

GEMI Benchmarking Survey

Sustainable Development Practices

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Survey Overview

This survey addresses the sustainable development practices in place at GEMI companies.

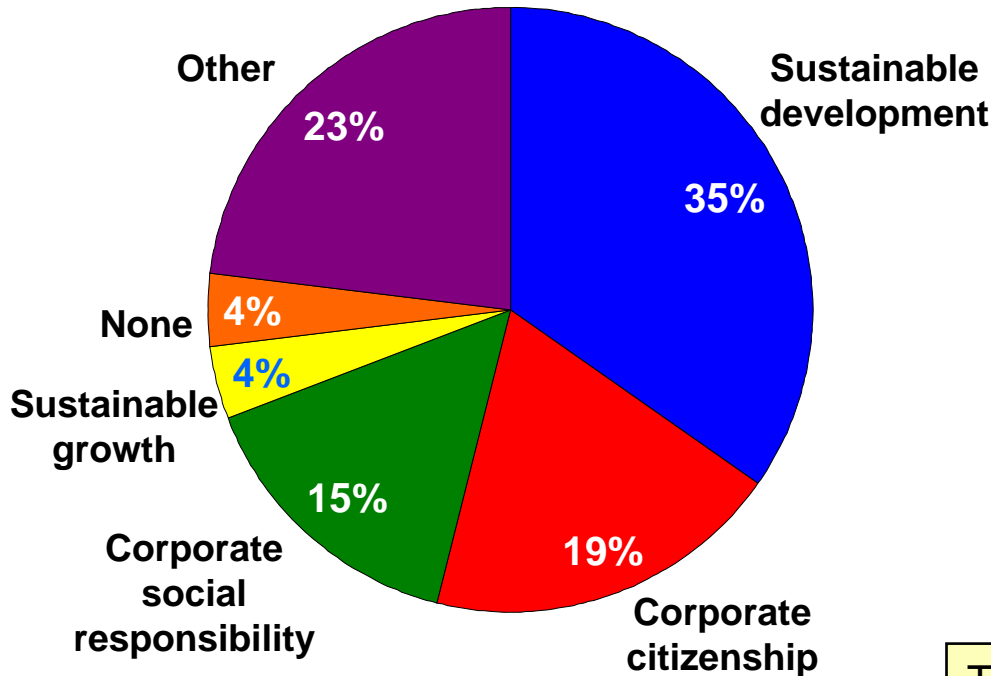
- Survey response rate was approximately 72%
- 28 companies responded to the survey
 - Not all companies completed all questions
- Broad industry coverage
- Thank you to all participants!

Results

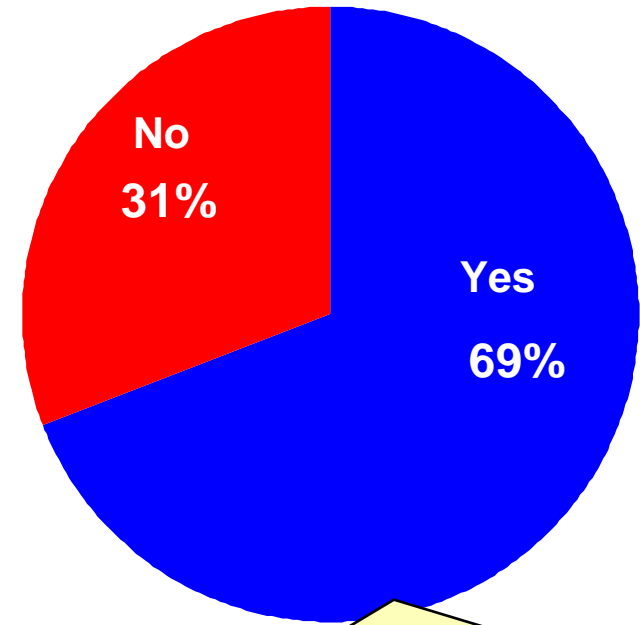
Definition

Although the terminology varies, most companies have formal definitions or guiding principles for SD.

What term does your company use for SD? (n=26)



Does your company have a formal definition/principles for SD? (n=26)



This percentage is up from a 1999 GEMI survey, in which only 20% of companies had a formal definition of SD.

***See Appendix A for responses giving specific definitions and descriptions*



Results

Communication

All of the companies with formal definitions/principles of SD make this information public.

In what manner has the definition/principles been made public?	Response percent
Presentations/published materials	100%
Publication of policy, values, or principles	94%
Web site	89%
Part of public report	89%
Management speeches	78%
Stakeholder discussions	67%
Other	11%

All of the companies include their definition or principles of SD in presentations and published materials.

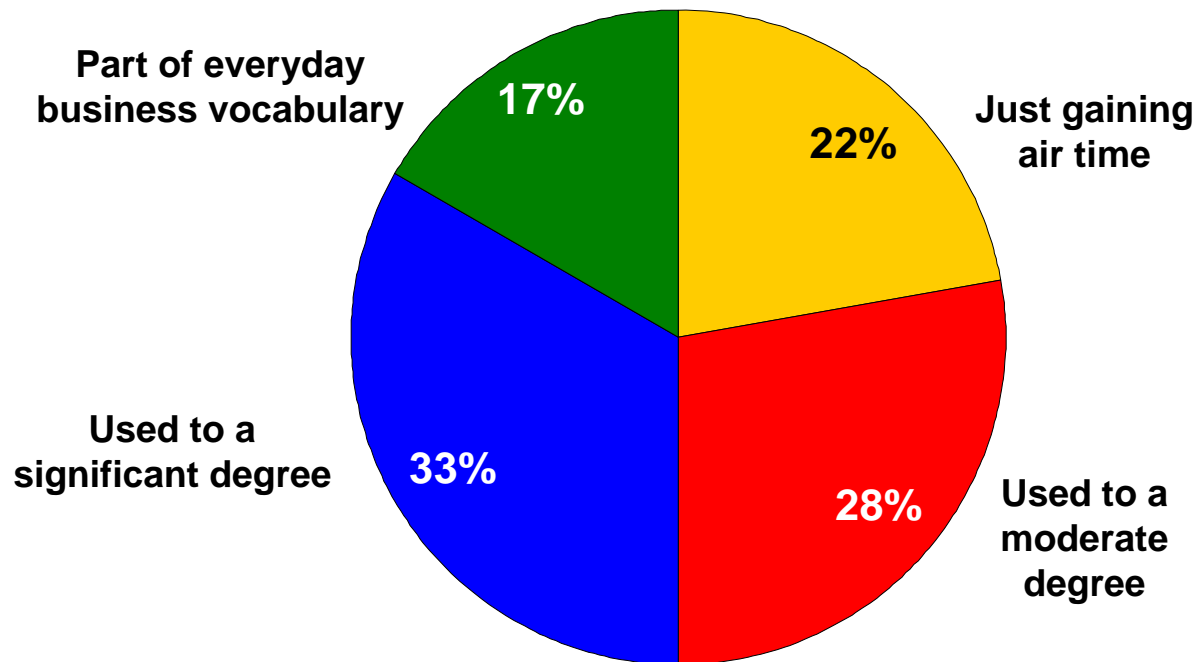
Other includes: published in Sustainability Report and included in business brochures.

Results

Communication

In all companies, the definition of SD is used to some extent at the business level. In over 60%, it is used to a significant or moderate degree.

To what extent is the definition of SD used at the business level? (n=18)

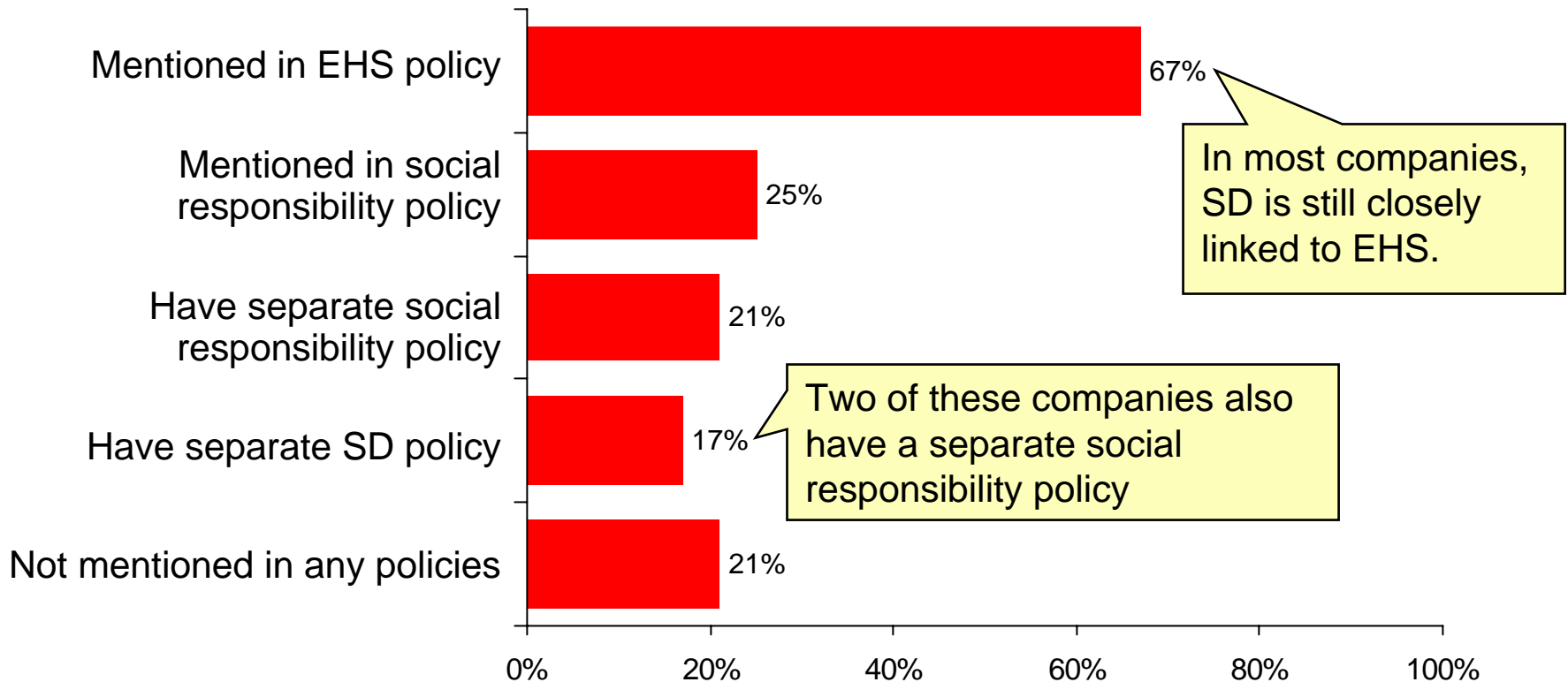


Results

Communication

Only four companies (17%) have a separate SD policy.

Indicate how your company's policies cover SD (n=24)

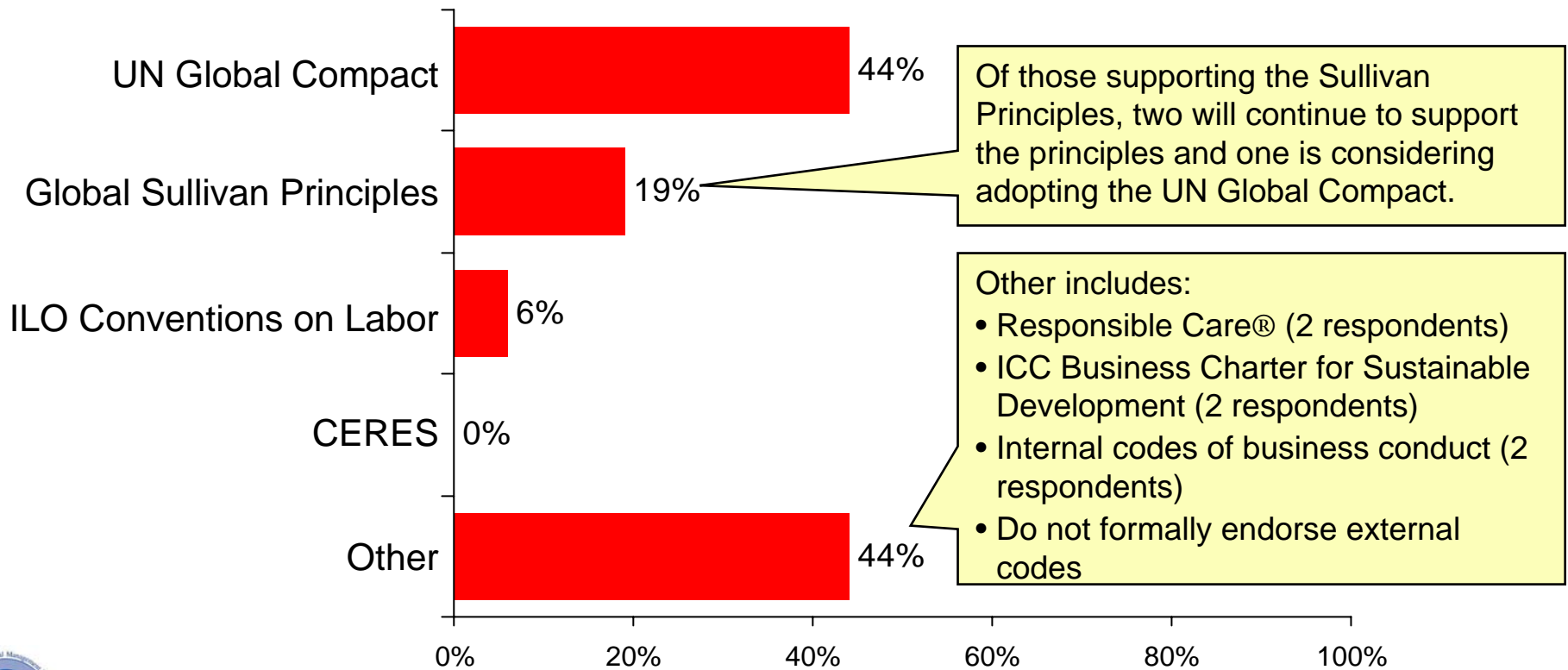


Results

External Codes

The UN Global Compact is the most commonly endorsed code of conduct.

Indicate the external principles/codes that your company has endorsed/adopted (n=16)

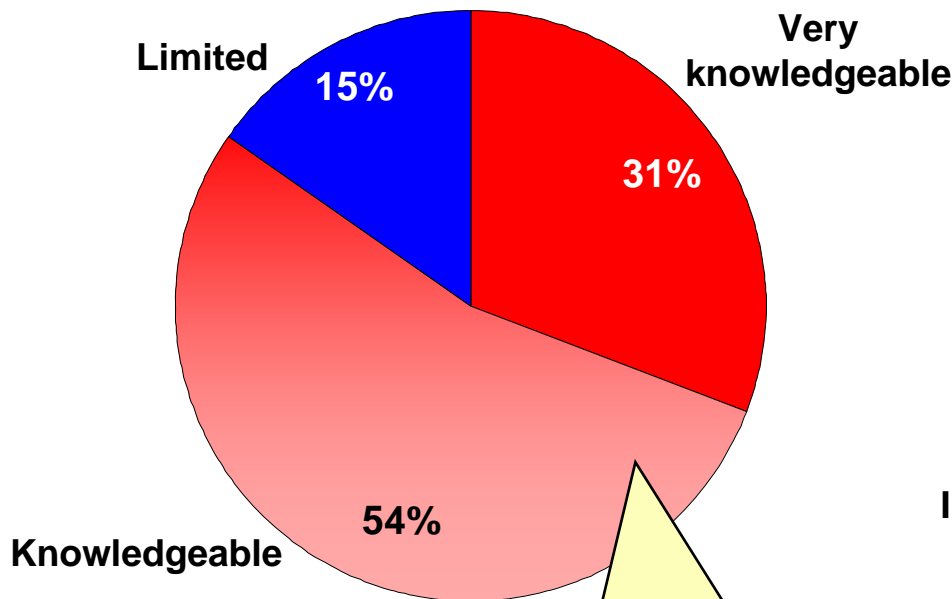


Results

Awareness/Commitment

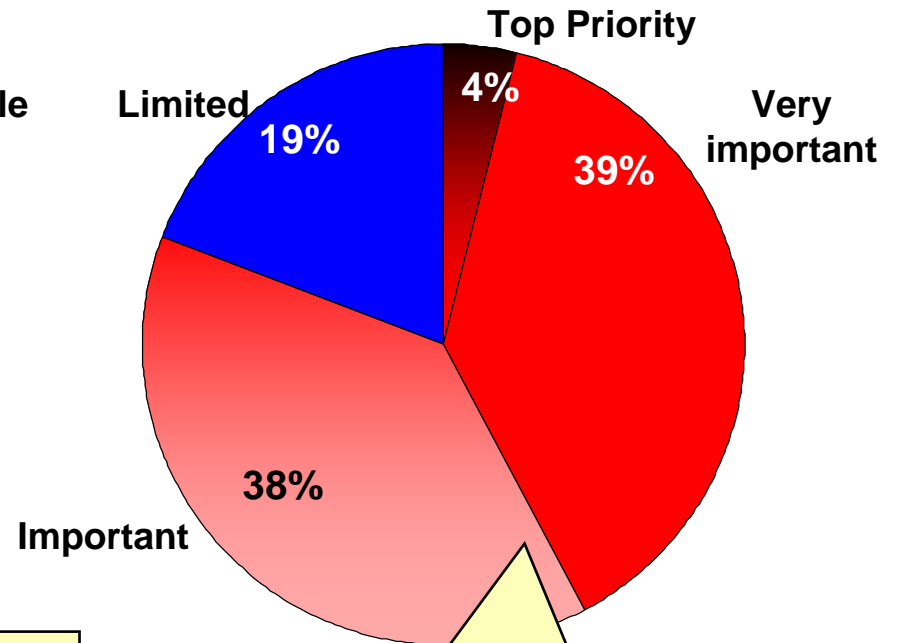
In most companies, top management is considered knowledgeable about, and committed to, SD issues.

Rate top management awareness of SD issues (n=24)



85% of respondents think top management is aware of SD issues

Rate top management commitment to SD (n=26)

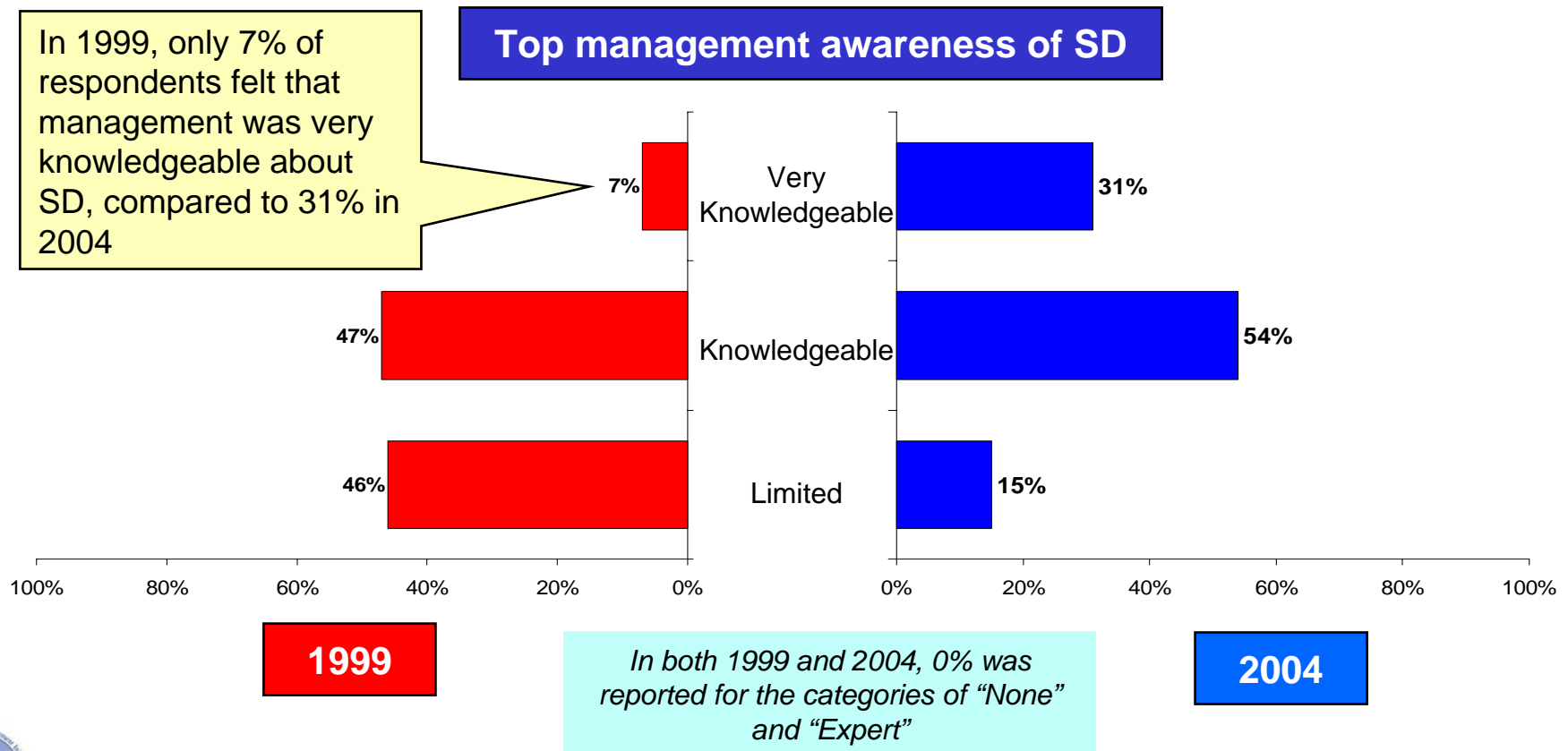


81% of respondents think top management is committed to SD

Results

Awareness/Commitment

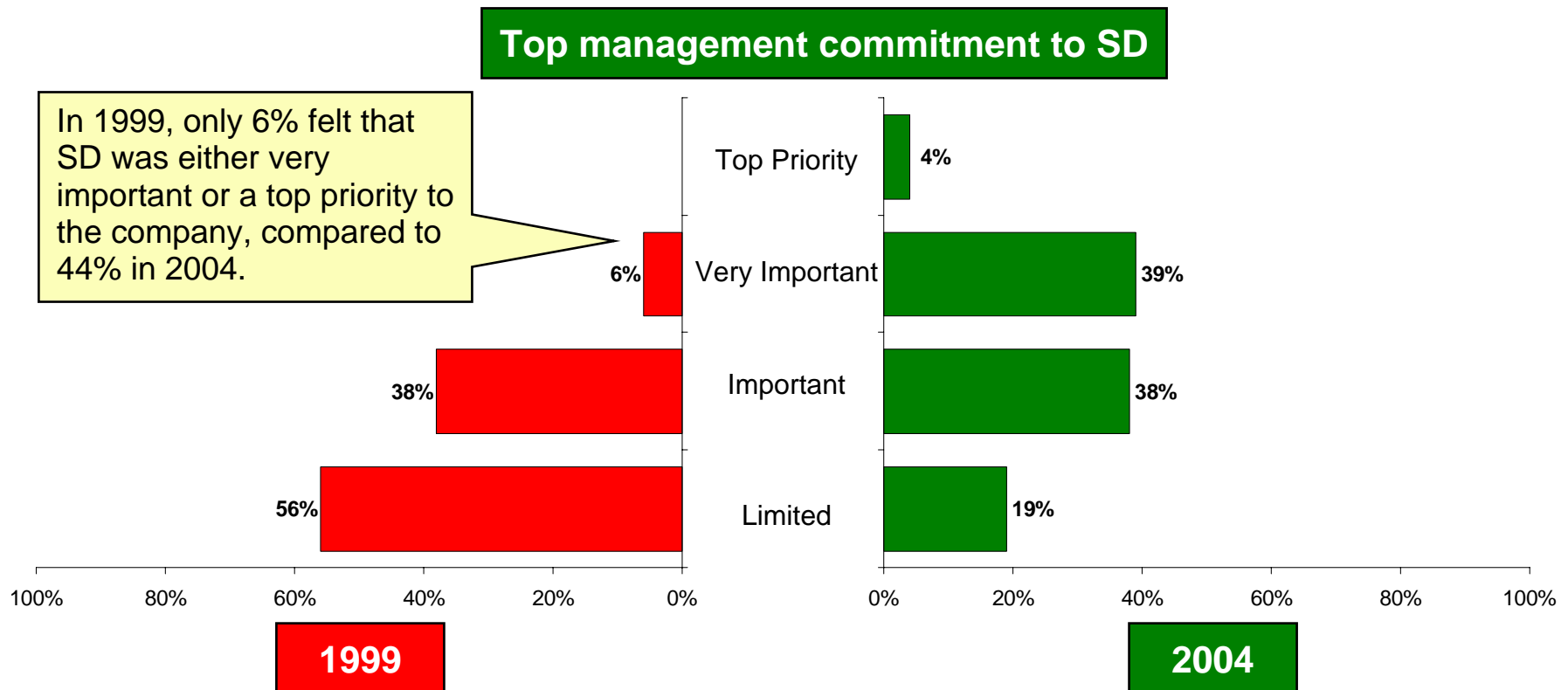
When compared to the results of a 1999 GEMI survey, there is a significant increase in top management awareness of SD.



Results

Awareness/Commitment

When compared to the results of a 1999 GEMI survey, there is a significant increase in top management commitment to SD.



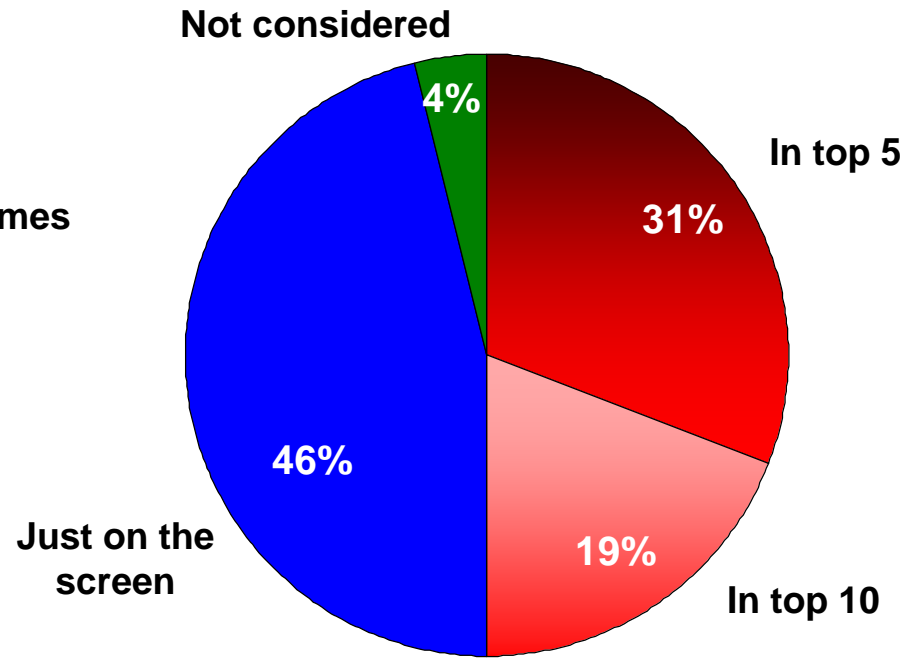
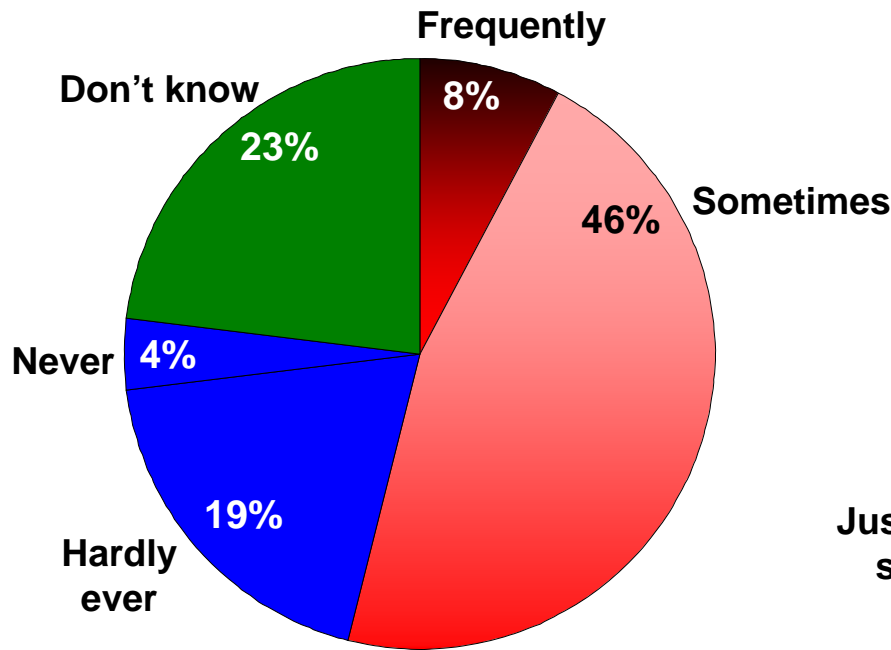
Results

Awareness/Commitment

In 54% of companies, SD is discussed at the Board level. In half of the companies, SD is a top issue.

How often is SD discussed at the Board of Directors level? (n=26)

Where does SD fall on your company's "radar screen" of issues (n=26)



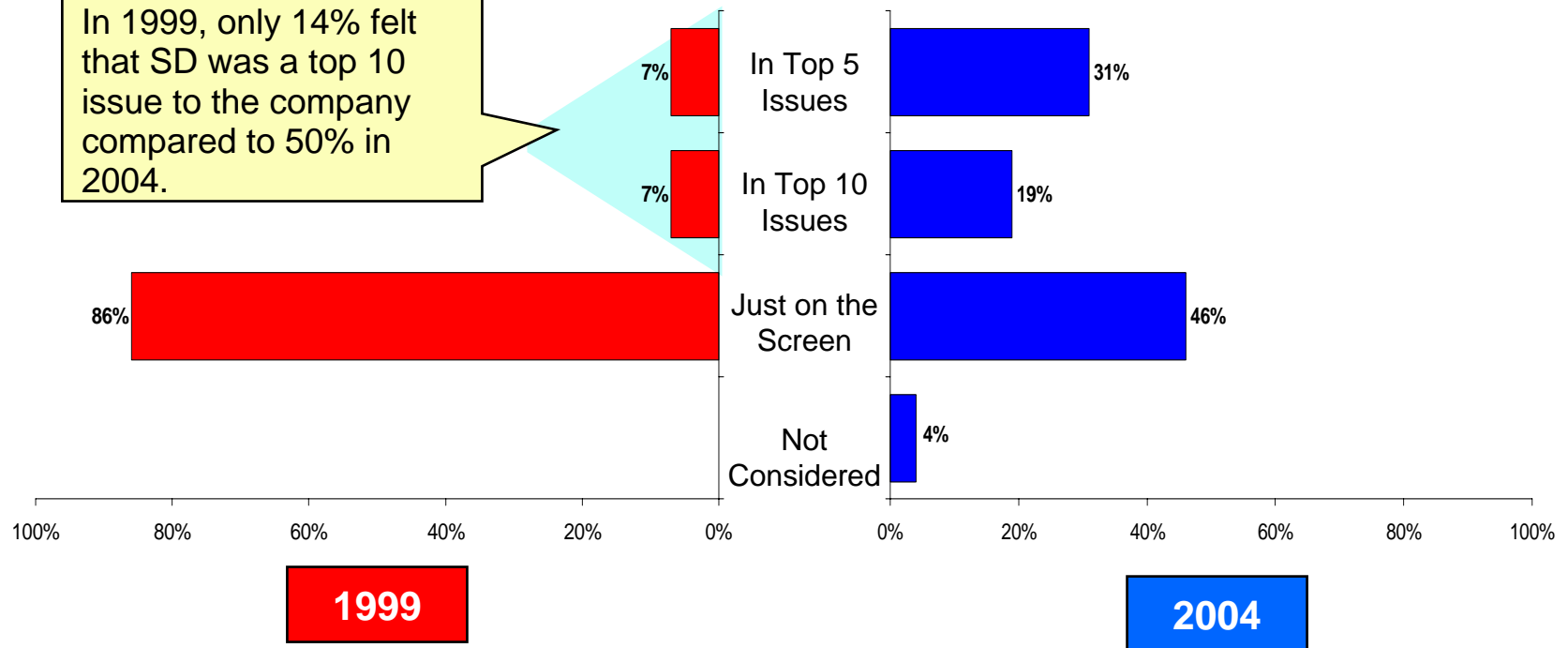
Results

Awareness/Commitment

When compared to 1999 survey results, more companies now consider SD a top issue.

Where does SD fall on your company's "radar screen" of issues

In 1999, only 14% felt that SD was a top 10 issue to the company compared to 50% in 2004.

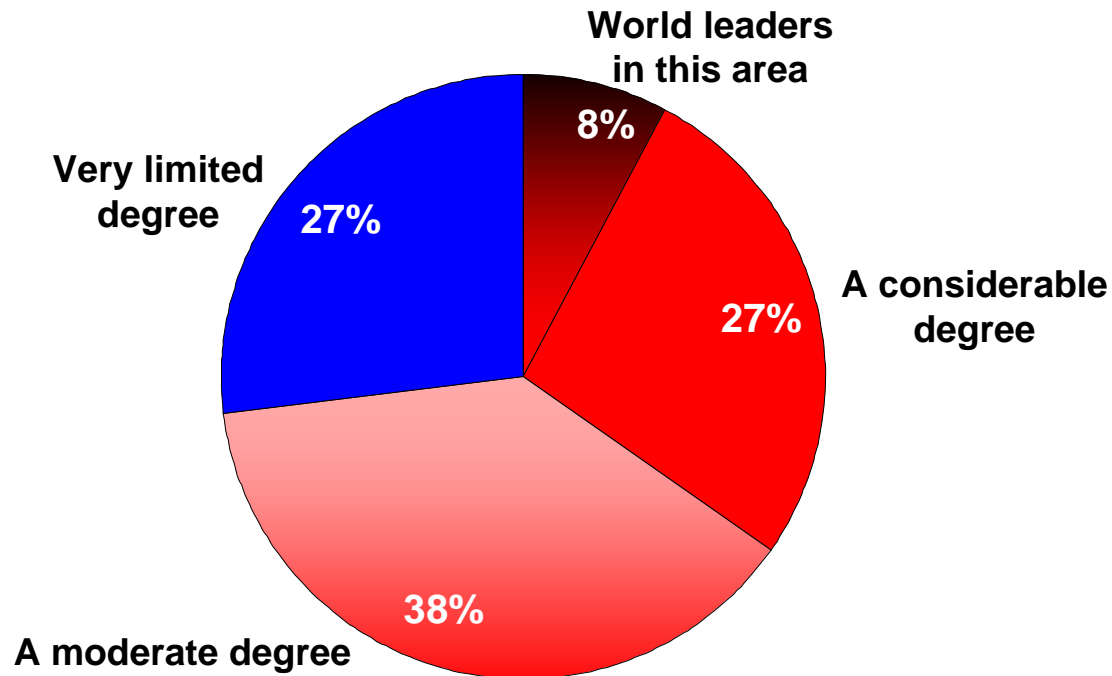


Results

Integration into Business Activities

A significant fraction (73%) of respondents think that SD has been integrated into everyday business activities – at least to a moderate degree.

To what extent has SD been integrated into the company's business activities? (n=26)



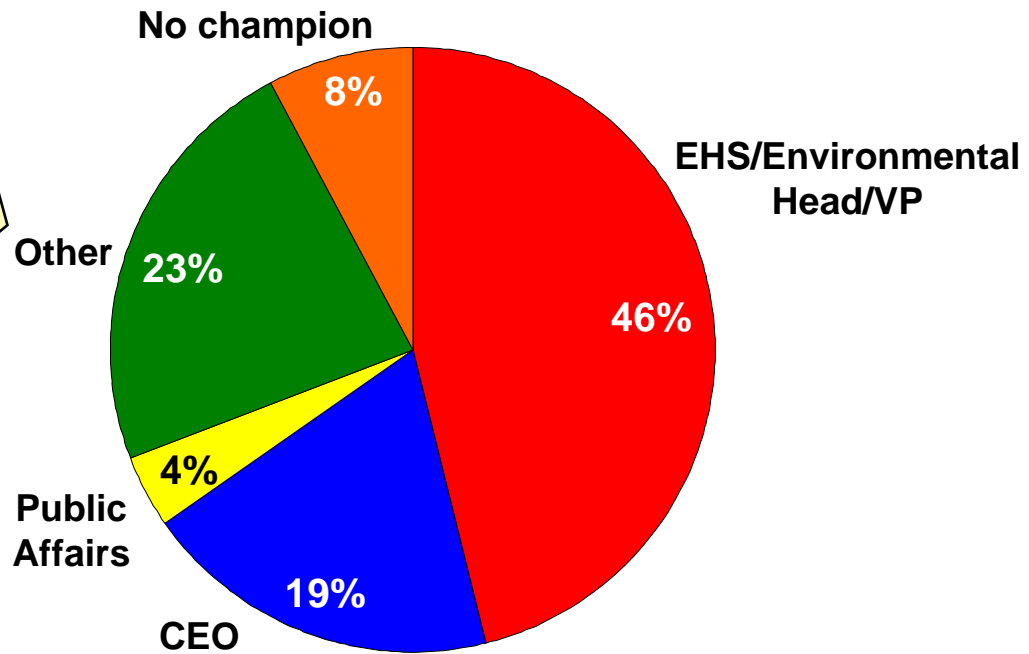
Results

Organizational arrangements

However, in almost half of the companies, the major champion of SD resides in the EHS function -- not in the business.

Who is the major champion of SD in your company? (n=26)

- Other includes:
- Senior management multidisciplinary team
 - Sr.VP and General Counsel
 - Corporate officers
 - Shared between EHS and Corporate Affairs
 - Shared between EHS and Public Affairs
 - Director of Sustainability



This is a shift from 1999, when 92% of companies reported that the major champion was in EHS.

Results

Organizational arrangements

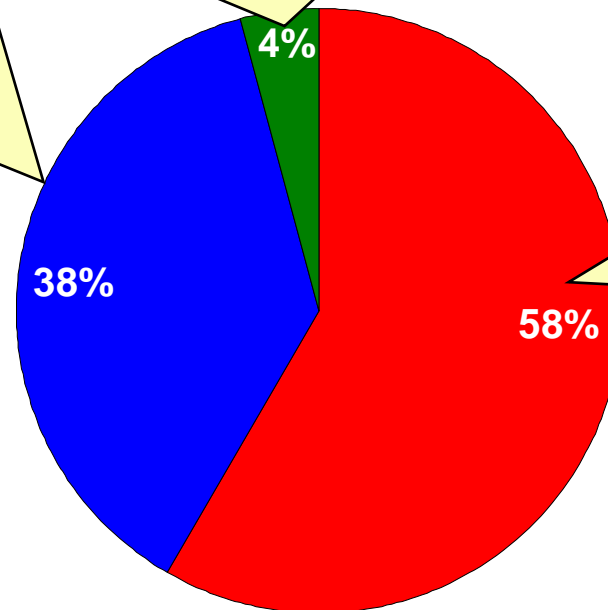
In a majority of the companies, SD is not formally managed by a specific part of the organization.

Which of the following organizational arrangements does your company have in place? (n=24)

38% of companies (9/24) indicated that there is an individual(s) and/or a department(s) with responsibility for SD:

- Six companies have a single individual is the focal point of environmental, social and economic issues
- Six companies have one of more individuals have “SD” (or equivalent) in their job title(s)
- Four companies have a department has “SD” (or equivalent) in its name

4% (1/24) indicate that there is no attempt to orchestrate/recognize SD efforts

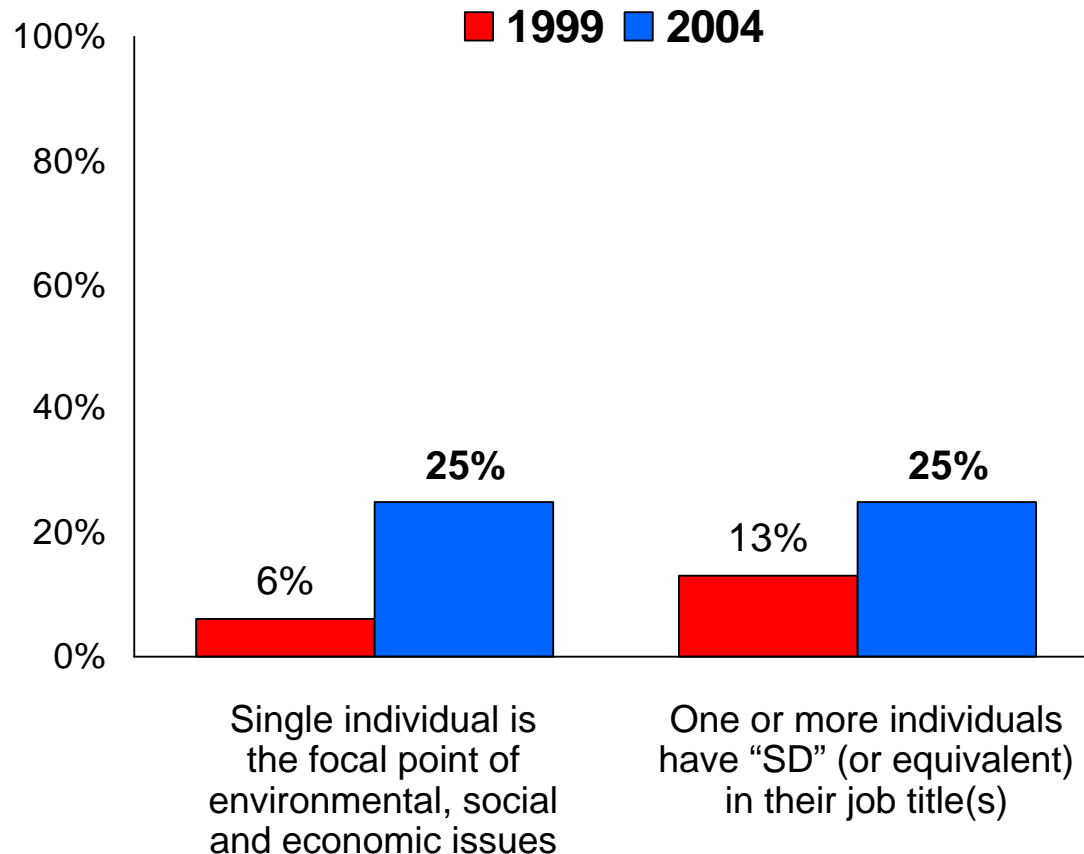


14/24 the companies (58%) indicated that SD is not formally managed and that SD efforts are framed by guiding principles/values

Results

Organizational arrangements

There is only a slight difference in how responsibility for SD is assigned when 1999 survey results are compared to 2004.



Results

Organizational arrangements

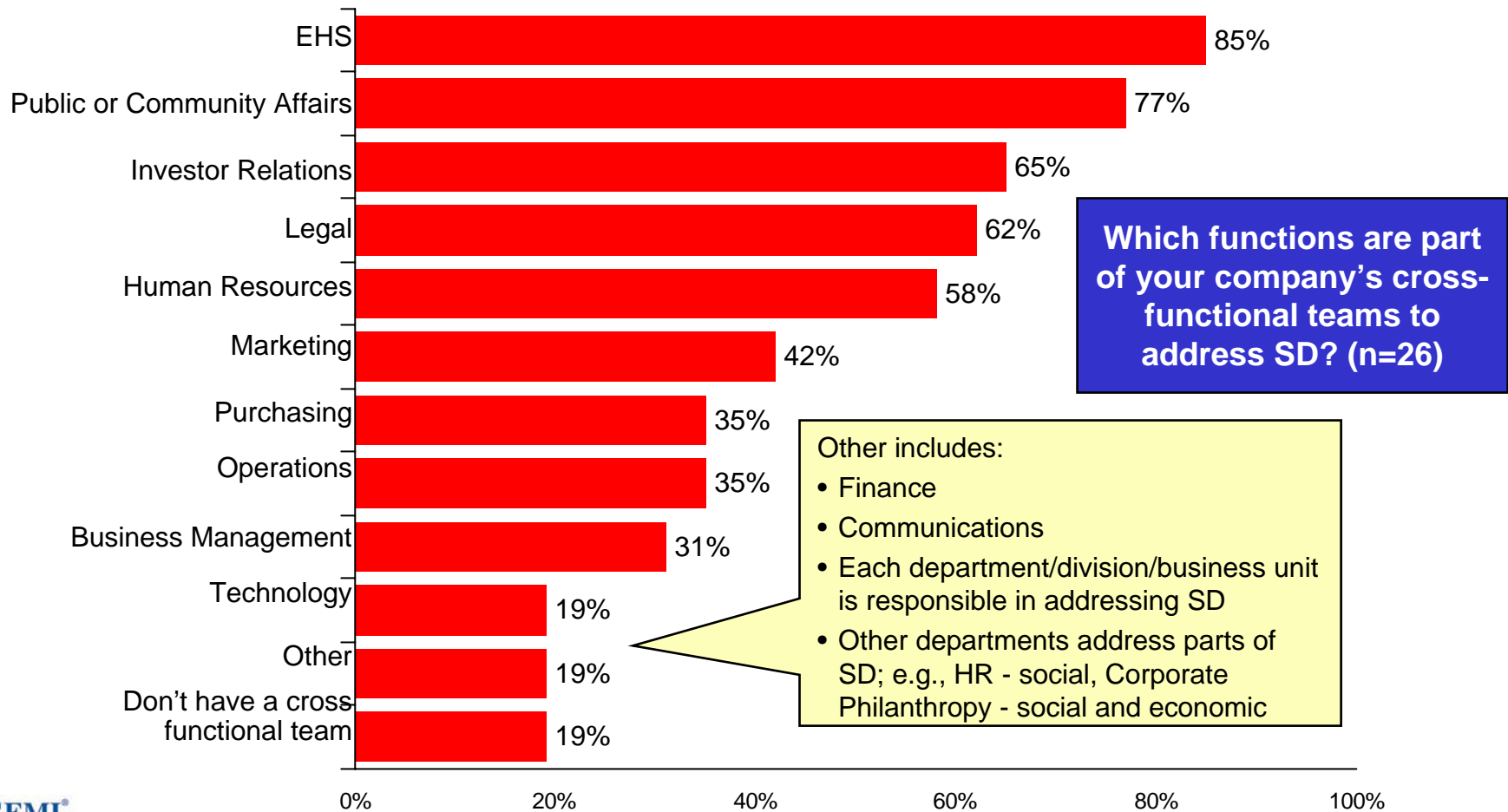
Formal organizational arrangements include:

Single individual is the focal point of environmental, social and economic issues	One of more individuals have “SD” (or equivalent) in their job title(s)	A department has “SD” (or equivalent) in its name
Head, Corporate Citizenship	Manager, Environmental Policy and Corporate Citizenship	Corporate Citizenship; Legal and General Affairs
Corp Responsibility Manager; reports to Dir. of Public Affairs	Head, International Coordination	SD Group reporting to Director EHS
VP Communications, Public Affairs & Admin Services	Environmental Initiatives & Sustainability Manager	Environmental Strategies and Sustainability
Senior VP Corporate Affairs and Citizenship	SD Manager and SD Program Managers	VP Corporate Affairs
Senior Director Corporate Citizenship	Sustainable Director	
Director of Sustainability	Director, Environmental Strategies and Sustainability	
Director, Sustainable Development	External Relations	
	Director, Sustainable Development	
	Sr. VPs in HR, Investor Relations, EHS, Finance	

Results

Organizational arrangements

Eighty one percent (81%) of respondents have cross-functional teams in place to address SD.

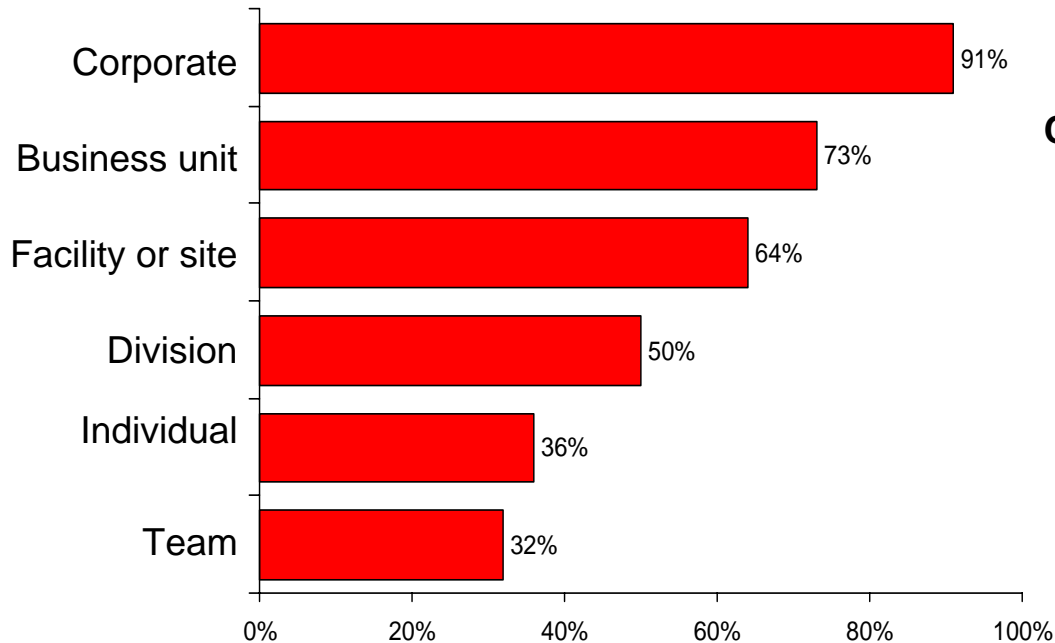


Results

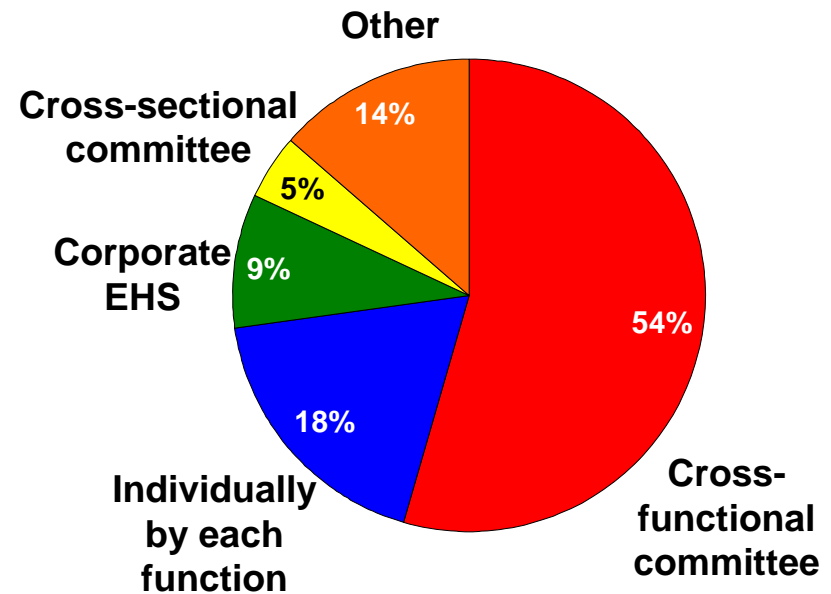
Goals/Measurement

Overall, the SD goals are integrated throughout the organization – SD goals typically exist at most levels of the company and are set by teams / committees.

Where do SD goals exist in your company? (n=22)



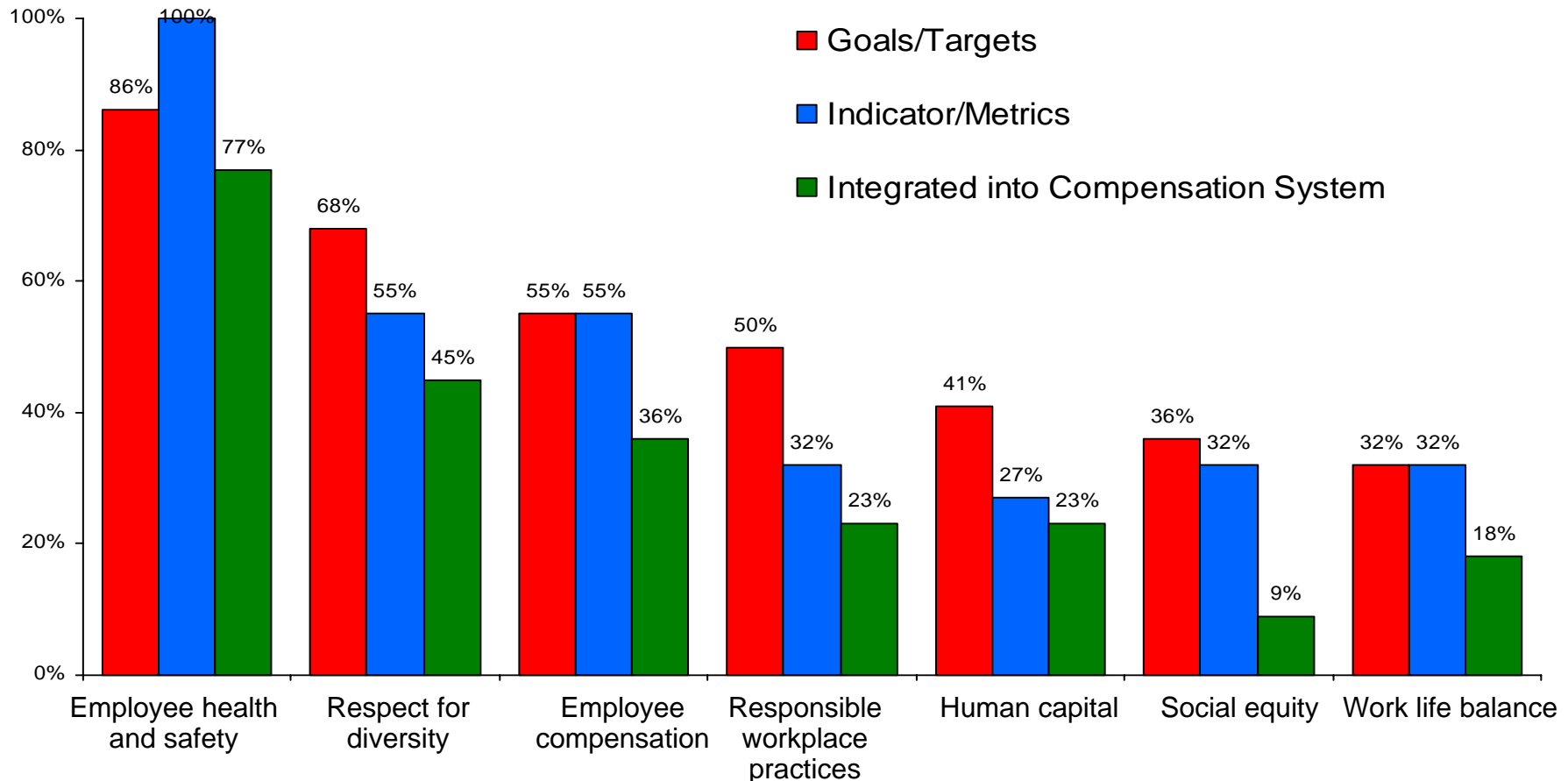
What process is used to develop company-wide SD goals? (n=22)



Results

Goals/Measurement

The most frequently used measurement of social performance is employee health and safety.

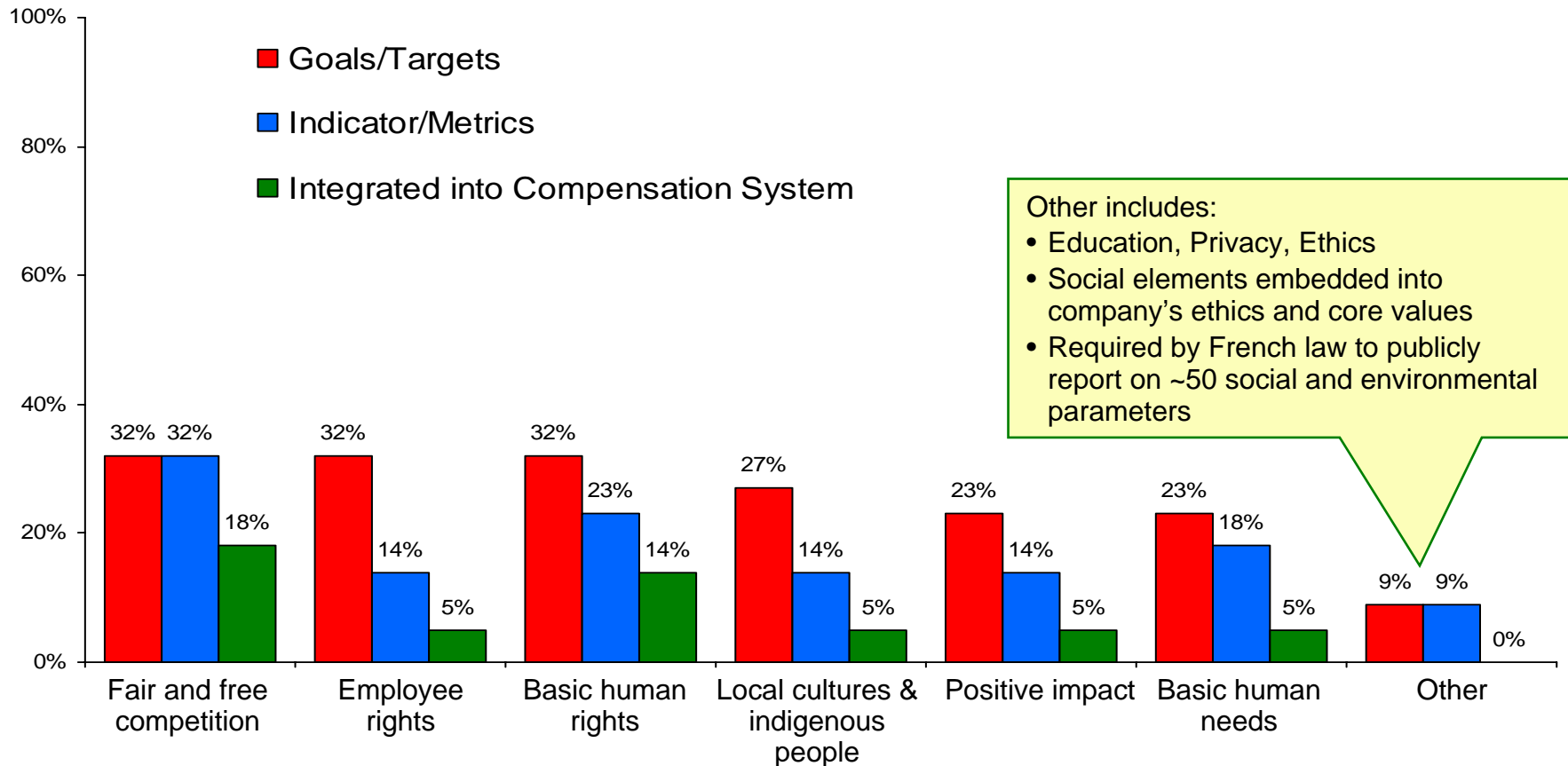


n=22

Results

Goals/M Measurement

Less common measurement/indicators of social performance.

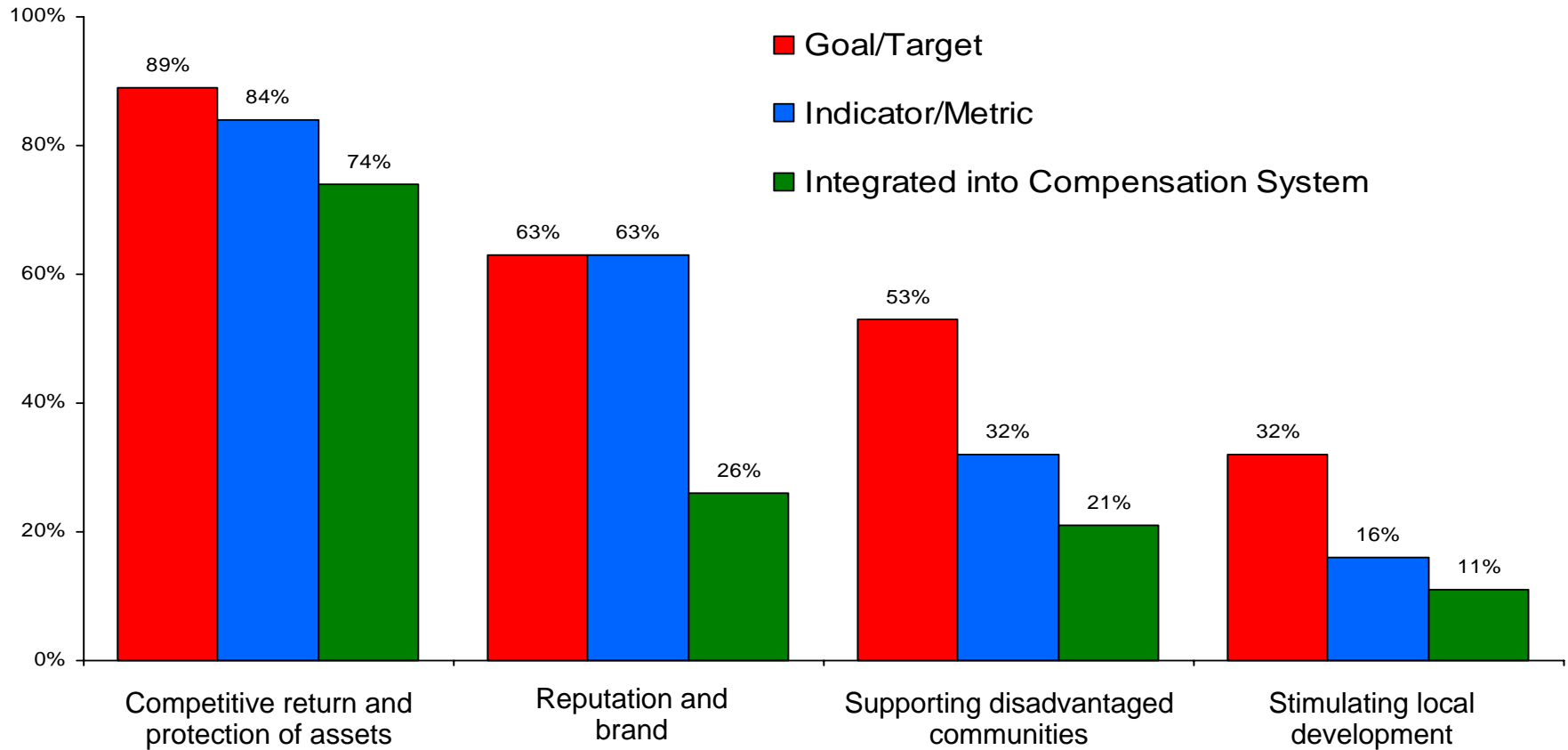


n=22

Results

Goals/M Measurement

The most frequently used measurement of economic performance is competitive return and protection of assets.

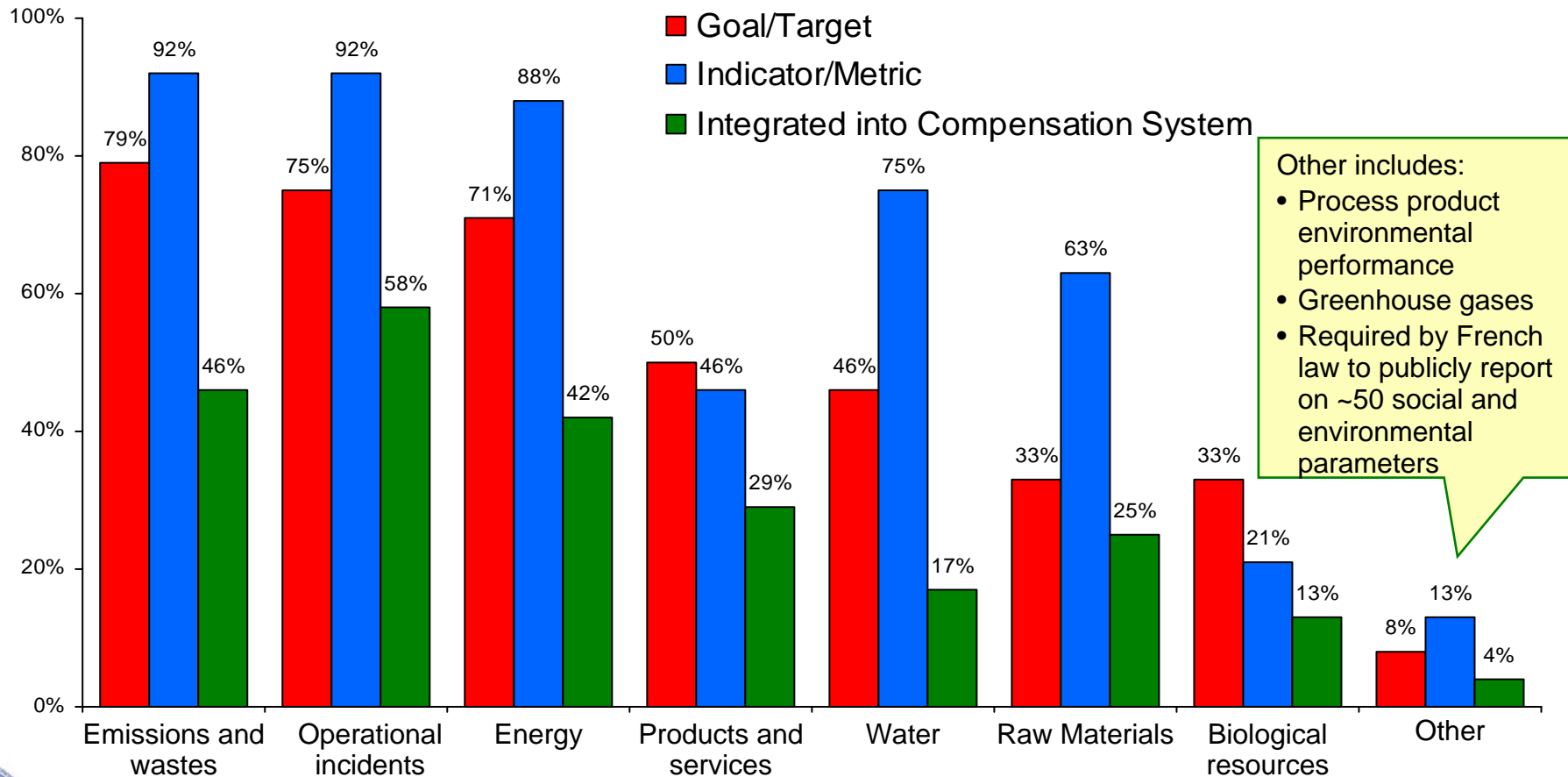


n=19

Results

Goals/Measurement

The most frequently used measurements of environmental performance include emissions/wastes, operational incidents and energy.



n=24

Results

Goals/Measurement

Examples of key SD goals include the following:

Social	Economic	Environmental
Diversity internally and with suppliers	Increase growth and improve profitability	Reduce environmental footprint; Impact reduction
Work/life balance, targeted philanthropy	Return on equity/revenue; ROI, profit	Reductions in air emissions, waste and energy
Expand diversity programs	Deriving value from recycling	Water and human health
Attract and retaining a diverse and talented work force	Market development in Asia in emerging economic classes	Engage sites worldwide to identify opportunities to reduce energy and water usage
Support continuous learning and knowledge sharing	Profitability, philanthropy	Energy conservation; GHG reductions
Access to medicines; patient access and HIV/AIDS	Global sourcing effectiveness	Natural resource conservation
Work on access to health in developed and developing world	Using the Web for greater company and customer savings and benefits	Use life cycle management to continuously improve the EHS impacts of products/processes
Employee health and safety, product stewardship	Environmentally preferable products/services	Expand product stewardship
Issue a social responsibility report	Develop financial metric for sustainable development	Product design for the environment
Improve global data collection and reporting on social parameters	Better understand how to express contribution to economic development	Continuous improvement in EHS performance

Results

Goals/Measurement

Only two companies reported having “integrated” sustainable development goals.

Describe what integrated sustainable development means to your company

Performance management practices are founded on the belief that we can motivate individual accountability and support a culture of continuous improvement by tying performance to direct, meaningful outcomes. Continuous improvement of every employee's knowledge, skills and capabilities will lead to successful businesses. We have identified six leadership attributes that focus on developing overall leadership competency. All employees must chart the course, raise the bar, energize others, resourcefully innovate, live company values and deliver results. Demonstration of these attributes is assessed through the Employee Contribution and Development Process.

Integrating dimensions of social, environmental and economic elements into mainstream business processes

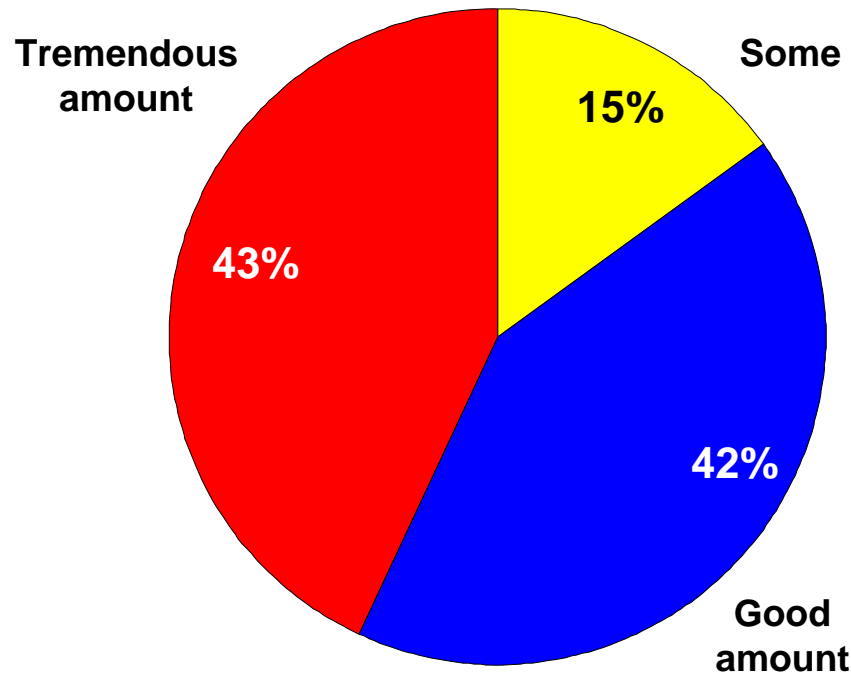
*Note: A third company that did not report having integrated SD goals/measures described integrated SD as “following our core values.”

Results

Business Value

All respondents thought that an SD-based strategy would create value for the company.

How much value would an SD-based strategy create? (n=26)

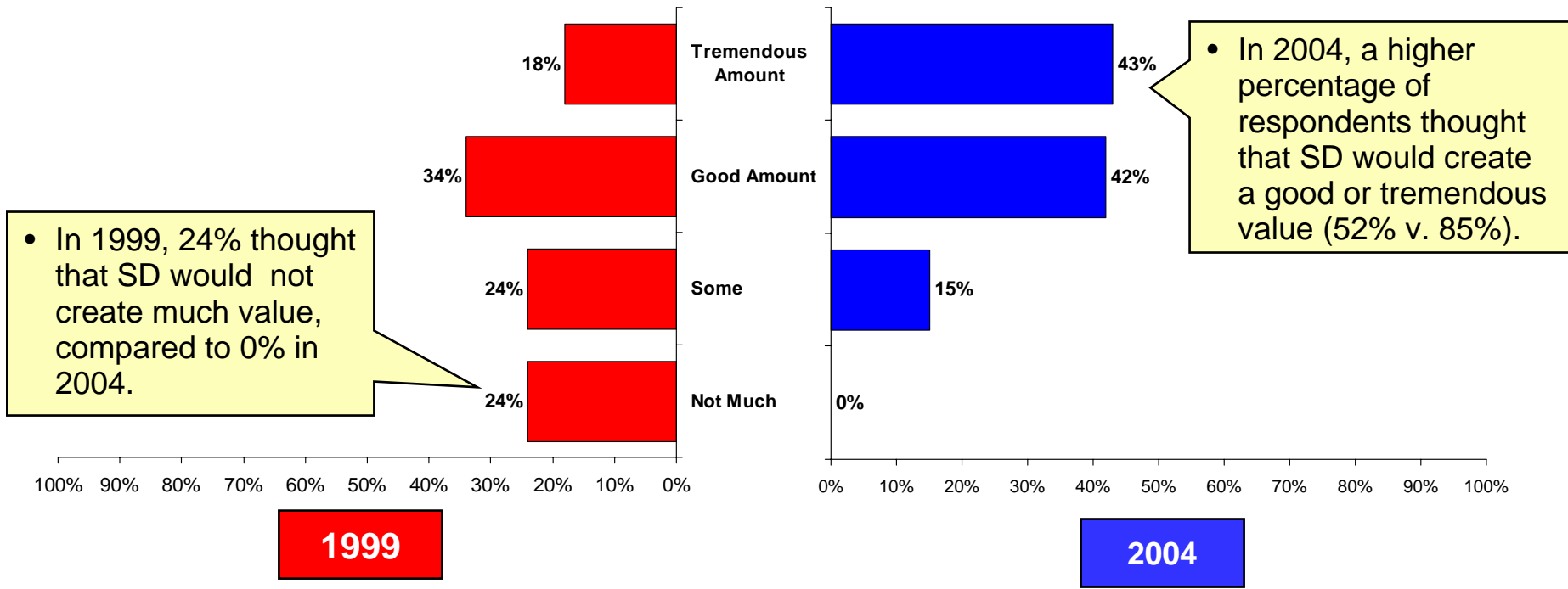


Results

Business Value

This favorably compares to 1999 when 24% of those surveyed thought it wouldn't create much value.

How much value would an SD-based strategy create?

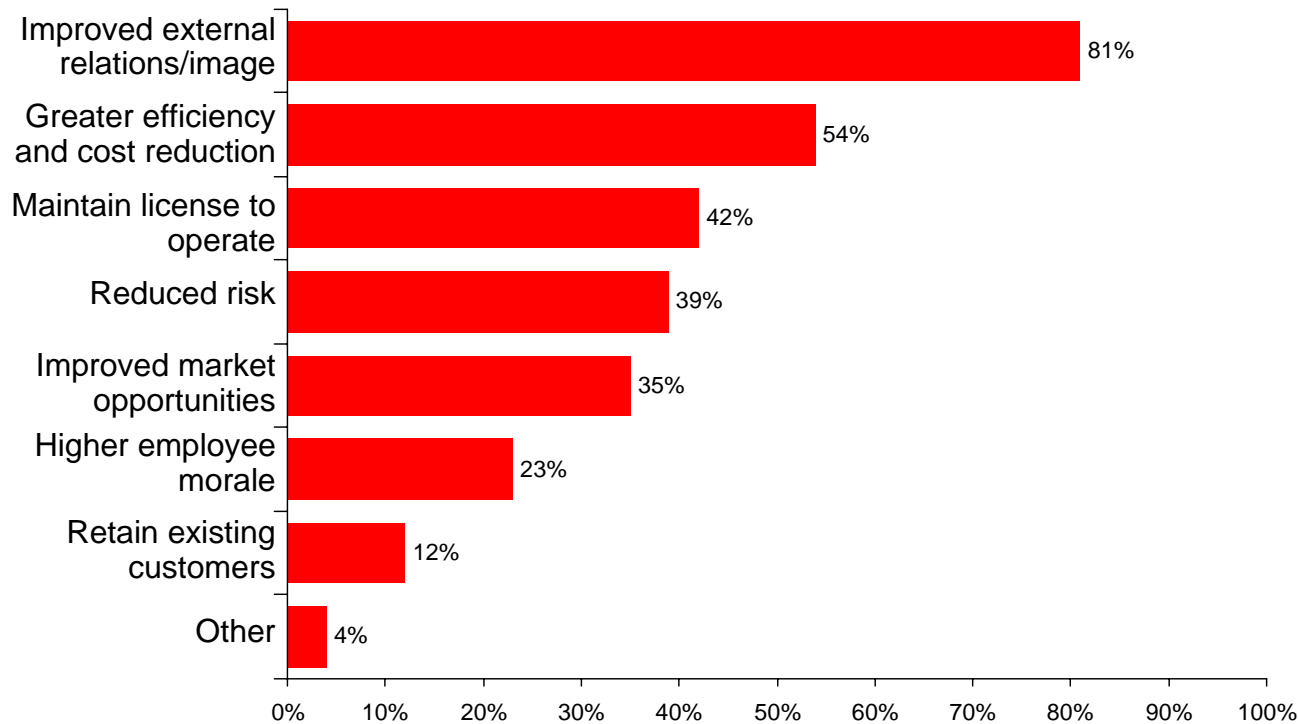


Results

Business Value

81% of respondents thought that one of the highest potential source of business value was improved external relations/image.

What are the highest potential sources of business value? (n=26)

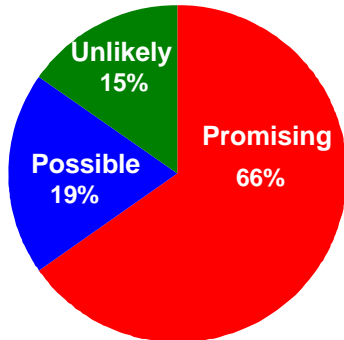


Results

Business Value

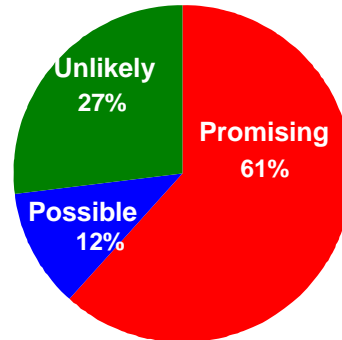
According to the respondents the most promising areas of opportunity included new technologies/processes and products.

**New Technologies/
Processes**



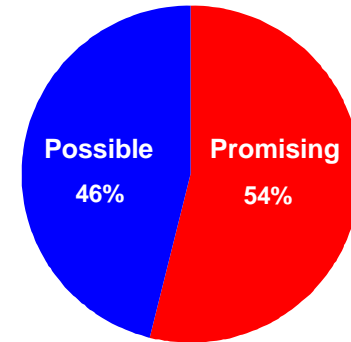
n=286

New Products

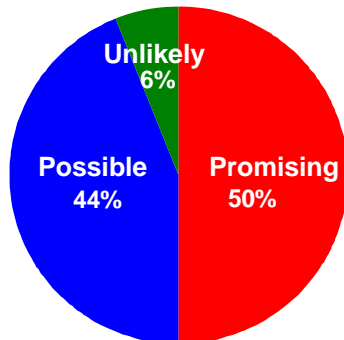


n=26

Social Issues

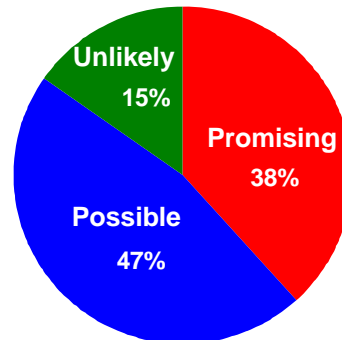


Vision or Strategy



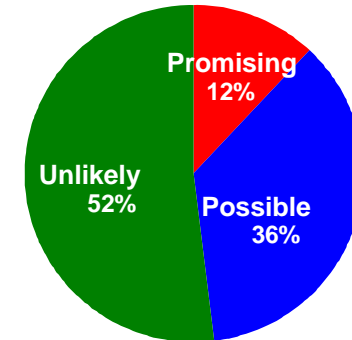
n=26

Aligning/Motivating Staff



n=26

**Getting out of
Certain Businesses**



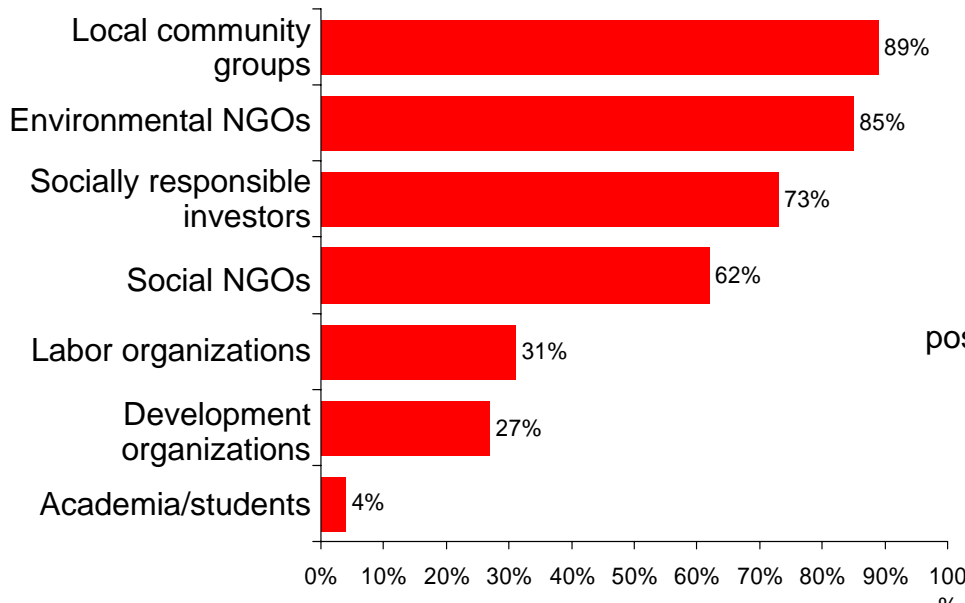
n=26

Results

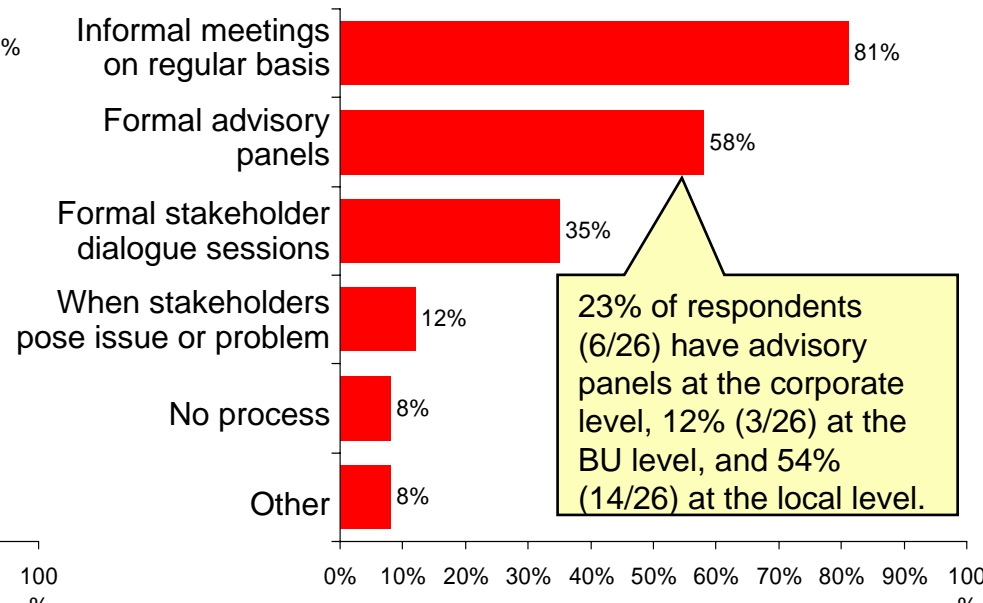
External Stakeholders

Companies engage with a wide range of non-traditional stakeholders using both informal and formal processes.

With what type of non-traditional stakeholders does your company engage? (n=26)



Which process does your company use to engage with non-traditional stakeholders? (n=26)



Results

External Stakeholders

Most companies believe that working with non-traditional stakeholders will help improve their company's image.

What is your company's goal/purpose in engaging with non-traditional stakeholders	Response percent
Improve company image	80%
Seek input on company performance	80%
Head off future problems	76%
Management of a current problem/issue	64%
It's just the right thing to do	60%
Identify or pursue growth opportunities	56%
Pursue consensus based decision-making	24%
Satisfy a requirement of an external codes/principles	20%
Develop new market of products	4%

Generally, companies aren't using these stakeholders to identify new growth/business opportunities.

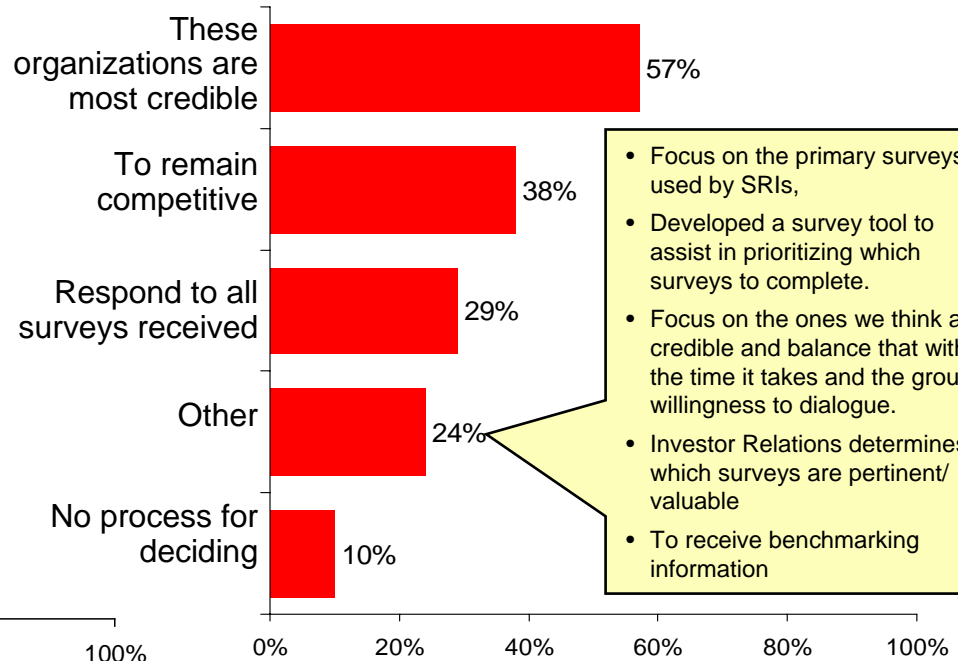
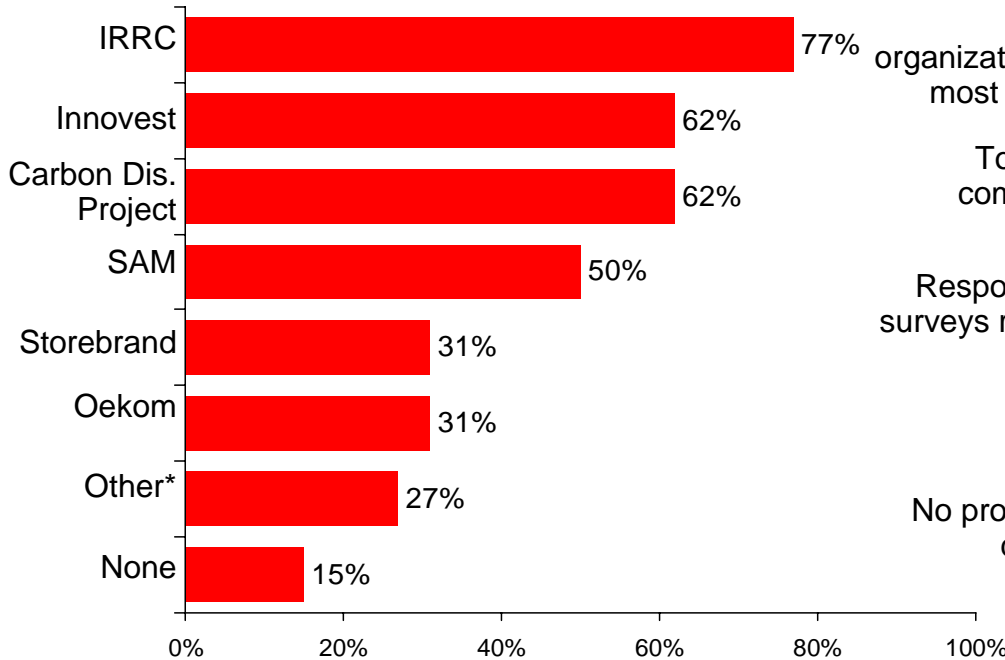
Results

External Stakeholders

Most companies respond to one or more investor surveys related to SD, primarily to those they consider the most credible.

To which investor surveys regarding SD topics does your company respond? (n=26)

Why has your company chosen to respond to these particular investor surveys? (n=21)



- Focus on the primary surveys used by SRIs,
- Developed a survey tool to assist in prioritizing which surveys to complete.
- Focus on the ones we think are credible and balance that with the time it takes and the groups' willingness to dialogue.
- Investor Relations determines which surveys are pertinent/valuable
- To receive benchmarking information

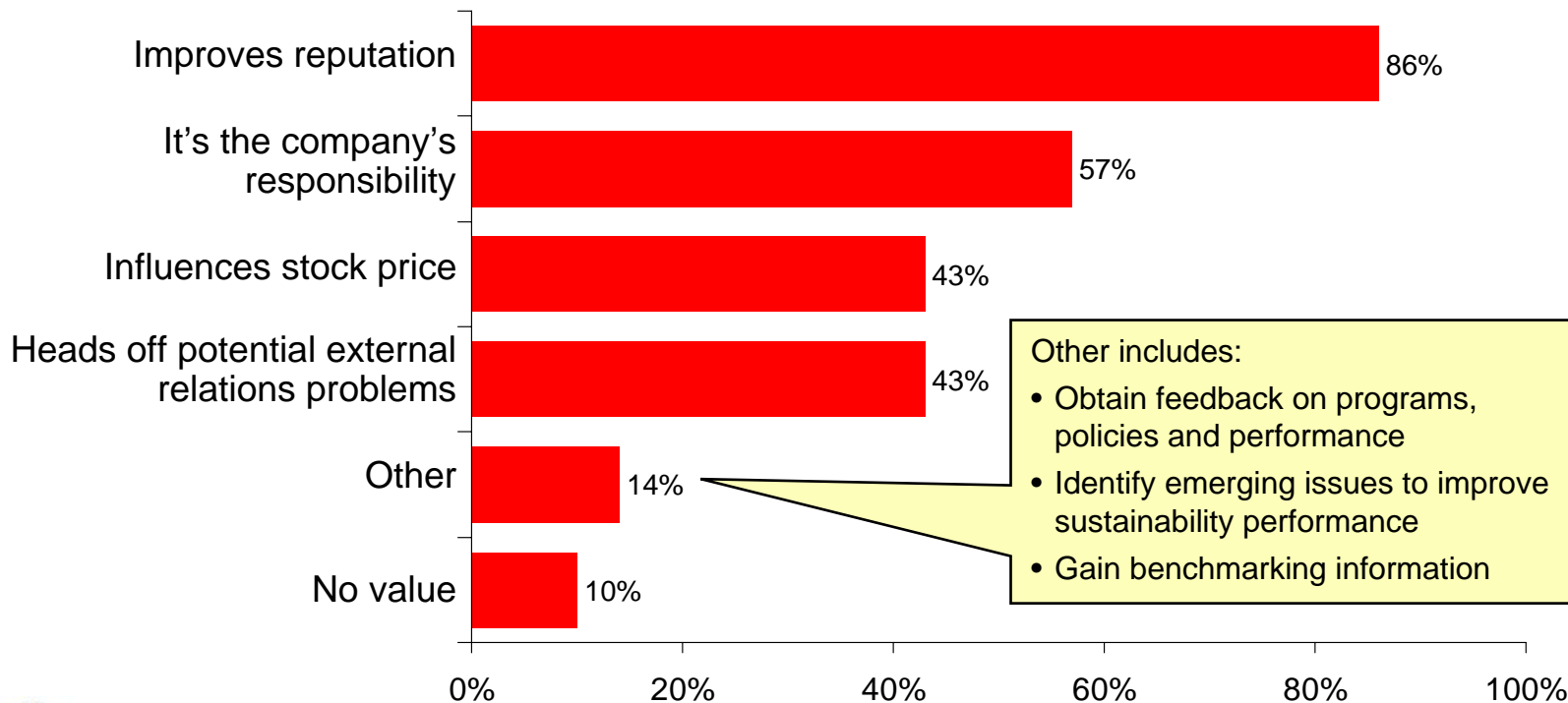
**Other includes: Citizen's Electronics Survey Zurich Cantonal Bank; Business in the Community; Dow Jones Sustainability Index; FTSE4Good; GEMI*

Results

External Stakeholders

Almost all of the respondents (86%) believe that completing investor surveys helps improve the company's image.

What value does your company perceive in responding to these investor surveys? (n=21)



Results

What process does your company use to respond to surveys (n=22)	%
Fill out form	73%
Engage in dialogue with the organization that sent the survey	73%
Establish a working relationship with the primary surveyors	5%
Complete form by soliciting answers from within organization and review completed form with a diversified management team for final approval	5%

- Almost all respondents indicated that, in addition to filling out the form, the company engages in dialogue with the surveyors.

External Stakeholders

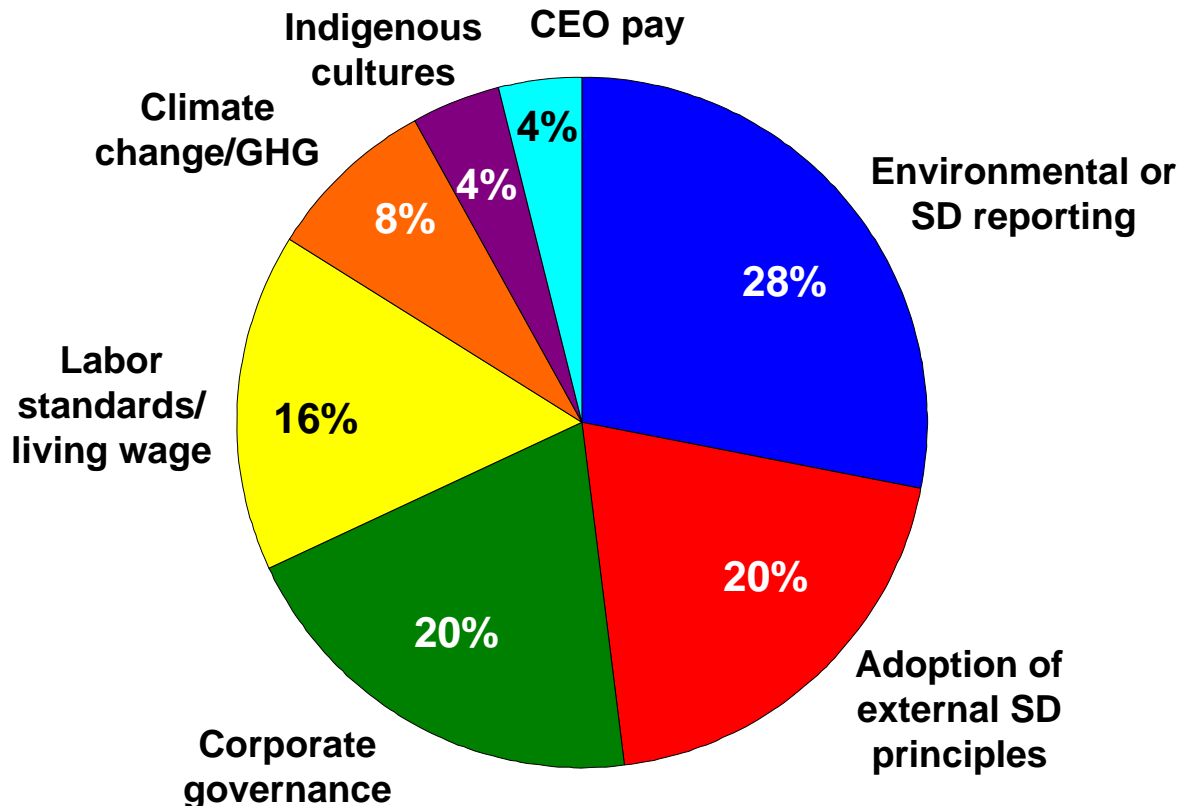
Which function responds to investor surveys (n=22)	%
EHS	73%
Investor Relations	73%
Communications	9%
Human Resources	9%
Public Affairs	5%
Legal	5%
Corporate Citizenship	5%
EHS with input from team or other parts of the organization	19%

- EHS and Investor Relations are the primary functions that respond to investor surveys related to SD.
- In several companies, EHS takes the lead in completing the survey, but gets input from other departments/ functions.

Results

External Stakeholders

Respondents reported receiving 25 shareholder resolutions related to SD in the past 5 years. Resolutions related to environmental or SD reporting led the way (28%).

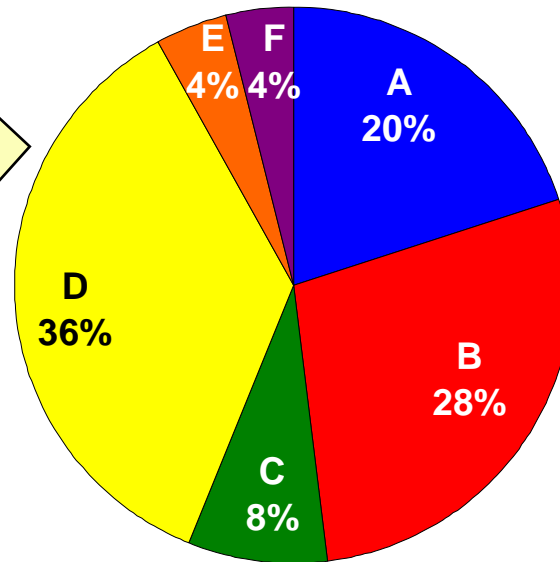


Results

External Stakeholders

Of the 25 shareholder resolutions recorded by respondents, almost half (48%) were withdrawn after discussions with the proponents.

Only 44% of the resolutions went to vote and of these, only one (related to corporate governance) was adopted. Most (9/11) received <20% support



12 of the 25 resolutions were withdrawn after discussions with the proponents. Most of these (7/12) were withdrawn after the company agreed to make changes to policies and practices.

- A** Resolution withdrawn with no changes
- B** Resolution withdrawn with changes to company policies/practices
- C** SEC agreed resolution immaterial
- D** Resolution went to vote, receives <20% support
- E** Resolution went to vote, receives >20% but <50% support
- F** Resolution went to vote and adopted

Results

General Comments

General comments recorded by participants:

General comments, questions or additional descriptive text

Our company plans to make SD data available GRI format.

There is growing awareness of the need and benefits of Sustainable Development practices and policies within our company. We expect to place a higher priority on reviewing this initiative in the near future.

We are working toward internal education on the topic and toward issuing our first integrated report. What we have found is that "we're doing it but don't necessarily realize we are doing it." We are currently defining which terms we will use and communicate externally.

Sustainability Policy adopted by Board in 2003 and published in the 2003 Sustainability Report. A 2004 initiative is to develop sustainability strategy, engage businesses to define metrics, develop and cascade scorecards

Appendix A

Definitions

Provide your company's definition of sustainable development. Alternatively, describe your company's guiding principles for sustainable development.

Policy on Corporate Citizenship

We achieve sustainable development through meeting the needs of customers, employees and communities today, while respecting the ability of future generations to meet their needs.

We strive to conserve natural resources and reduce the environmental burden of waste generation and emissions to the air, water and land. Through continuous improvement methodologies, we will work to (not completed)

We have guiding principles, set to writing 30 years ago, called 'This We Believe' which frame SD.

To conduct all business activities in a responsible manner, to foster the sustainable use of the earth's resources

Health, Environment & Safety Principles, Code of Business Conduct, Good Neighbor Policy, Responsible Care®

While we have publicly reported our environmental, social and economic progress over the years, we are now bringing all this information together in one place

We define corporate social responsibility via a list of 16 principles

Appendix A

Definitions

Provide your company's definition of sustainable development. Alternatively, describe your company's guiding principles for sustainable development.

Simultaneous pursuit of economic prosperity, environmental stewardship and corporate social responsibility

Our challenge is to connect our commitment to good global citizenship to the day-to-day running of the business. To make the connections more clear, we have developed a framework to guide our strategic. . . . (not completed)

Responsible leadership, Stakeholder engagement, Transparency, Accountability. About our role in the global community and the way we do business responsibly

Sustainable development, or sustainability, is defined as economic activity that meets the needs of the present generation without compromising the ability of future generations to meet their needs. Sustainability is based upon three components: economic growth, social progress, and environmental protection. Economic aspects of sustainability include, but are not limited to, financial performance, employee compensation, and community contributions. Social aspects include public policymaking, fair labor standards, and equal treatment of women and minorities. Environmental aspects include impacts on the air, water, land, natural resources, and human health

Appendix A

Definitions

Provide your company's definition of sustainable development. Alternatively, describe your company's guiding principles for sustainable development.

Sustainable Development, or sustainability, integrates economic progress, social development and environmental concerns with the objective of ensuring a quality of life for future generations

Creating shareholder and societal value while reducing the footprint of our value chains

Framework that promotes economic growth while supporting environmental protection and social responsibility

We define sustainability through our values