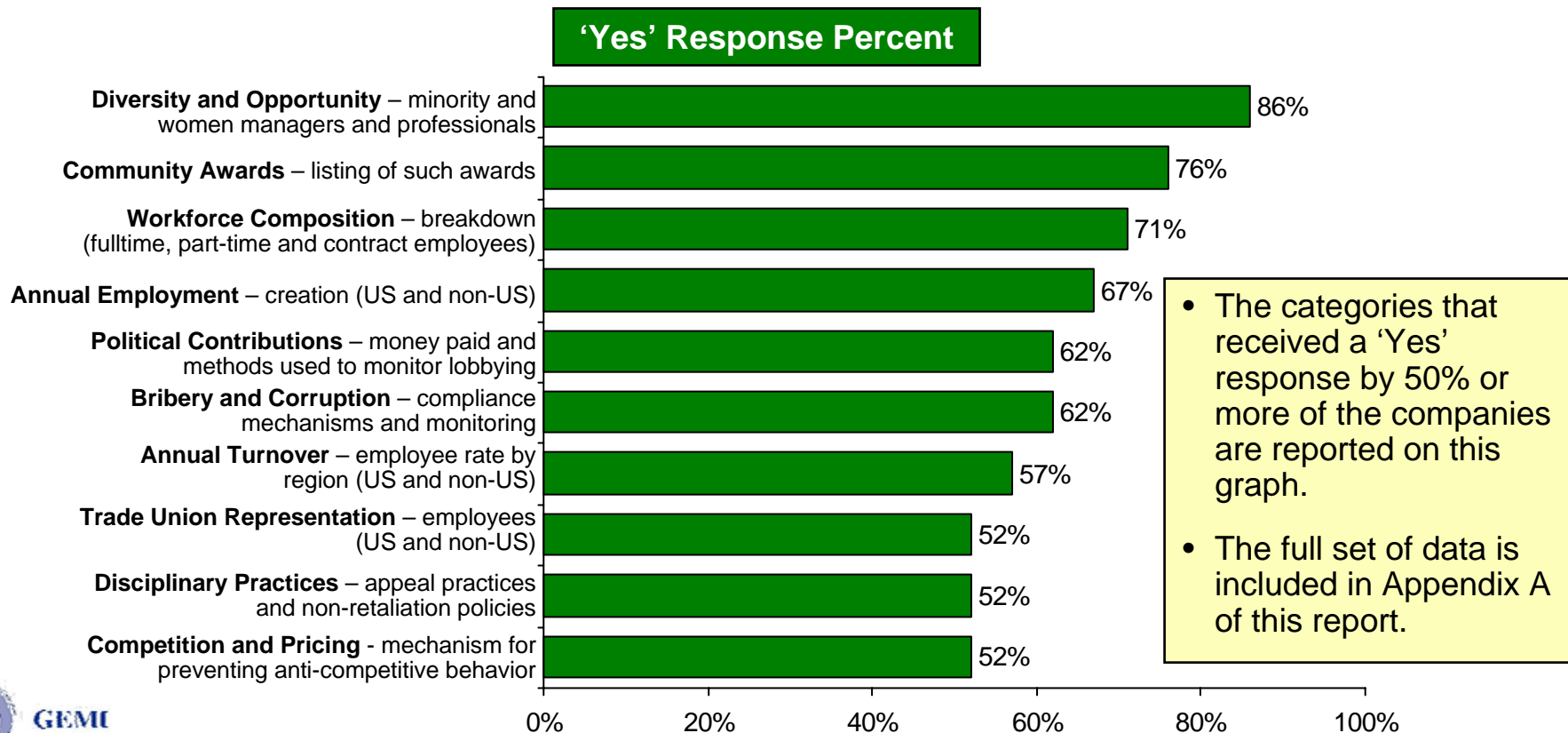
**Almost all companies ( $\geq 90\%$ ) have environmental metrics related to compliance and pollution prevention.**

**Q15. Please Indicate whether you have environmental metrics devoted to each of the following categories (n=21)**



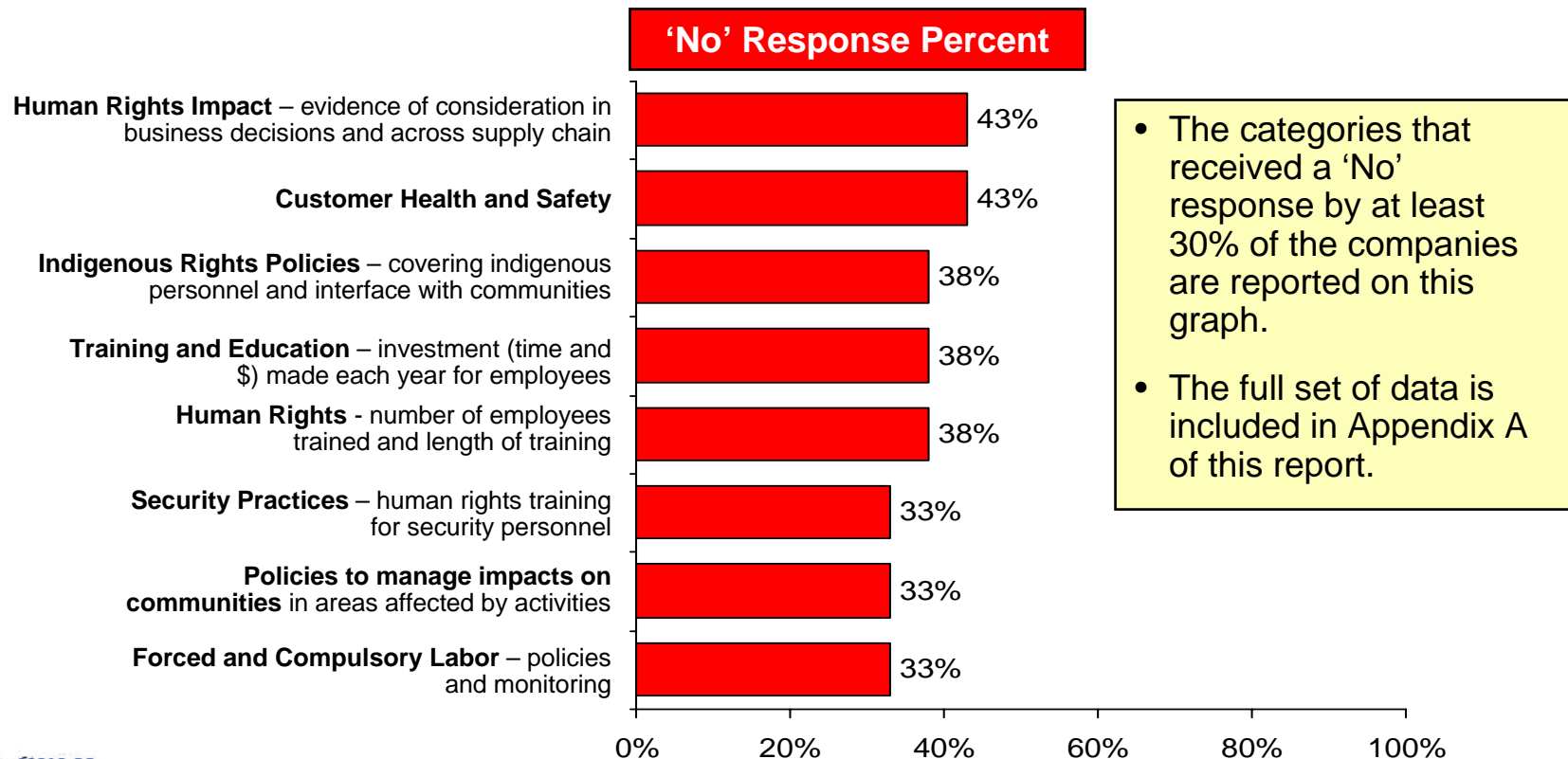
## The most commonly used metrics from the GRI list of social indicators are listed below.

**Q16. Does your company collect metrics for any of the following categories, which are derived from the Global Reporting Initiative (GRI) list of social indicators? (n=21)**



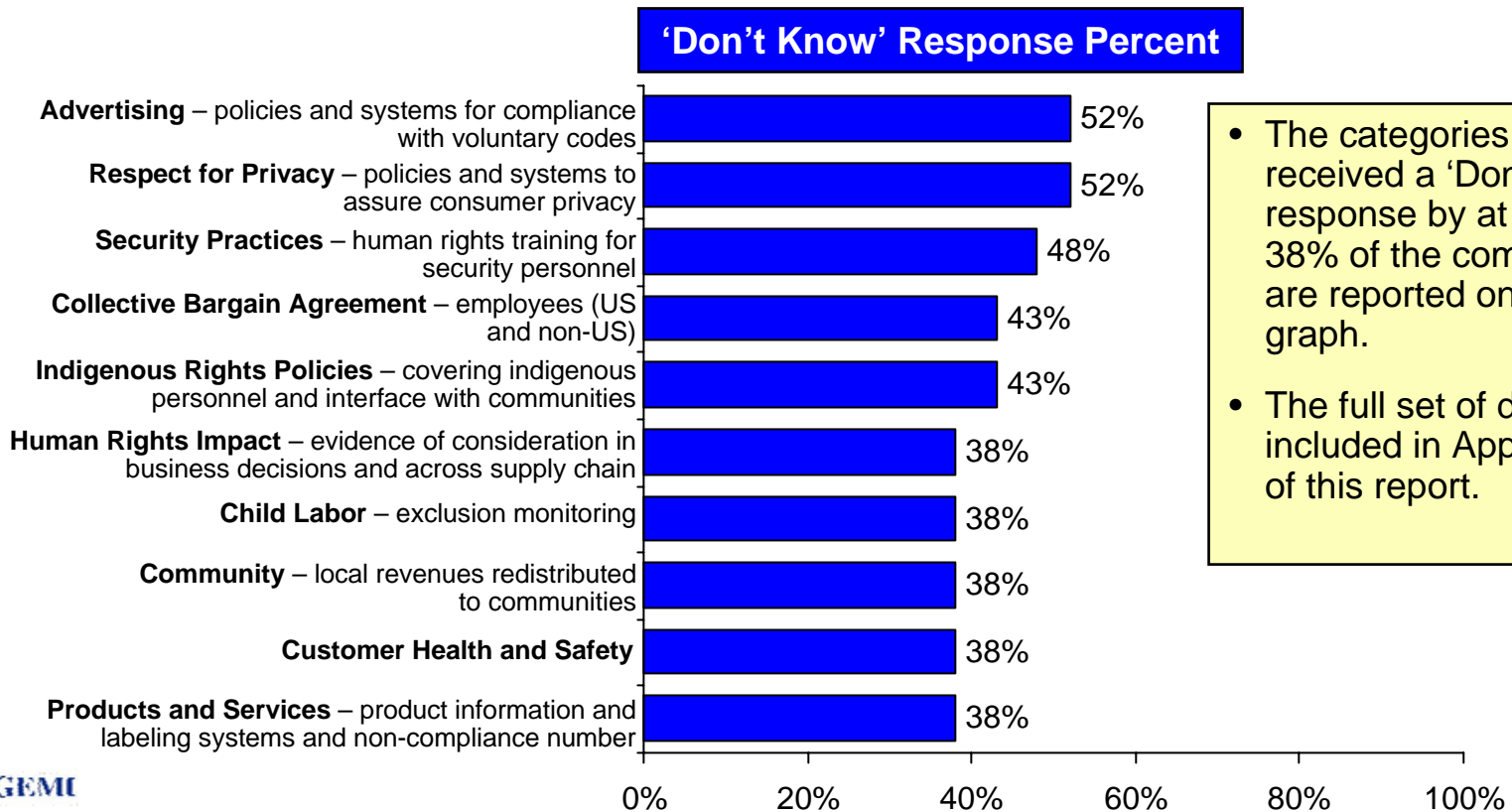
## The least commonly used metrics from the GRI list of social indicators are listed below.

**Q16. Does your company collect metrics for any of the following categories, which are derived from the Global Reporting Initiative (GRI) list of social indicators? (n=21)**



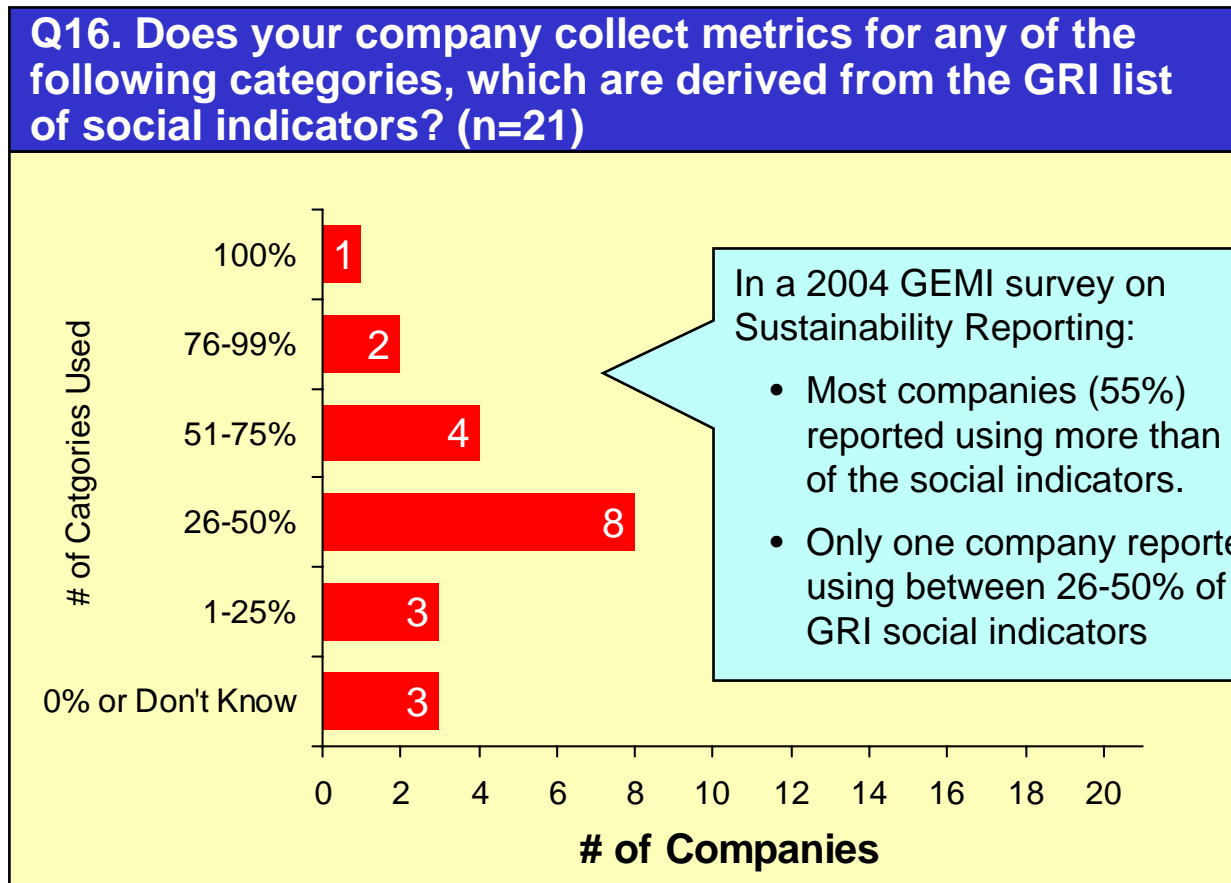
The metrics from the GRI list of social indicators that respondents didn't know if they used are listed below.

**Q16. Does your company collect metrics for any of the following categories, which are derived from the Global Reporting Initiative (GRI) list of social indicators? (n=21)**



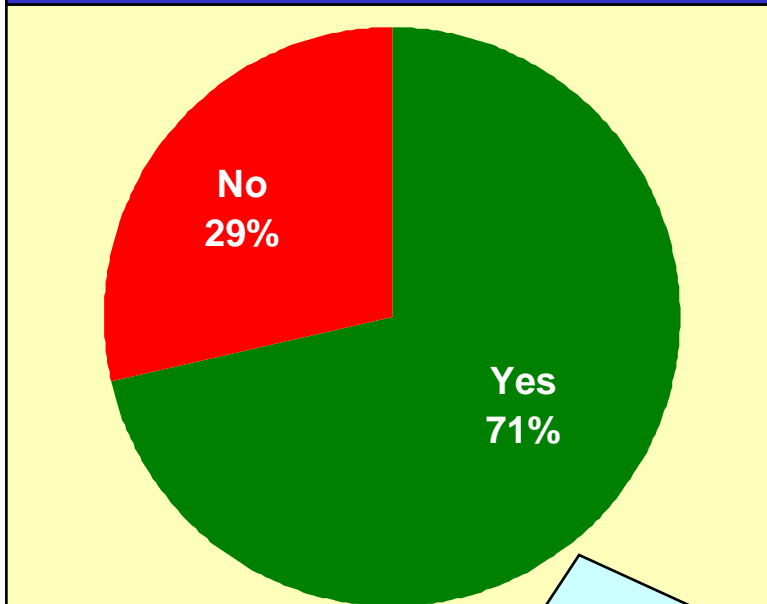
- The categories that received a 'Don't Know' response by at least 38% of the companies are reported on this graph.
- The full set of data is included in Appendix A of this report.

**Only 7 of the 21 respondents (33%) are sure that they have metrics for 12 or more of the 24 GRI social indicators.**

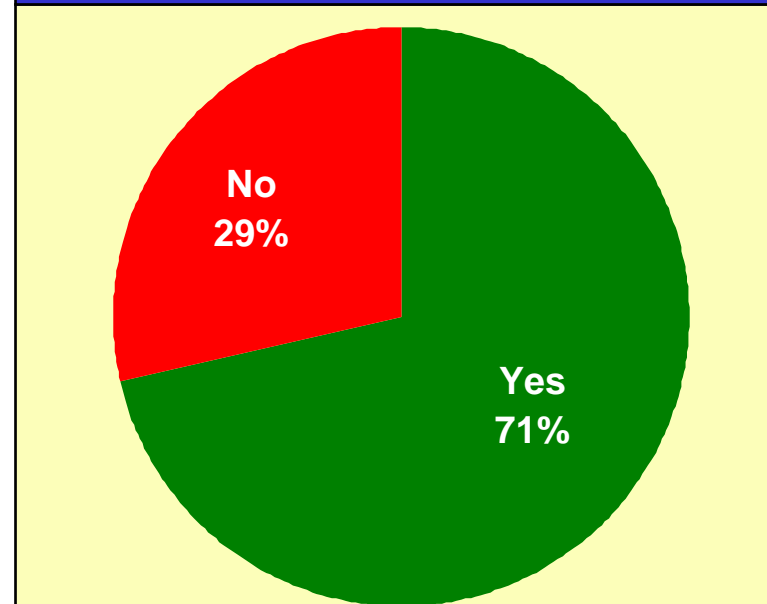


**Most companies (68%) use leading metrics and plan to use more leading metrics in the future.**

**Q17. Do you have leading environmental, economic, or social metrics? (n=21)**



**Q19. In your company is there a trend toward using more leading indicators? (n=21)**



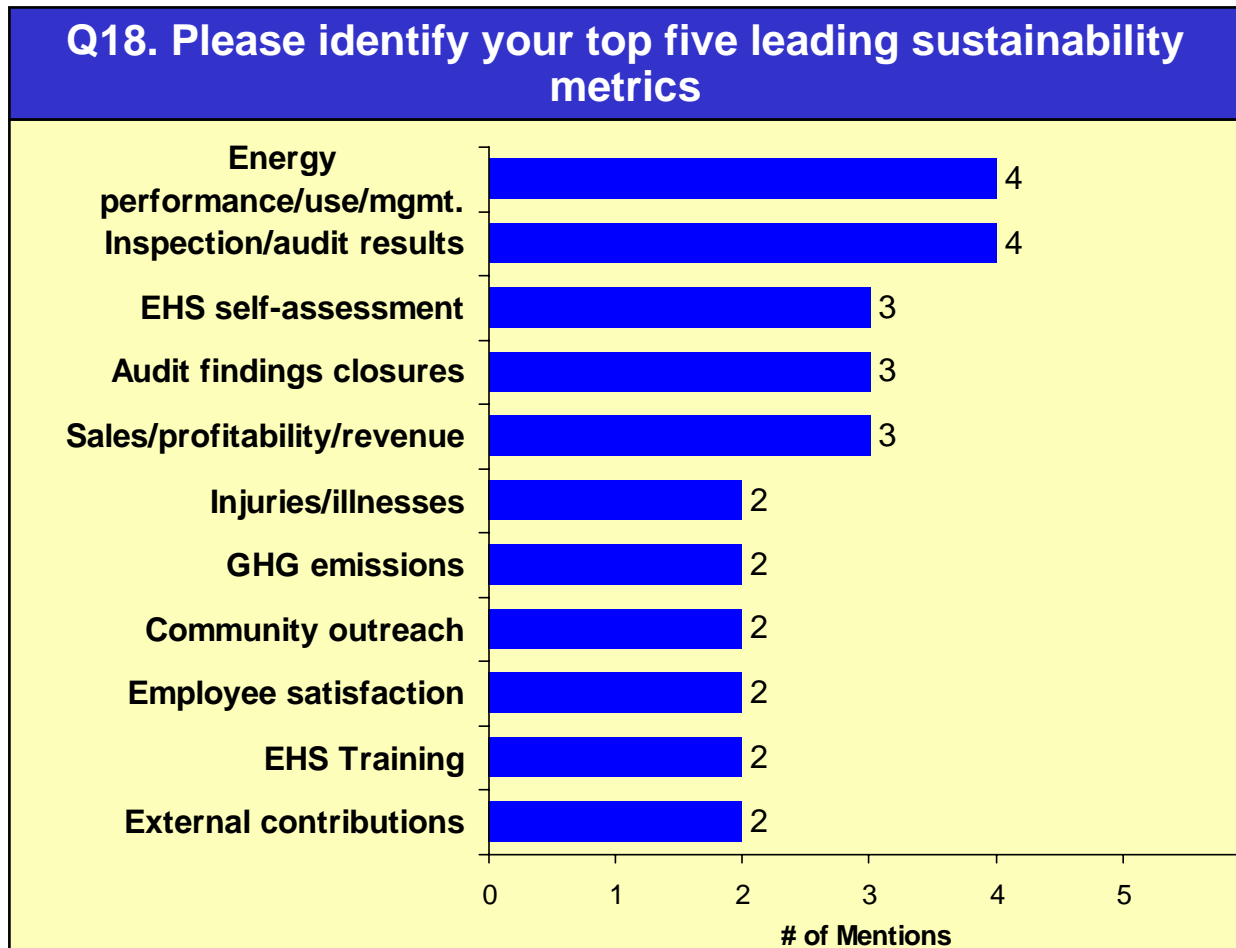
This is in contrast to a 2003 GEMI survey on EHS metrics, in which approximately 76% of companies surveyed (exact number not available), indicated that they rely on lagging EHS indicators.

### There is no consensus on leading metrics.

**Q18. Please identify your top five leading sustainability metrics (n=14)**

1	2	3	4	5
<ul style="list-style-type: none"> <li>• Alignment with Global Reporting Standards</li> <li>• Global Safety &amp; Health Plan self-assessment score</li> <li>• Assessment score of EHS management system</li> <li>• HS&amp;E audit results</li> <li>• Compliance training</li> <li>• Management safety inspections</li> <li>• Environmental impact assessment of new product/process development</li> <li>• GHG &amp; energy performance</li> <li>• External contributions</li> <li>• Energy use</li> <li>• Environmental footprint</li> <li>• Energy Mgmt Proj Completed</li> <li>• Sales dollars</li> <li>• R&amp;D spending as % sales</li> </ul>	<ul style="list-style-type: none"> <li>• Global Environmental Management self assessment score</li> <li>• Management systems implementation</li> <li>• Employee serious injuries</li> <li>• HSE training targets</li> <li>• Health &amp; safety</li> <li>• Fire protection audit</li> <li>• Waste</li> <li>• Emissions</li> <li>• Employee satisfaction surveys</li> <li>• Community outreach/conservation program</li> <li>• Community outreach projects</li> <li>• Revenue dollars</li> </ul>	<ul style="list-style-type: none"> <li>• Process Hazard Management performance index</li> <li>• EHS audit findings closures (2)</li> <li>• Near miss reporting</li> <li>• Refrigerant-based</li> <li>• GHG emissions</li> <li>• Quality audits</li> <li>• Employee Satisfaction</li> <li>• Profitability</li> <li>• Contribution dollars</li> </ul>	<ul style="list-style-type: none"> <li>• Achievement of goals</li> <li>• Percentage of completed items on incident investigations</li> <li>• <b>Workplace</b></li> <li>• Medical surveillance participation rate</li> <li>• Energy use</li> <li>• Awards</li> <li>• Quality audit findings closure</li> <li>• Community satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Governance</li> <li>• EHS Plan Completion</li> <li>• Water use</li> <li>• Illness and injuries</li> <li>• R&amp;D resources</li> <li>• Investment analyst comments</li> <li>• Employee retention</li> </ul>

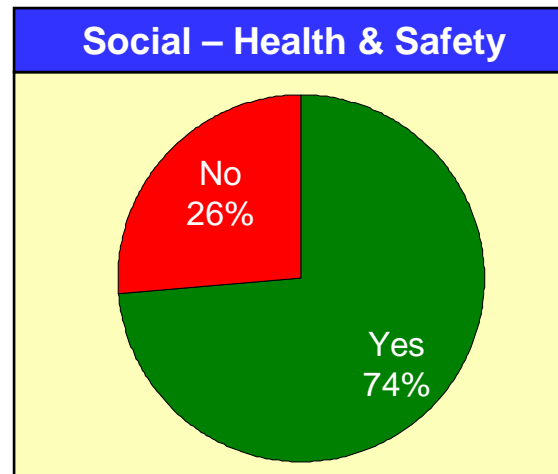
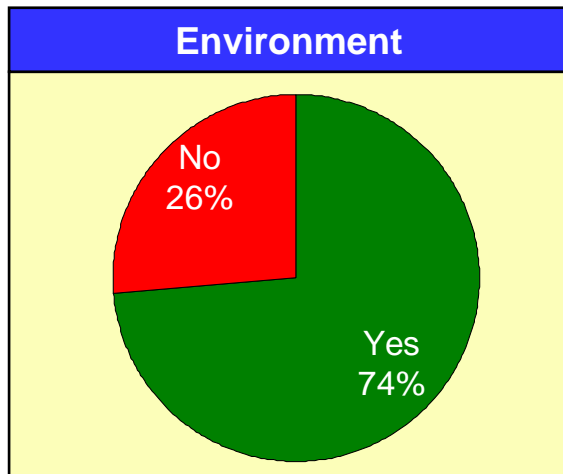
Although there was little overlap in the leading metrics reported by participants; a few did receive multiple mentions.



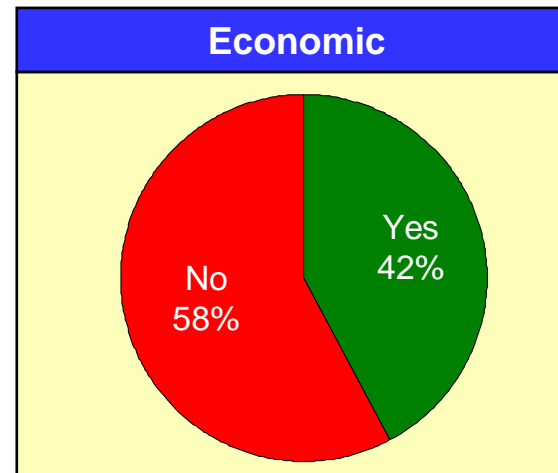
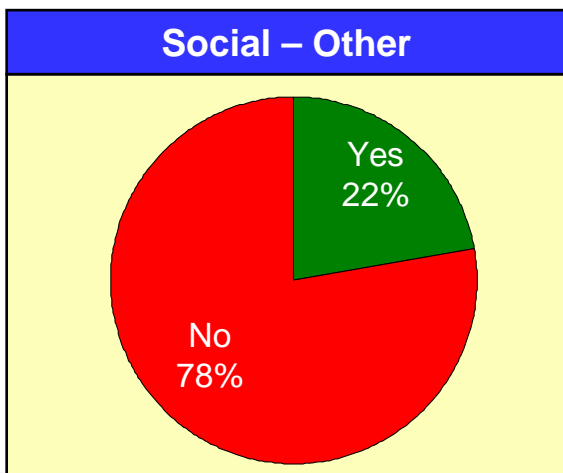
# Results

## Processes and Practices

**In most companies, there are no written procedures for economic or social metrics.**



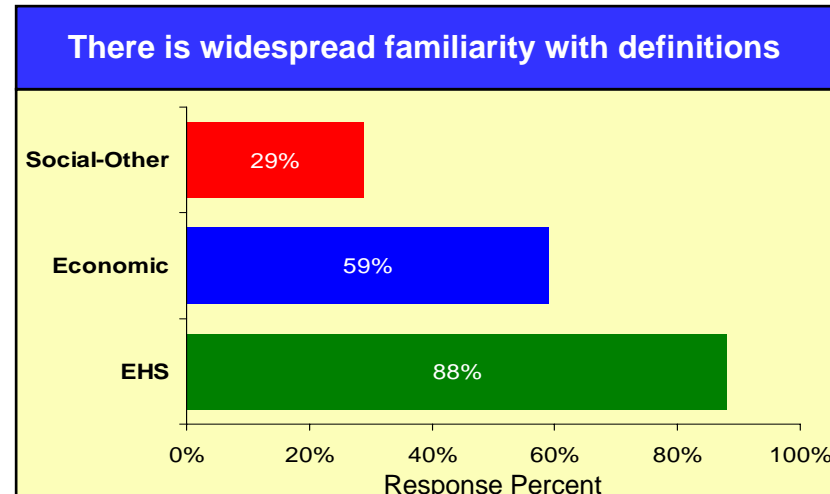
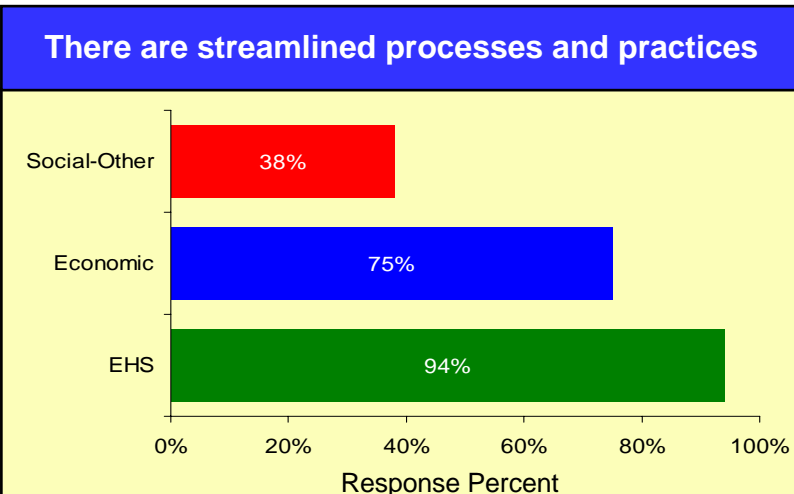
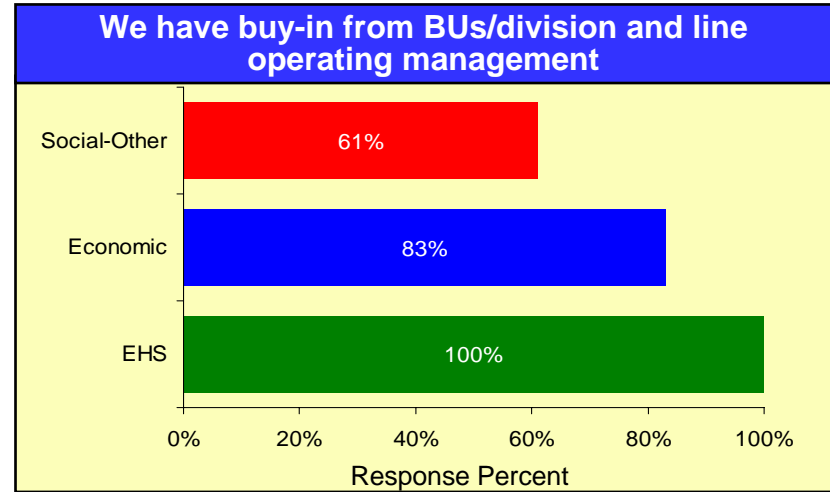
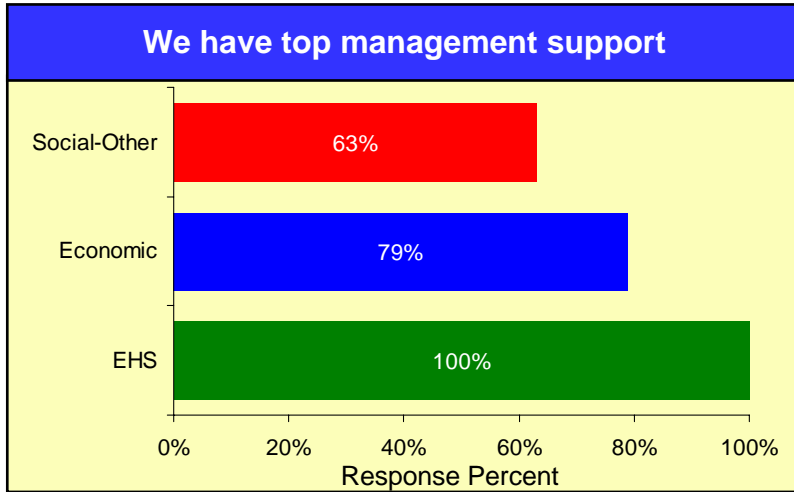
**Q20. Have you established written procedures for your sustainability metrics practices? (n=19)**



# Results

## Processes and Practices

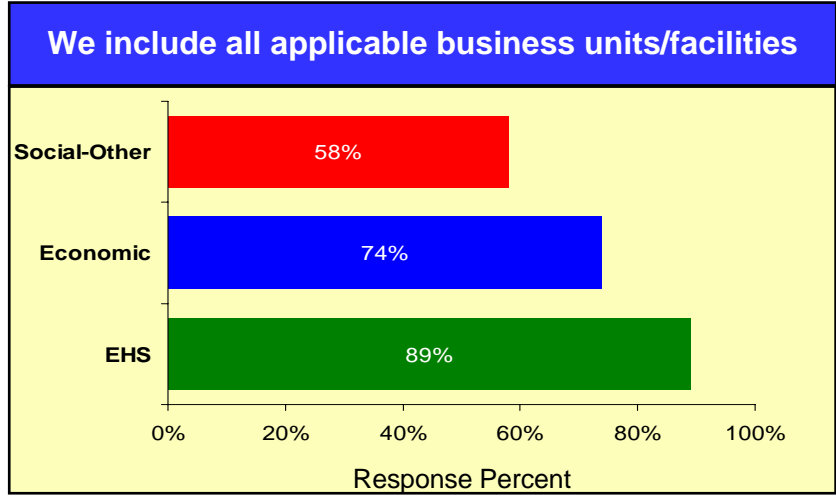
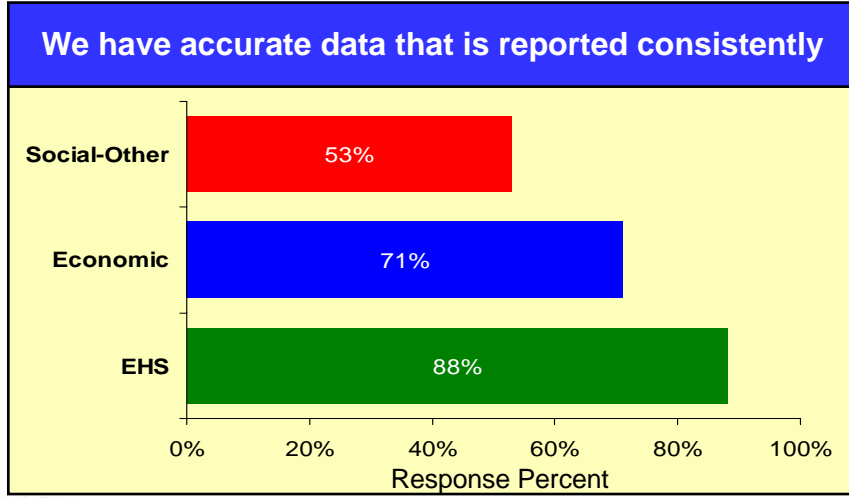
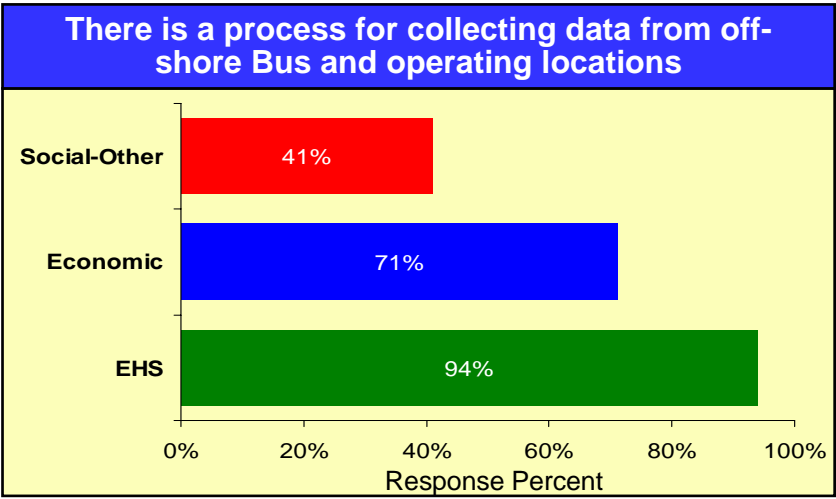
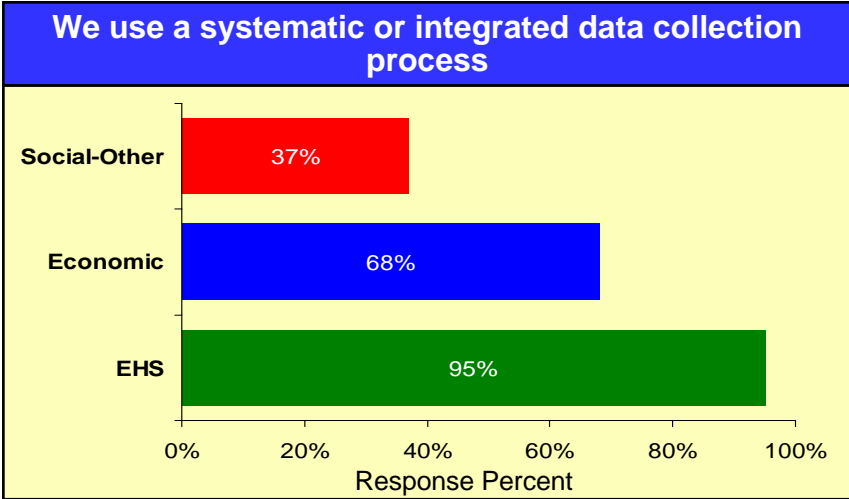
**Q21. For each attribute, check whether it is a characteristic of your Social-Other, Economic, and/or EHS sustainability metrics processes. (n=19)**



# Results

## Processes and Practices

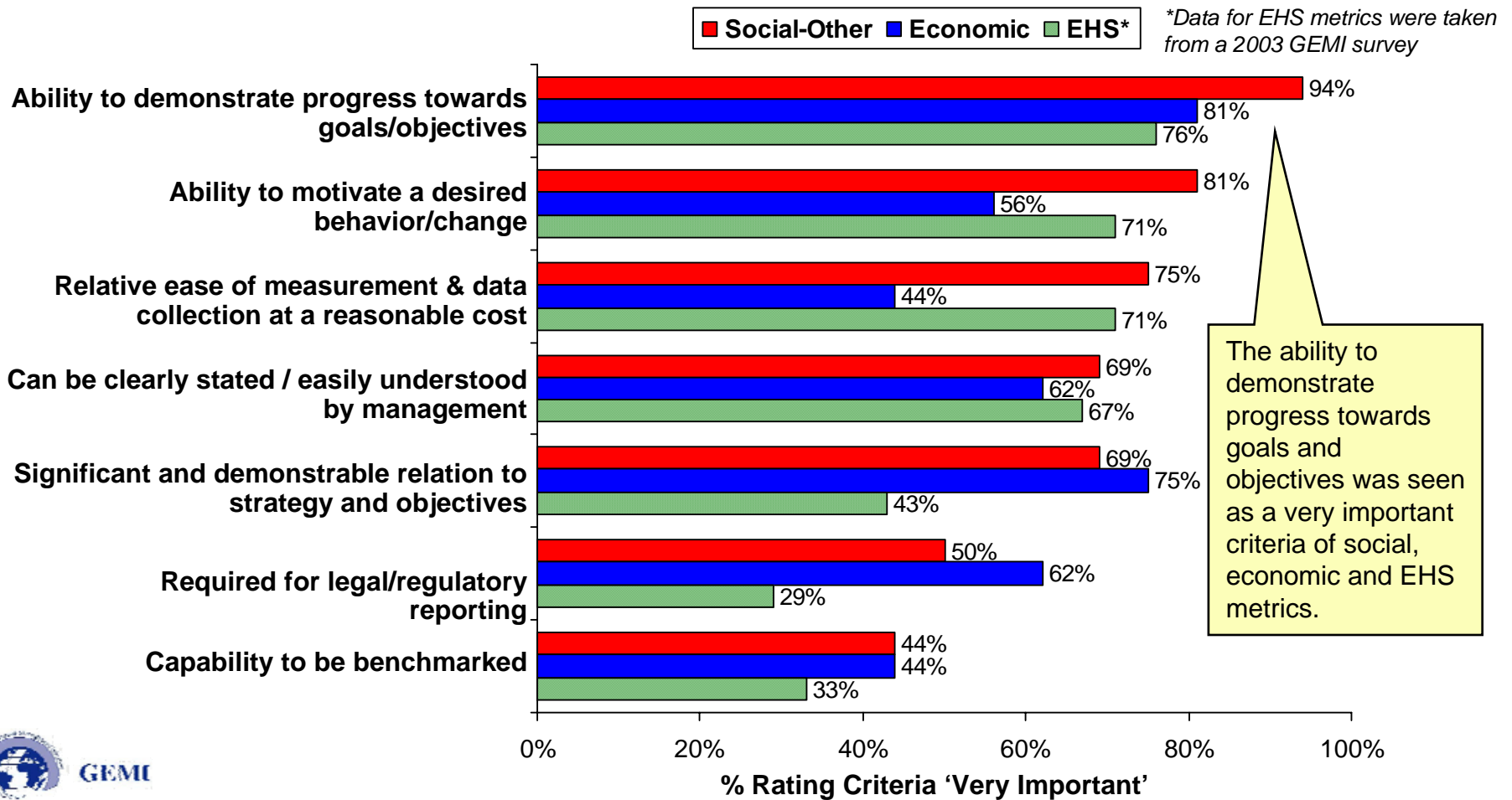
**Q21. For each attribute, check whether it is a characteristic of your Social-Other, Economic, and/or EHS sustainability metrics processes. (n=19)**



# Results

## Processes and Practices

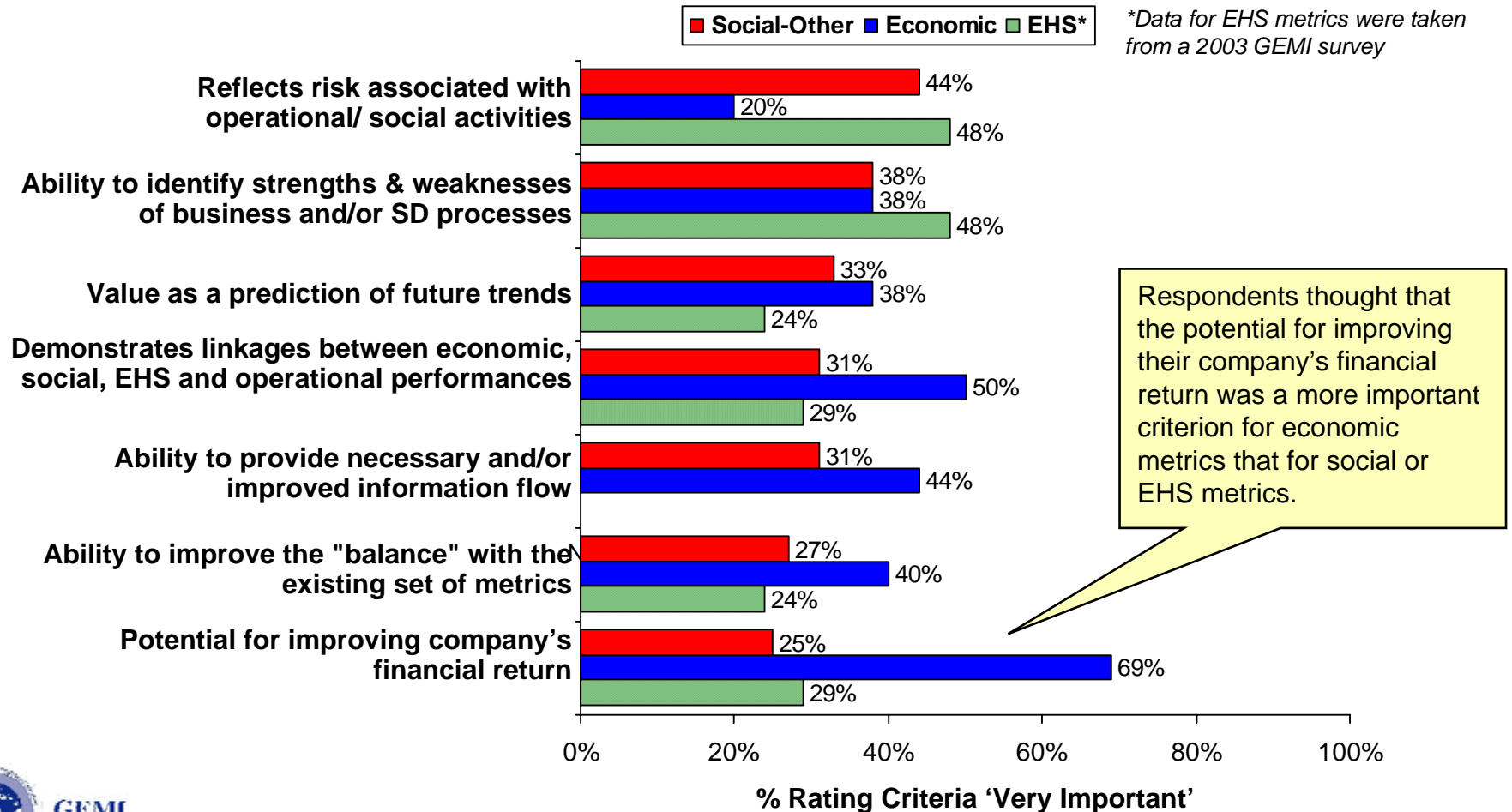
**Q23-24. Indicate how important each of the following criteria are in your selection or retention of metrics? (n=16)**



# Results

## Processes and Practices

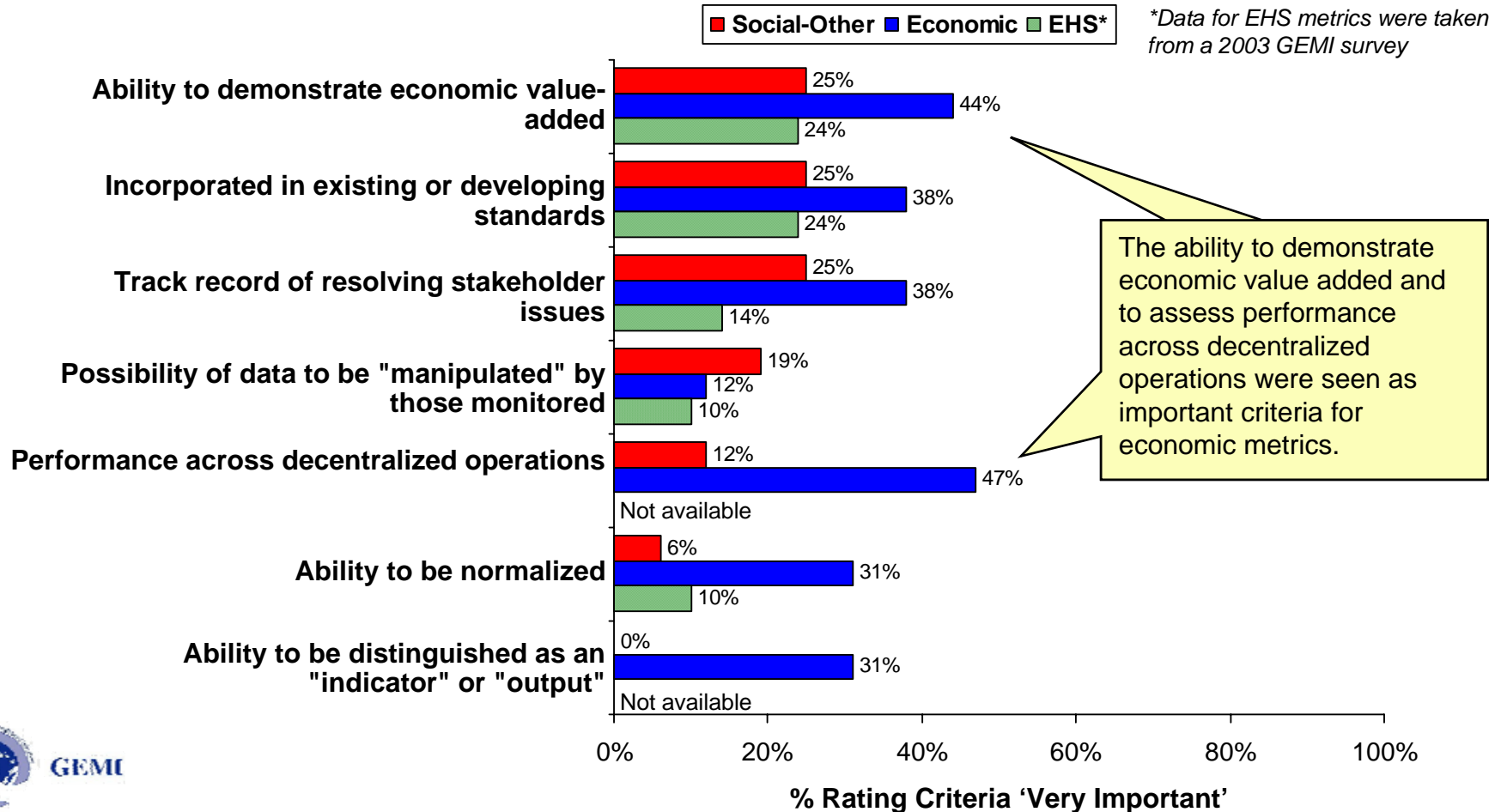
Q23-24. Indicate how important each of the following criteria are in your selection or retention of metrics? (n=16)



# Results

## Processes and Practices

**Q23-24. Indicate how important each of the following criteria are in your selection or retention of metrics? (n=16)**

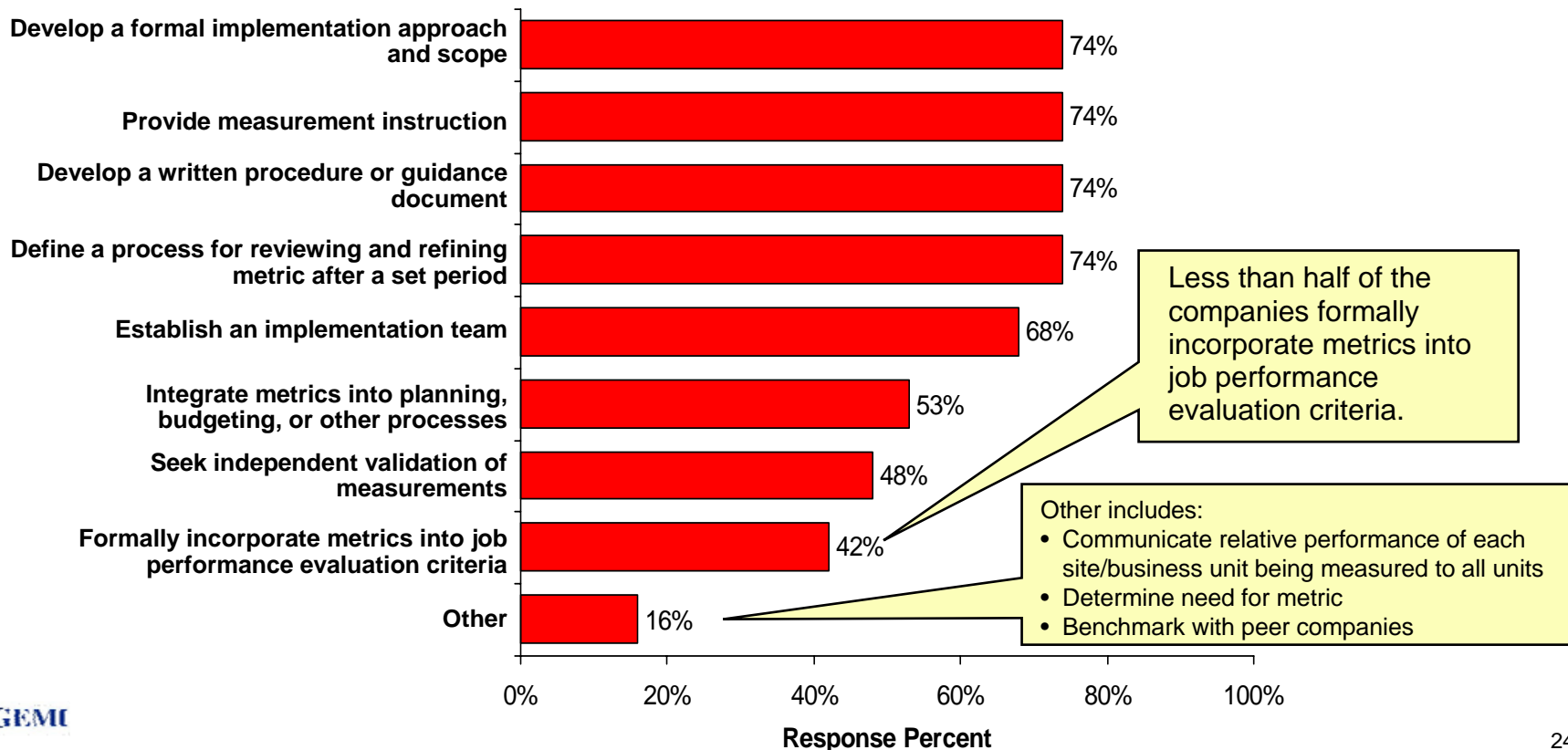


# Results

## Processes and Practices

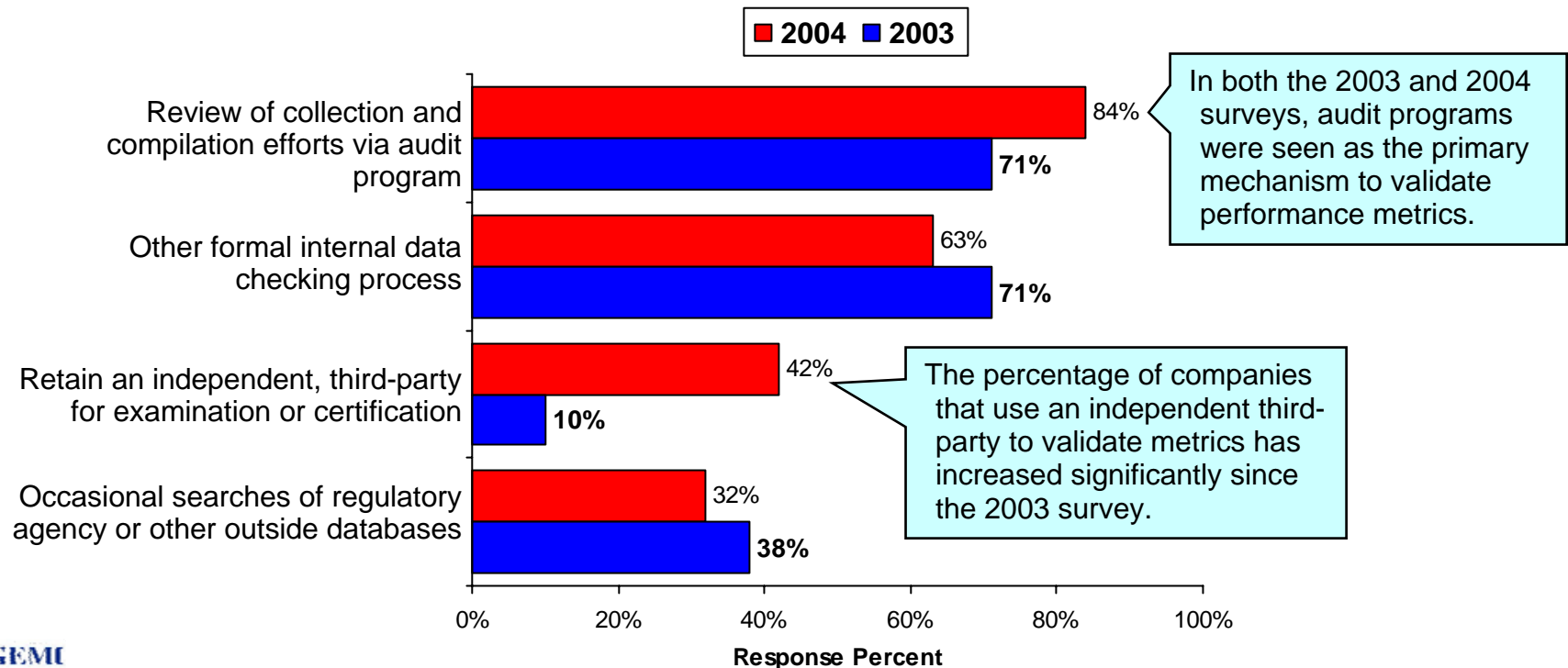
Most companies appear to have well established practices in place to implement new performance metrics.

**Q25. Which of the following are practices that you employ when implementing new performance metrics? (n=19)**

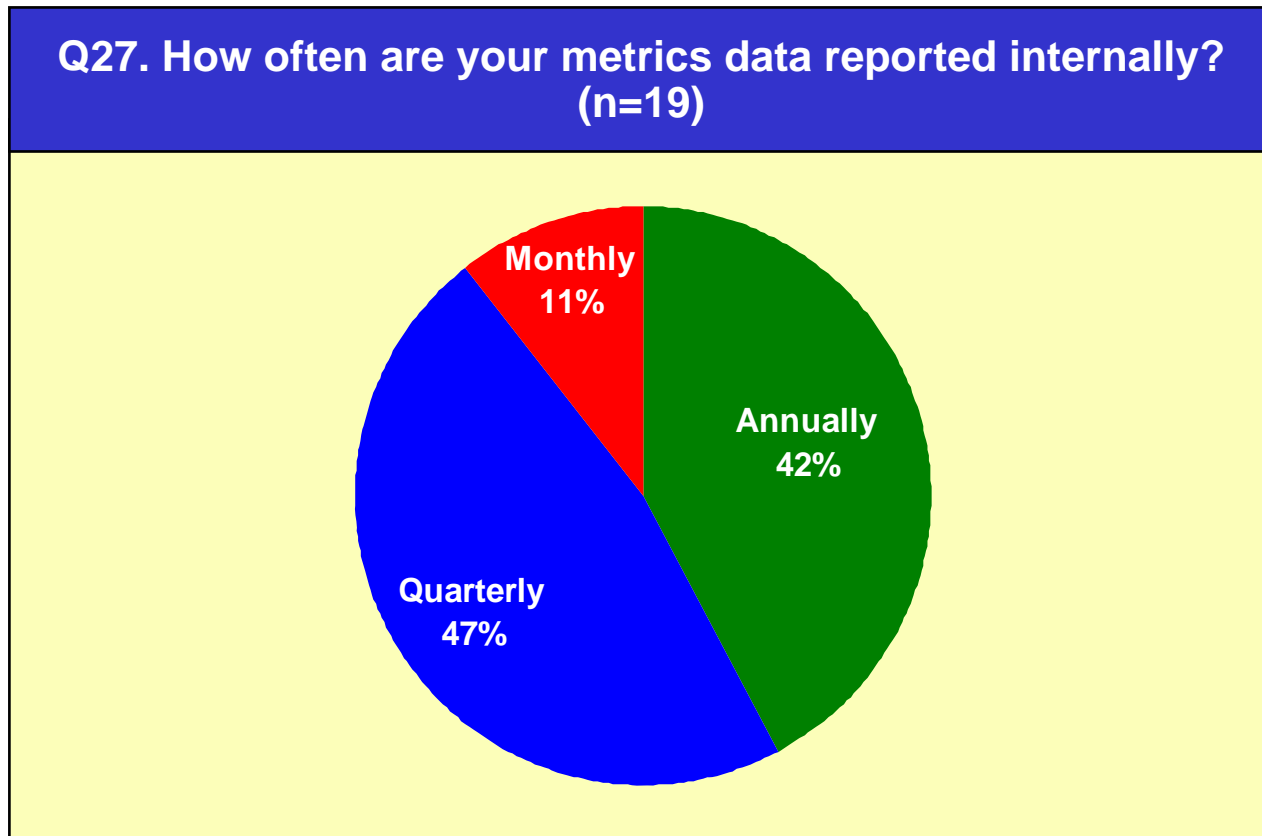


**Most companies have some type of internal quality assurance process in place to review performance data, but less than half seek external review.**

**Q26. What quality assurance/control practices do you employ to ensure the accuracy and reliability of collected and/or reported data? (n=19)**



**Half of respondents (50%) report metrics data quarterly.**



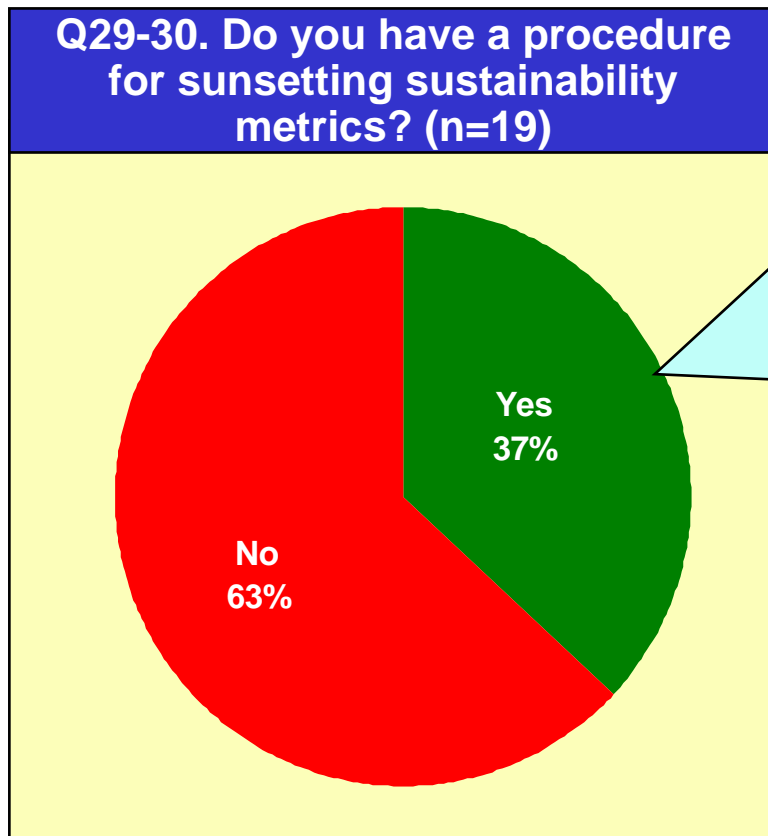
### Responses indicate that companies face some common barriers to change.

Q28. What is your greatest barrier to change in your metrics program implementation? (n=19)
<b>Identifying Meaningful Metrics</b>
<ul style="list-style-type: none"> <li>• Finding the proper balance between metrics necessary for public reporting and metrics needed to drive improvement</li> <li>• Sharing sensitive data externally and keeping the metrics to a few critical, meaningful measures</li> <li>• Not having defined social and economic metrics that are meaningful for the business</li> <li>• Developing meaningful metrics for "Social-Other" category.</li> <li>• Issue of materiality (must be relevant to business) and mid-level management buy-in</li> <li>• Agreement on the most important ones to track, record, and report</li> </ul>
<b>Moving to Leading Indicators</b>
<ul style="list-style-type: none"> <li>• Development of leading indicators and acceptance of sites/business units to providing information valuable to us a corporation, not necessarily all that helpful to individual unit level.</li> <li>• Moving beyond EHS metrics and moving more into leading indicators.</li> <li>• Find a right mix of leading and lagging indicators. Not adding extra burden on the operational facilities for metrics collection and reporting.</li> </ul>

## Responses indicate that companies face some common barriers to change. (Continued)

Q28. What is your greatest barrier to change in your metrics program implementation? (n=19)	
<b>Resources</b>	
•	Resource constraints
•	Data collection resources
•	Resources required to collect and track accurately
•	Getting commitments for resources to collect metrics
•	ROI. Having a comprehensive, close to real time, information system, which reports on everything and can be viewed anytime would require a large investment of money and people-time.
•	Turn over of people involved
<b>Reporting and data collection</b>	
•	Global databases, especially for social metrics
•	Integration of information systems
•	Consistency of reporting across global sites
•	Consistency in reporting

### Most companies (63%) do not have procedures in place for sunseting sustainability metrics.



- For those companies that do have sustainability metrics “sunseting” procedures in place, almost all use an annual review process:
- All indicators/ metrics are reviewed as a part of annual planning cycle. During planning cycle SD metrics are "pruned."
  - Sustainability metrics are reviewed annually by an EHS Management Systems team (for EHS metrics) and a sustainability team (for social/economic metrics).
  - Annual review of usefulness, accuracy, etc.
  - Annual review by the strategic planning staff supporting the metrics collection process.
  - It is a zero based budgeting approach. Each year all the metrics are reviewed.

## Q31. Additional comments (n=7)

- Commented on typical EHS metrics. With regards to sustainability, company has yet to formally adopt social or economic sustainability metrics. Other parts of the organization are collecting pieces of this information but it is not being shared under the broad concept of sustainability.
- In 2004 surveys were conducted on company scope of activities, SD reporting content and now we are surveying SD metrics and the SD Planner. Suggest we step back and take a look at all these surveys as a group to identify common threads, issues, etc.
- Questions difficult to answer given that company has few or no social and economic metrics universally collected across the company. More basic questions about what they are would have been helpful. We forced people to answer based on GRI and those may not be the metrics.
- This was a very confusing survey. Several questions had multiple answers--perhaps just not clear on what the objective was.
- Company has mainly traditional EH&S metrics, not sustainability metrics. We are moving towards a few more leading metrics. Although we have policies in social areas such as indigenous peoples and responsibility to our communities, we have no metrics in most of those areas.
- A little confusion. Are we speaking about internal or external metrics? I assumed both. Thus there are many "I don't know" answers, b/c we have data on many things that we do not report externally. Also, ranking the importance of metrics was a little fuzzy. A metric for GHG performance is very important to specific managers, but not necessarily important to all employees. Thus what should the ranking be for employees? Overall, the main purpose for these metrics is external reporting. The more important the external indicator, the more important that indicator is to the managers who are responsible for its performance - thus hard to rank in relative terms.
- Many of the questions in the survey were very subjective (e.g., the relative importance of factors and attributes) and, while they may very well reflect the values of the person being surveyed (usually the more enthusiastic managers) they may not actually be reflective of its senior managers opinions and results may be quite different if responded to by a more representative team of people committed to consensus. This was difficult to accomplish given the timing - which was not the surveyors fault. Also, some general questions, like the sunsetting one, was impossible to answer quickly for an organization like ours where metrics come from so many different functions - not all of which are captured in public or even common internal reports.

## Q32. Please offer suggestions on future GEMI benchmarking studies (n=5)

- Emerging issues management
- More detailed definitions of the terms sustainability & social metrics - other at the beginning or end would have been helpful
- This one seemed longer than normal. I know we will receive great results in return for our efforts though.
- Perhaps more detail: For instance, if you have a GHG target, is it absolute or intensity-based. More detail may lead to more actionable results: for instance, we will learn from this survey how often a company reviews their metrics, but we are likely not to know Who it is that is actually reviewing them. It would be hard to point to another company and explain they review SD metrics quarterly, but not know anything about the process: who is on the receiving end, etc. Obviously more detail would require more time, so perhaps doing the surveys on more focused areas: for instance, just one aspect of sustainability metrics.
- The questions on social, environmental, and economic metrics assume all within the category are treated equal. In reality, even within economic metrics, for example, individual differences in intent, reportability, linkage to compensation, etc are different and this nuance is not uncovered in this survey. There needs to be a convenient way for the inputer to print out the whole survey with company answers.

### **Based on the results of the survey, we have the following concluding observations:**

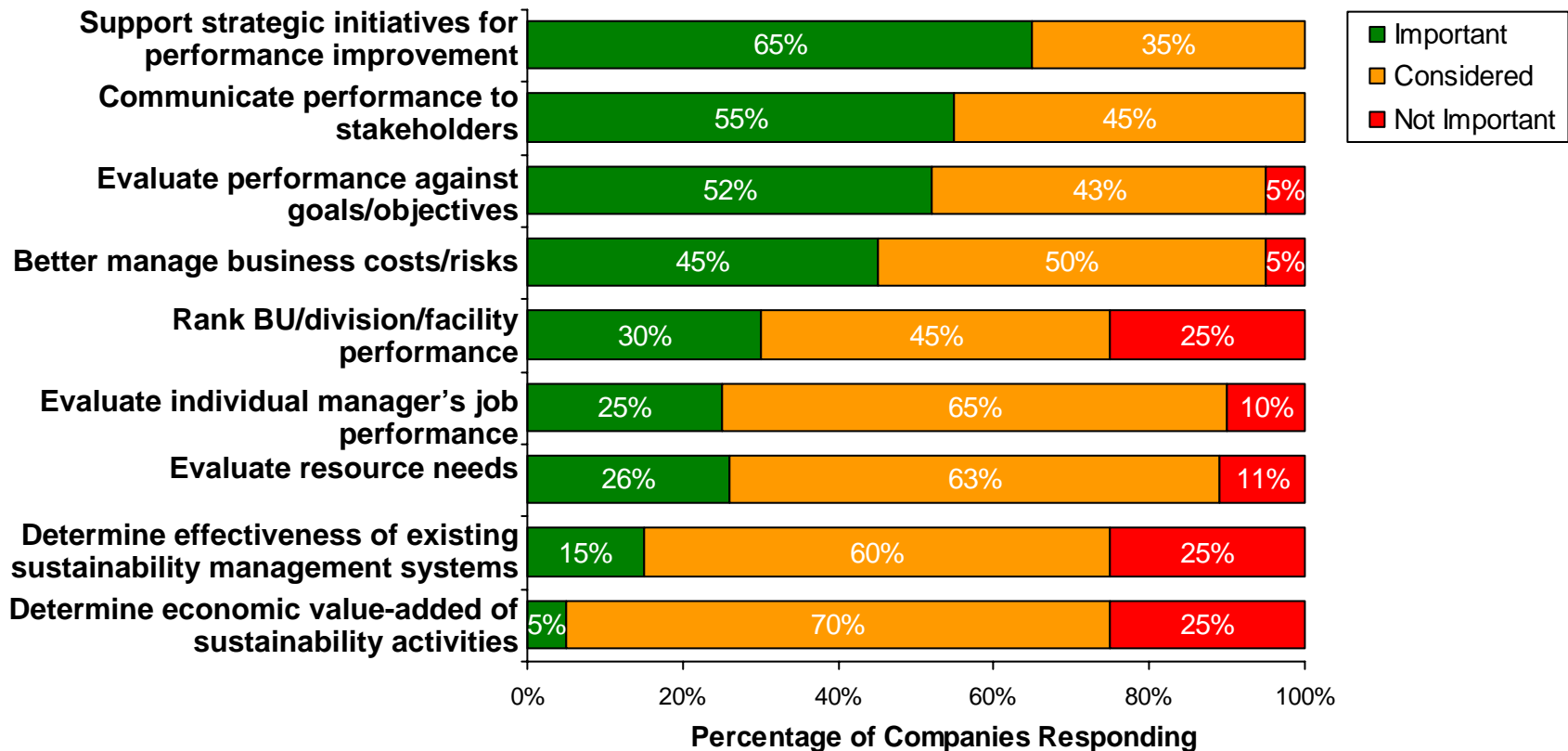
- The use of and processes for social metrics are not as well developed as for economic or environmental metrics.
- The most commonly used GRI metrics are those that a company likely already had in place or where the data are easy to collect.
- Some of the least used GRI social metrics are those that focus on activities in the developing world (e.g., human rights, indigenous rights, forced and compulsory labor).
- There is no consensus on which leading metrics companies use.
- Companies have well developed practices in place to implement new performance metrics.
- Some companies appear to struggle with identifying meaningful metrics (particularly in the social area) and with allocating sufficient resources to collect data.



# Appendix A

## Questions 6-8

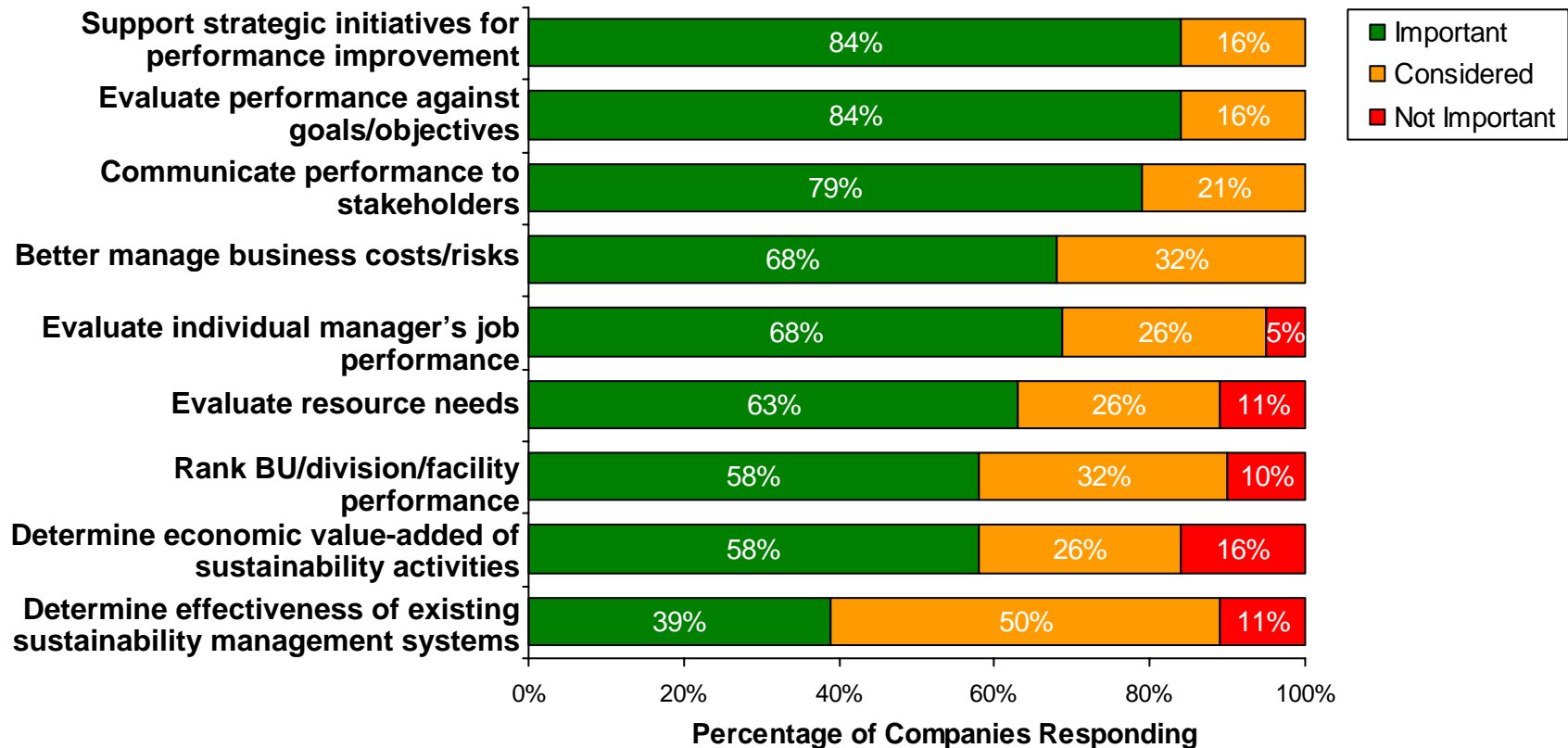
**Q6. For your company's social metrics, how important are each of the following purposes? (n=21)**



# Appendix A

## Questions 6-8

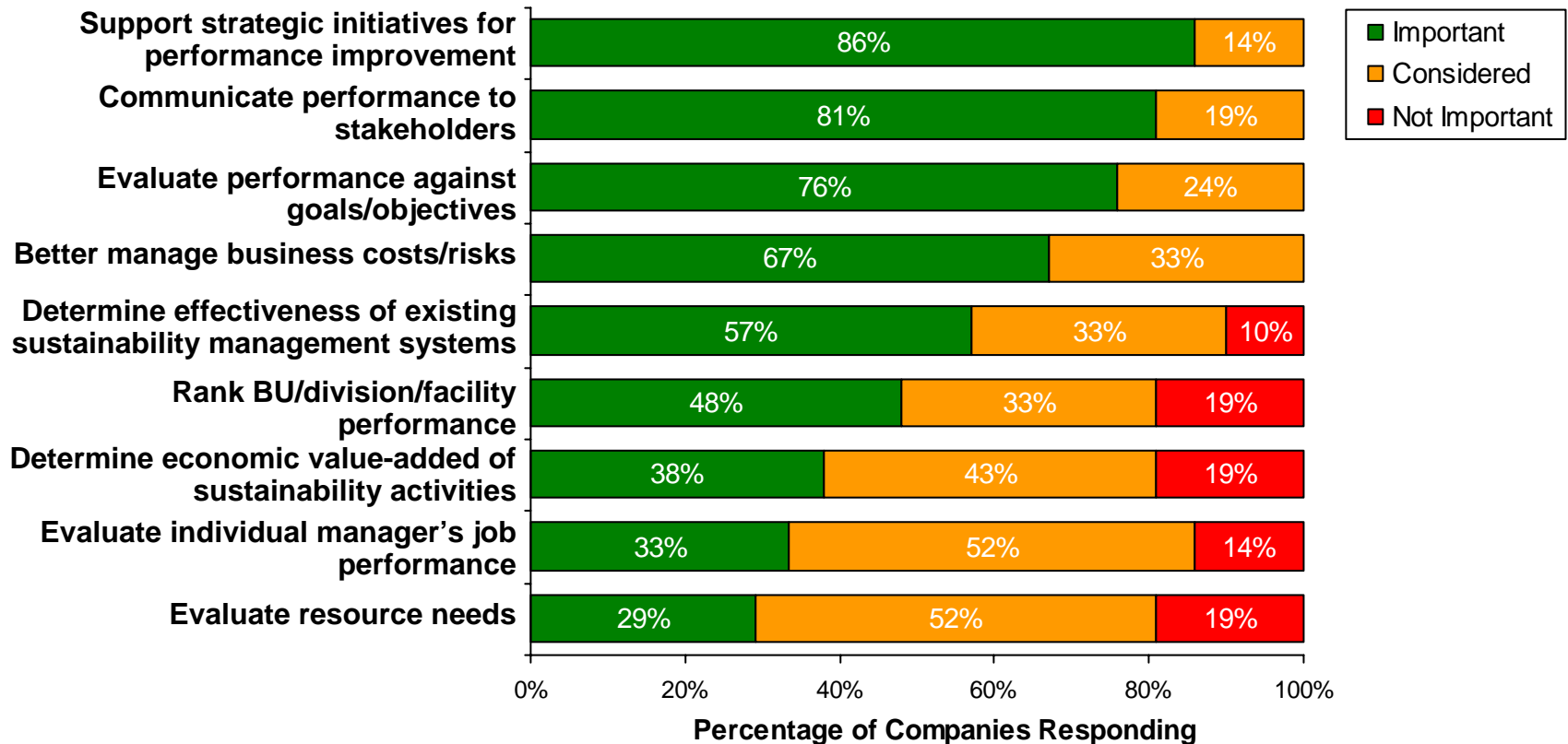
**Q7. For your company's economic metrics, how important are each of the following purposes? (n=19)**



# Appendix A

## Questions 6-8

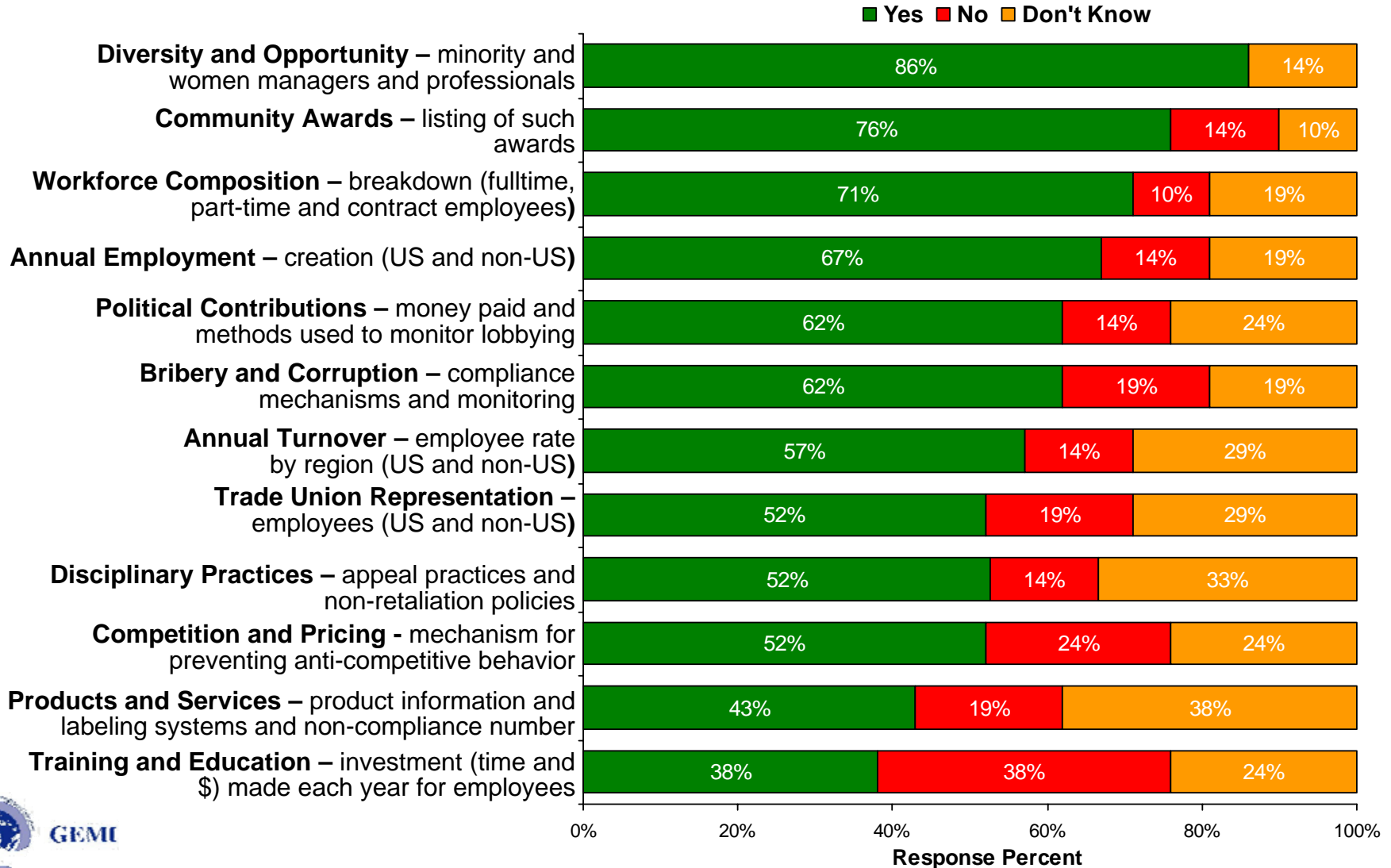
**Q8. For your company's environmental metrics, how important are each of the following purposes? (n=21)**



# Appendix B

## Question 16

**Q16. Does your company collect metrics for any of the following categories, which are derived from the Global Reporting Initiative (GRI) list of social indicators? (n=21)**



# Appendix B

## Question 16

**Q16. Does your company collect metrics for any of the following categories, which are derived from the Global Reporting Initiative (GRI) list of social indicators? (n=21)**

