



**GEMI NGO Workshop on Understanding and Using
“Transparency: A Path to Public Trust”
March 22, 2005
Meeting Summary**

GEMI’s Transparency Network Co-chair, Ms. Leslie Montgomery of Southern Company, called the meeting to order at 10:00am EST with the following individuals participating:

GEMI Members:

Tanya Blalock, Georgia Power Company (a Southern Company)
Jean Bohan, Ashland Inc.
Mark Chatelain, Johnson Controls, Inc.
Al Collins, Occidental Petroleum Corporation
Amy Goldman, GEMI
Mary Beth Jordan, Mirant
Jim Kearney, Bristol-Myers Squibb
Leslie Montgomery, Southern Company
Kelly Stephens, Tyson Foods
Alan Stinchfield, Georgia-Pacific Corporation
Robin Tollett, P&G
Amy Vinson, Tyson Foods
Mike Williams, Carnival Corporation PLC

Rob Greenwood, Ross & Associates

NGOs:

Allen Barnes, U.S. EPA-Region 4
Felicia Davis, Georgia Coalition for the Peoples’ Agenda
Jean “Pogo” Davis Kutzschbach, Sustainability Consultant and Instructor at Duke University
Lucy Smethurst, Cabot-Smethurst & Assoc.
Andy Smith, Earth Ethics
Curt Soper, Nature Conservancy, Georgia Office--Director of Conservation

Mr. Al Collins, Occidental Petroleum Corporation, co-chair of the Transparency Network, recommended that each member indicate in their notes of the meeting that the antitrust guidelines were discussed and asked that if there were any questions or concerns related to the guidelines they be directed to himself or Amy Goldman, GEMI.

Ms. Montgomery then introduced Mr. Rob Greenwood, Ross & Associates Environmental Consulting, Ltd., who facilitated the meeting. Mr. Greenwood reviewed the meeting ground rules emphasizing participants were acting in an individual capacity and individual comments were not for attribution. All participants agreed to abide by these rules.

The GEMI meeting “Exploring Transparency: Understanding and Using *Transparency: A Path to Public Trust*” was held March 22, 2005 at the Southern Company headquarters in Atlanta, GA.

Participants at the meeting included individuals from GEMI member companies, a number of environmental, conservation, and environmental justice organizations, and federal EPA. The meeting was divided into three primary segments: an overview of the transparency document and the history of its development (presented by Leslie Montgomery of the Southern Company and Al Collins of Occidental Petroleum Corporation); a discussion centered on the content of the tool; and a discussion of interest in and opportunities for future dialog (teed up by Robin Tollett of Proctor & Gamble with a background presentation on GEMI).

The remainder of this summary is divided into two sections: Section 1 (a synthesis of discussion from the meeting); and Section 2 (verbatim transcription of meeting flip chart notes).

SECTION 1: Synthesis of Discussions

Discussion following the presentation by Ms. Montgomery and Mr. Collins encompassed five topics: key tool messages; effective transparency behaviors; what to look for in transparency; challenges and trends; and use of the tool by communities, NGOs, and others.

Topic 1: Key Tool Messages

This discussion was held in the context of the question “[W]hat are the key messages in the tool?” In response, participants made the following observations about the tool and the important messages it sends and work it does:

- The tool presents transparency as an “assumed” part of corporate discourse signaling the increasing acceptance of corporate transparency as an important element of business strategy.
- The tool provides a helpful definition of transparency and establishes a much needed “common language” for discussing transparency needs and responses.
- The tool itself, as well as the business case information it presents, highlights the importance of transparency.
- The tool makes it clear that each organization will need to decide for itself the appropriate level of transparency, while providing a systematic process enabling any type of organization to establish a proactive response to transparency drivers.
- The tool carries forward from the earlier GEMI transparency workshops an emphasis on process in the form of “two-way, informed dialog” with stakeholders. Participants believed the tool can provide a basis for establishing stakeholder relationships, that tool users should consider stakeholder involvement throughout the process and indicated two-way dialog will help companies tailor their transparency efforts ensuring relevance and accountability.
- The tool sends the message that effective transparency will be based in sharing “accurate and honest” information defined as presenting the “complete” performance picture (this was further explored during discussion indicating companies should not expect transparency focused only on successes while neglecting challenges will generate sustained improvement in public trust).

During discussions, one participant did observe that the lack of a standard reporting framework (or “checklist”) in the tool could be viewed as an important deficiency. Such a framework can enable stakeholders to compare what a company has reported against the complete checklist

helping them understand “what is not being reported.” This information in turn can help to avoid having the reported information viewed as “greenwash” (i.e., the deliberate manipulation and one-sided presentation of information to create an incomplete and possibly inaccurate picture of a company’s performance). Discussion around this observation indicated the tool developers explicitly considered developing such a framework but rejected the idea for two reasons: many frameworks – such as GRI – currently exist; and the belief that substantial individual tailoring of transparency efforts is not only likely needed but desirable. As this discussion wrapped up, it was suggested that, in the absence of a standardized reporting format, it will be important for companies to explain the type of and rationale for the reporting framework they have chosen.

A couple of additional observations were also made during these discussions: transparency will be well served and further supported if all parties to a dialog operate transparently; and web-based tools can often be a highly productive means to provide information given their functional flexibility, while this advantage over paper-based communication must be weighed against the added expense of maintenance.

Topic 2: Effective Transparency Behaviors

This discussion was started by asking the question “[W]hat are the most effective behaviors the tool can encourage?” In response, participants identified the following desired behaviors they believed are both encouraged by the tool and likely will result with its use:

- A commitment to continual improvement as reflected in the five-step process that serves as the analytical backbone of the tool
- The development of good metrics supporting effective reporting and establishing internal and external accountability
- A change to company rhetoric (e.g., from “we are the best” to “we are trying hard, succeeding on some fronts, and find some areas challenging for the following reasons”) discussed in part as an honest sharing of key behavior drivers such as how transparency is expected to contribute to the bottom line
- A change to company culture (including, as mentioned above, a commitment to continual improvement).

Participants further observed that tool use could result in helping to place an “individual face” on the company, establish a “mutual trust” relationship with key stakeholders and develop reporting that can act to help a company better define its position on key issues.

Topic 3: What to Look for In Transparency

This discussion was kicked off with the question “[W]hat do you look for in transparency and where do you find it in the tool?” Participants drew on a number of previously discussed themes in answering this question. In particular, observations touched on the importance of “truth” (reflecting back on the earlier discussion of “accurate and complete” information); the visibility of key corporate leaders (e.g., a signed message from the CEO in an annual performance report); and establishing appropriate expectations through the development of realistic goals.

This discussion also touched on who the audience is for annual corporate performance reports. A key theme of this discussion was the difficulty of speaking to a full range of stakeholders (both

internal - such as employees - and external audiences) with a single document. In response, a number of participants indicated they see the annual report as just a “starting point” for discussion with any single constituency rather than a document that will fulfill all of their information needs. One company participant observed they pick a single audience (in this case, middle-of-the-road environmental interest groups) as a means to focus the publication, even as the document will be used with a broad range of stakeholders. Discussion also stressed that an annual report is likely to be only one dimension of an overall transparency effort.

Topic 4: Challenges and Trends

A specific participant question to the group – “[W]hat role do you believe independent assurance plays in transparency?” – kicked off this discussion topic. In addition to this specific question, participants were asked to consider an overall contextual question: “[U]nder what conditions is information credible?” Discussion indicated there appears to be an overall trend toward increasing expectations for independent assurance, particularly regarding data verification (i.e., verifying that reported information passes a truth and accuracy test).

In response, participants highlighted a number of factors that should influence a company’s decision to engage a third-party verifier. These included: the current lack of an agreed upon “audit standard” such as exists for annual financial statement verification; the rather slippery definition of “independent” (e.g., if a company pays for the verification will it be viewed as a fully independent assessment); and a concern that certain independent verifiers may come with unproductive, “hidden” agendas. These factors, when added together, indicated that the ostensible benefits of independent assurance (e.g., instant credibility of the information) are and will continue to be muted for some time. At the same time, participants did indicate that, although potentially costly, independent assurance has the potential to produce important ancillary benefits, such as the internal discipline generated by preparing for and responding to an external verification audit.

Discussion turned from current limits and complexities of independent assurance to strategies for generating credibility in light of the constraints. In particular, discussion addressed the question “[D]o effective transparency efforts obviate the need for independent assurance?” This question reflected an important theme presented in the transparency tool: transparency is as much about process as it is about information. Implied in the question was the premise that, if a company has established an effective, two-way dialog with key stakeholders, then it will have a sufficient level of existing trust and understanding enabling its reporting to be viewed credibly. As this discussion progressed, participants appeared to coalesce around and support this premise and, in particular, indicated that individual, independent testimony from a company stakeholder could generate substantial credibility for reported information.

Participants also discussed the existence of sector-specific verification efforts (e.g., Sustainable Forestry Initiative) that appear to be working well, having established a reputable presence in certain markets. This example led to some speculation that further sector-specific development of assurance efforts may be more useful than more broad-based efforts. Overall, participants agreed that, irrespective of the assurance efforts a company uses, it will be important to explain them clearly.

The discussion of independent assurance and the conditions under which information will be viewed as credible prompted a further discussion focused on stakeholder motives. One participant observed that “corporate campaign”-oriented interest organizations would typically look to use all forms of external reporting against a company. In this context, such groups will view the information with substantial suspicion and will not likely change their opinion of the company on the basis of it.

One question asked in this context was: “[H]ow can a company discern the difference between groups that want to engage in productive dialog and those that just want to portray the company as a bad actor as a basis for fund raising?” In response, participants discussed the likelihood that most groups will hold these interests simultaneously, though it is important to recognize that a continuum exists from moderate to radical within the NGO community. Discussion indicated that carefully structured dialog (with clear ground rules to structure discussions) that is “science-based,” or “fact-based,” and/or can focus on future opportunities rather than current differences of opinion can often identify “compartments” of common ground even with the most suspicious and advocacy-oriented organizations. These areas of common ground can act as the basis for beginning a more trust-oriented relationship that holds some potential to influence the opinions and motives of even the most hard hitting interest organizations. Finally, participants indicated that university researchers (particularly acknowledged experts in their field) can often be a valuable partner in transparency efforts as they are often viewed as highly credible and are supported by an established and accepted peer review process.

Topic 5: Tool Use by Communities, NGOs and Others

Participants had a brief amount of time to discuss the concept of use of the transparency tool by communities, NGOs and others. Discussion focused on the extent to which NGOs would embrace transparency as reflected in the tool. NGO participants indicated they believed use of the tool by NGOs has potential, while acknowledging that this would be new to and, as a result, a stretch for, many groups. One specific idea explored by the participants was the use of the tool as an “anchoring point” for establishing a two-way dialog between an NGO and a company, with both parties committing to its use. In general, participants believed that this could be a useful way to establish productive dialog.

Future Opportunities Discussion

GEMI’s Chair, Robin Tollett of Proctor & Gamble, introduced this discussion with a background presentation on GEMI. The presentation included a review of member companies, GEMI organizational history and current GEMI project areas (including recent publications).

Following this presentation, the participants brainstormed ideas for possible future collaborative efforts. This discussion covered two distinct topic areas: specific types of potential GEMI projects and more general opportunities for future dialog.

Participants identified five potential project areas: transportation and associated air quality implications; global biological diversity; financial responsibility tools associated with post operational site clean-up responsibilities; environmental technology transfer; and community holistic dialog (referring to efforts to evolve the environmental justice dialog to better incorporate a sense of overall community responsibility and focus on “areas of disproportionate impact”).

With respect to more general opportunities for continuing dialog, participants were asked to consider the concept of an annual “what is on your mind” meeting. Participants responded favorably to this idea, indicating they would find it useful to maintain a relationship between GEMI companies and NGOs that provided an opportunity to compare agendas and maintain a joint understanding of interests and needs. In this context, one participant suggested using a nomination process to identify NGO participants as a way to “mix it up” from year to year and ensure fresh ideas were coming to the table. The NGO participants agreed that this was a good idea and offered to assist in identifying additional participants for future meetings.

SECTION 2: Verbatim Flip Chart Notes

Sheet #1: Key Messages

- Importance of transparency
- Specific tactics
- Definition of transparency
- Make decision about level
 - Need to define for self
- Works in any organization
- There is a systematic process; you can be proactive
- It is good business

Sheet #2: Key Messages

- Good for others to be transparent (e.g., NGOs)
 - Process equally applicable
- Values, ethics, communication
- Transparency assumed
- Tool to build relationships
- Stakeholder involvement throughout the process
- Creates common language
- Accuracy and honesty – sharing the “complete” picture

Sheet #3: Key Messages

- Two-way dialog
 - Helps to tailor efforts, therefore
 - Relevance
 - Accountability
- Question about following a “list”?
 - Address “greenwash” trap
 - Be clear about your framework
- Productivity of web-based information versus resources needed
- This is a process
- Not about we are excellent, but we are trying – challenges revealed

Sheet #4: Trends – Independent Assurance

- Independent assurance?

- Trend toward increasing expectations
 - Data verification
 - Other areas
- Assurance standard?
- Lack of standard = less helpful, but how much value?
- SFI as example – has worked and is reputable
- Important to explain method

Sheet #5: Trends – Independent Assurance cont.

- Does good transparency obviate need for 3rd party?
- Continuum
 - But if you are paying?
 - What is independent?
- Concern for hidden agendas
- Sector specific development of stable framework
- Internal benefits from the discipline

Sheet #6: Trends – Independent Assurance cont.

- Verifying “true and accurate”
 - Are the data passing this test?
- Individual, independent testimony
- Two-way dialog basis to “engage”
- “Science-based” dialog
- “Accounting-based” dialog
- Common ground compartments
- Corporate campaign groups versus policy groups – whom to start with?

Sheet #7: Trends – Independent Assurance

- Recognized experts – lending credibility
 - University researchers
 - Peer review process
 - Where we can move to – future common ground
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Sheet #7: Behaviors

- Continual improvement
- Good metrics
- Reporting – activity important
- Change rhetoric
- Culture change

Sheet #8: Behaviors cont.

- Mutual trust basis
- Get individual face on company
- Honest sharing of driving perspectives – bottom line
- Reporting forces defining position on issues
- Commit to accountability

Sheet #9: What do you look for in transparency?

- Truth – visibility of key corporate leaders
- Commitment
 - To improve
 - To the five step process – continual improvement
- Expectations – realistic goals
- One report?
 - Multiple audiences
 - Report as starting point
 - Pick a focus

Sheet #10: Tool use to communities, NGOs, others

- Tool as anchoring point for joint discussions
 - Basis of ground rules
 - 3rd party perspective on stakeholders
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Sheet #10: Future Opportunities

- Transportation/Air
- Global biological diversity
- Financial responsibility tools
- Ad-hoc annual “what’s on your mind” meeting

Sheet #11: Future Opportunities

- Community holistic dialog
 - Where do we go
 - Community responsibility
 - Talking about areas of disproportionate impact
- Environmental technology transfer
- Use nomination process to right mix of input
 - Fresh thinking