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## CSR reporting of companies on a global scale

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### Abstract

Nowadays, companies are facing increased demands for information about their CSR performance. Therefore, CSR reporting is becoming an important CSR activity. The principal purpose of this paper is the identification of appropriate content of CSR report following the analysis and subsequent comparison of available CSR reports. The main finding is that in Americas, Europe and Asia Pacific, the percentage of companies with CSR reports is almost equal. Also, there is no unified template for CSR reports. As a result, an appropriate content of CSR report is to be described. Recommendations are directed towards socially responsible companies.

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### 1. Introduction

Importance of Corporate Social Responsibility (CSR) is still rising. This is evidenced by the fact that the aim of modern company is not only to be innovative (Jankal, 2014) but even responsible for its actions and excellent in every activity (Jankalova, 2012; Jankalova, 2014; Jankalova, 2015). Number of socially responsible companies is rising, too. However, in the past, it was enough when company declared acceptance of the CSR concept. Nowadays, companies are facing increased demands for information about their CSR performance. All groups of stakeholders are evaluating companies using not only financial indicators but also non-financial criteria. CSR performance data is thus becoming an increasingly important feature of companies' annual reports. Some companies even publish separate CSR reports. CSR reporting thus is becoming an important activity of socially responsible companies.

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The principal purpose of this paper is the identification of appropriate content of CSR report following the analysis and subsequent comparison of available CSR reports. The paper is divided into five parts: introduction, theoretical background, methodology, results, conclusion and recommendations. Introduction represents input to the problem. Theoretical background defines CSR reporting, areas of its data and its benefits. Methodology describes methods used in this paper. This is followed by the results part that consists of secondary analysis of data published in the 2013 survey of CSR reporting. Analyzed survey was conducted by KPMG – a global network of professional firms providing Audit, Tax and Advisory services. This part also includes a detailed description of ten highest-quality CSR reports. These CSR reports were evaluated in accordance with the KPMG methodology. Conclusion and recommendations part evaluates the results of the secondary research. In this part, there is also space to make recommendations arising from this paper.

## 2. Theoretical background

CSR reporting represents a non-financial reporting. Through CSR reporting, companies are trying to present their efforts to reduce the negative impacts of their activities on the society and environment. At the beginning, reports were focused on environmental and ecological issues. As the society increased demands on companies, environmental and ecological reports were supplemented by other areas. Nowadays, the most common reports are sustainability reports and CSR reports. Many authors consider sustainability reporting and CSR reporting for the same (Kasparova and Kunz, 2013).

According to Gray, Owen and Maunders (2004), CSR reporting is the process of communicating the social and environmental impacts on society and stakeholders caused by the economic activities of companies.

Global Reporting Initiative (2011) describes sustainability reporting as reporting on economic, environmental and social impacts. It also declares that sustainability reporting is a broad term considered synonymous with triple bottom line and CSR reporting.

It is appropriate to report CSR activities of companies. In order to that, stakeholders know about CSR commitment of companies. For this purpose, CSR reports are the mostly used tools. CSR reports are used not only as a communication tools, but also as tools for managers. CSR report should have the following characteristics (Pavlik et al., 2010):

- reliability,
- completeness,
- pragmatism,
- suitable form.

According to CBRE Group, CSR reporting provides information about providing exceptional service for clients, delivering financial performance for shareholders and making positive contributions to local communities, environment and all stakeholders. CBRE Group's CSR reports contain data of the following areas (CBRE Group, 2014):

- Environmental Sustainability,
- Communities & Giving,
- People & Culture,
- Ethics & Compliance,
- Governance,
- Health & Safety.

CSR reporting by Enablon, the world's leading provider of Sustainability and Operational Risk Management Software, means informing about sustainability performance. It helps to engage stakeholders and to safeguard company's reputation. According to Enablon's website, benefits of CSR reporting are (Enablon, 2015):

- increased informational credibility and reliability,

- rapid availability of information,
- personalized communication with stakeholders,
- enhanced CSR monitoring and management,
- identifying and sharing best practices.

In general, "CSR reports all follow a similar format: they describe a social or environmental problem and then report on how much the company has spent on a range of good causes that aim to address the problem." The main purpose of CSR reports is to communicate everything about companies' social impact (Randles, 2013).

### **3. Methodology**

The principal purpose of this paper is the identification of appropriate content of CSR report following the analysis and subsequent comparison of available CSR reports. At first, CSR reporting, areas of its data and its benefits were described. After that, it is possible to pursue the secondary research. First data source for the secondary research is 2013 survey of CSR reporting. It was conducted by a global network of professional firms providing Audit, Tax and Advisory services – KPMG. The survey covers 100 largest companies in 41 countries. Ten highest-quality CSR reports were chosen as a second data source. These CSR reports were evaluated in accordance with the KPMG methodology. To carry out secondary research, analysis, comparison and selection methods are to be used. Results from the secondary research are summarized in the conclusion and provide the ability to make the future recommendations.

### **4. Results**

KPMG, a global network of professional firms providing Audit, Tax and Advisory services, provides regular survey of CSR reporting. KPMG's surveys of CSR reporting are provided since 1993. The latest survey was provided in 2013. It covers 100 largest companies in 41 countries. To compare, the survey provided in 2011 looked at 100 largest companies in 34 countries. The survey is based on a detailed study of company reporting on CSR performance, carried out by KPMG member firms' professionals. Since 1993, the percentage of companies with CSR reports has been increasing. KPMG's surveys of CSR reporting started with 12% and after 20 years it has arisen to 71%. Growth in percentage of companies with CSR report is very positive. It may be assumed that with the increasing importance of CSR, percentage of CSR reporting will also increase (KPMG, 2013).

It is based on publicly available information in annual financial reports, CSR reports and on company websites. The research includes reporting under terms sustainability (43%), corporate social responsibility (25%), corporate responsibility (14%), sustainable development (6%), corporate citizenship (2%), environmental and social report (2%), people-planet-profit (1%), corporate responsibility & sustainability (1%) and other terms (6%). The 100 largest companies from every country include publicly-listed companies and companies with different ownership structures such as privately-owned and state-owned businesses. Countries included in KPMG's surveys of CSR reporting 2013 are as follows (KPMG, 2013):

- Americas: Brazil, Canada, Chile, Colombia, Mexico, United States;
- Europe: Belgium, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, United Kingdom;
- Asia Pacific: Australia, China & Hong Kong, India, Indonesia, Japan, Kazakhstan, Malaysia, New Zealand, Singapore, South Korea, Taiwan;
- Middle East & Africa: Angola, Israel, Nigeria, South Africa, United Arab Emirates.

Research has brought information that CSR reporting is now undeniably a mainstream business practice worldwide, undertaken by 71% of the 4 100 companies surveyed in 2013. The highest percentage of companies with CSR reports by region was reached by Americas (76%), in Europe it was 73%, in Pacific Asia 71% and lowest percentage (54%) was reached by Middle East & Africa (KPMG, 2013).

By countries, CSR reporting has been driven to its highest levels in France, Denmark and South Africa. The highest growth rates compared with 2011 were seen in India, Chile, Singapore, Australia, Taiwan, Romania, China (incl. Hong Kong) and Nigeria. CSR reporting rates fell noticeably in Mexico, Brazil, Spain, Slovakia, Finland and the UK (KPMG, 2013).

Companies included in this survey are operating in 15 different sectors. CSR reporting is now the norm across all these sectors, with average 72% of companies in every sector producing a report (KPMG, 2013):

- Mining – 84%,
- Utilities – 79%,
- IKT – 78%,
- Automotive – 77%,
- Forestry – 77%,
- Communications – 75%,
- Oil & Gas – 72%,
- Food – 72%,
- Finance – 70%,
- Metals – 69%,
- Pharmaceuticals – 69%,
- Transport – 69%,
- Construction – 66%,
- Chemicals – 65%,
- Trade & Retails – 62%.

Quality of CSR reports is another key indicator. In KPMG's surveys, average quality score is 59 out of a possible 100. Only 25% of companies scored higher than 80 across the quality criteria. Score higher than 90 was reached by 10 companies. These companies are summarized in Table 1 (KPMG, 2013).

Table 1. Companies with highest-quality CSR reports in KPMG's surveys of CSR reporting 2013.

Company	Country	Sector
A.P. Moller Mærsk	Denmark	Transport
BMW	Germany	Automotive
Cisco Systems	USA	Telecommunications & Media
Ford Motor Company	USA	Automotive
Hewlett-Packard	USA	Electronics & Computers
ING	Netherlands	Finance, Insurance & Securities
Nestle	Switzerland	Food & Beverage
Repsol	Spain	Oil & Gas
Siemens	Germany	Electronics & Computers
Total	France	Oil & Gas

A.P. Moller Mærsk published information about its CSR performance in a sustainability report. It contains the following information (A.P. Moller Mærsk, 2014):

- introduction (incl. information about company),
- description of the current sustainability strategy,
- company's CSR performance during 2013,
- description of the planned sustainability strategy,
- assurance data and principles.

Content of BMW's 2013 sustainable value report is as follows (BMW Group, 2014):

- introduction (incl. information about company and Key Performance Indicators – KPI),
- sustainability management (incl. stakeholder management and risk management),
- product responsibility (incl. effectiveness, safety, recycling, customer satisfaction and future development),
- environmental protection,
- supplier management,
- employees (incl. employees' health, safety, education and work-life balance),
- corporate citizenship.

Cisco Systems's 2013 CSR report content includes the following chapters (Cisco Systems, Inc., 2014):

- introduction (incl. information about company, CSR strategy and KPI),
- governance and ethics (incl. information about company's CSR management),
- supply chain,
- people (incl. employees' safety, health, training and rewarding),
- society (incl. engagement, education, healthcare and economic empowerment),
- environment.

2013/2014 sustainability report of Ford Motor Company is divided into 8 parts (Ford Motor Company, 2014):

- year in review (incl. information about company, KPI and assurance),
- our blueprint for sustainability (incl. sustainability strategy, materiality analysis and value chain),
- financial health (incl. future competitiveness, customer satisfaction and quality),
- climate change and the environment (incl. greenhouse gas emissions and greening),
- water (incl. reducing water use and community engagement),
- vehicle safety,
- supply chain (incl. sustainability, human rights, raw materials and environmental management),
- people (incl. workplace, dealers, communities and customers).

Hewlett-Packard's 2013 living progress report includes the following 4 extensive sections (Hewlett-Packard Development Company, 2014):

- governance (incl. company's profile and strategy, stakeholder engagement, corporate ethics and public policy),
- human progress (incl. human rights, supply chain responsibility, privacy and employees),
- economic progress (incl. contributions to the economy and social investment),
- environmental progress (incl. environmental sustainability, recycling, products and solutions).

ING's 2013 sustainability report is divided into 8 sections drawn up in detail (ING Groep, 2014):

- strategic approach to sustainability,
- sustainability performance,
- enhancing customer centricity,
- promoting responsible lending and investment practices,
- improving environmental performance,
- engaging the employees,
- creating positive change in communities,
- governance and compliance.

Nestle's commitment to society is expressed even in its motto which reads "Good food, good life." Its 2013 shared value and commitment report includes (Nestle, 2014):

- summary of Nestle's commitment,
- Nestle's focus on nutrition,
- Nestle's rural development and responsible sourcing,
- Nestle's commitment on water stewardship,
- Nestle's environmental sustainability,
- Nestle's people, human rights and compliance,
- stakeholder engagement and materiality.

Content of Repsol's 2013 CSR report is divided into 8 fundamental parts (Repsol, 2014):

- letter from the Chairman and CEO,
- 2013 performance summary,
- good governance,
- organization and activities,
- integrated risk management,
- stakeholders,
- CSR model,
- commitments.

Summary of Siemens' CSR performance is included in additional sustainability information to its 2013 annual report. Its content is split as follows (Siemens AG, 2014):

- sustainability,
- reporting method,
- research and development,
- supply chain management,
- production,
- quality management,
- distribution and customer relations,
- environmental portfolio and environmental protection,
- employees, occupational health and safety management,
- compliance,
- corporate citizenship.

TOTAL's 2013 CSR report consists of 4 extensive parts which are divided into several smaller sections (TOTAL S.A., 2014):

- conversation with CEO,
- our strategy in a changing world (incl. complex balance, company transformation, innovation, safety, profit, competitiveness, marketing, stakeholders),
- our responsibilities, our commitments (incl. CSR, commitment, employees, local development, climate change, environment and energy),
- in the spotlight (incl. operating in sensitive environments).

Above-mentioned CSR reports contain from four to eleven sections. Firstly, in these CSR reports, many different sections are repeated, respectively, have different titles but their contents are basically the same. Secondly, some of these CSR report are divided into many small sections and on the contrary, another CSR reports consist of a few extensive sections. Importantly, most of these CSR reports comprise eight sections so recommended content of CSR report includes eight sections, as well. Such sections were selected to contain the most recurrent information from ten analyzed CSR reports. As a result, by summarization and integration, individual sections and sub-sections of recommended content of CSR report are presented in Table 2.

Table 2. Recommended content of CSR report

Introduction	Governance	Strategy	Performance
Company's profile	Good governance	Current CSR strategy	KPI
Organizational structure	CSR management	Planned CSR strategy	CSR performance
Corporate ethics	Stakeholder management	Value chain	Financial health
Public policy	Risk management	Customer centricity	CSR investments
Last year's review	Compliance	Innovations	Competitiveness
Supply chain	Employees	Society	Environment
Supply chain management	Employees' safety	Company's commitment	Environmental protection
Supply chain responsibility	Employees' health	Local development	Recycling
Raw materials	Employees' training	Corporate citizenship	Reducing water use
Human rights	Employees' rewarding	Economic empowerment	Reducing emissions
Marketing	Employees' engagement	Community engagement	Greening

#### 4. Conclusion and recommendations

Companies are facing increased demands for information about their CSR performance. CSR reporting is the process by which companies are communicating their CSR performance to all groups of stakeholders. Number of socially responsible companies publishing their CSR reports is increasing. CSR performance data is thus becoming important feature of companies' annual reports.

The principal purpose of this paper was the identification of appropriate content of CSR report following the analysis and subsequent comparison of available CSR reports. According to the 2013 KPMG's survey of CSR reporting, growth in percentage of companies with CSR report is increasing. KPMG's surveys of CSR reporting started in 1993 with 12% and after 20 years it has arisen by 71%. The main finding is that in Americas, Europe and Asia Pacific, the percentage of companies with CSR reports is almost equal. In 2013, highest percentage of companies with CSR reports by region was reached by Americas (76%) and lowest was reached by Middle East & Africa (54%). Europe with 73% and Asia Pacific with 71% are at the average percentage. Quality of CSR reports is another key indicator. In KPMG's surveys, average quality score is 59 out of a possible 100. Only 25% of companies scored higher than 80 across the quality criteria. Score higher than 90 was reached by 10 companies. A detailed description of ten highest-quality CSR reports evaluated in accordance with the KPMG methodology served as an important tool to achieve this paper's principal purpose. As a result, these eight sections which should be included in every CSR report were identified: introduction, governance, strategy, performance, supply chain, employees, society and environment.

Even though the number of companies which report their CSR performance is still increasing, CSR reports are included in annual reports of only 51% of 4 100 companies monitored by KPMG. Recommendation for socially responsible companies is to regularly report their CSR performance. Companies should focus on creating simplified CSR reports along with annual reports and by the time they should move on to the creation of separate CSR reports. To create a high-quality CSR report, companies should keep in mind eight sections identified in this paper. Recommended content of CSR report is interesting because it is a combination of ten highest-quality CSR reports.

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