



ACCA-WWF PAKISTAN ENVIRONMENTAL REPORTING AWARDS 2008

report of the judges



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Introduction

Welcome to the report of judges for the ACCA-WWF Pakistan Environmental Reporting Awards (PERA) 2008. The report presents the main findings and reflections of the judging panel for the ACCA-WWF Pakistan Environmental Reporting Awards 2008. It outlines the strengths of all the reports that won an award and delineates technical recommendations to further enhance the standards of environmental and sustainability reporting in Pakistan.

AIMS OF THESE AWARDS

The awards aim:

- To recognise and reward those organisations which report and disclose environmental, social or sustainability performance.
- to encourage best practices in environmental, social and sustainability reporting.
- to raise awareness of reporting corporate social responsibility issues and performance.

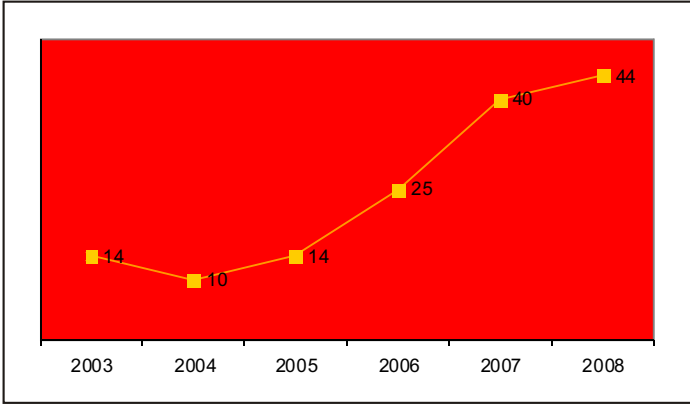
The awards recognise and reward companies that report corporate environmental, social and sustainability performance to a broad range of stakeholders, rather than evaluate performance itself.

AWARDS AT A GLANCE

The ACCA-WWF Pakistan Environmental Reporting Awards scheme was jointly launched by ACCA *Pakistan* and WWF Pakistan in May 2002.

The increase in number of participating companies (see figure 1) is a manifestation of the interest of business community in developing best practices of environmental and sustainability reporting in Pakistan.

Figure 1: Number of entries 2003-2008

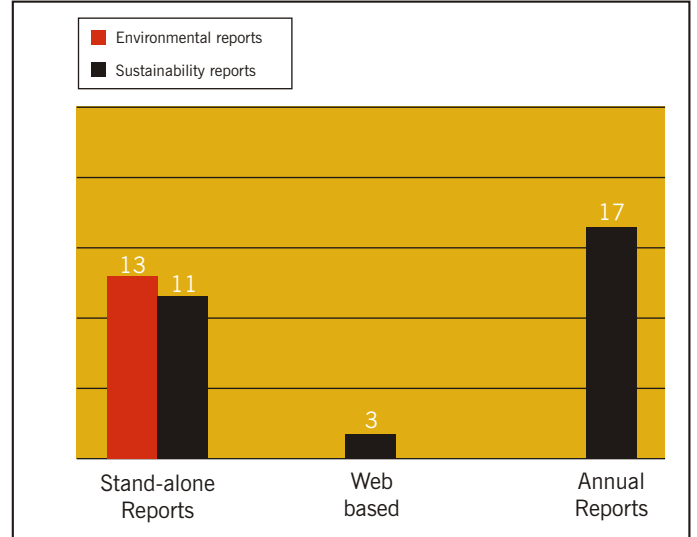


AWARDS CATEGORIES

1. Environmental Reporting
2. Sustainability Reporting

The participating reports are in 3 formats; environmental or sustainability stand-alone reports, annual reports and web-based reports. Figure 2 show the different formats of the reports participating in ACCA-WWF Pakistan Environmental Reporting Awards 2008.

Figure 2: Format of Reports



Endorsers

The awards are endorsed by the Ministry of Environment and IUCN Pakistan.

MESSAGE BY THE MINISTRY OF ENVIRONMENT



Ministry of Environment

As Pakistan celebrates 2009 as the Year of Environment, it is an opportunity for the government, the public and private sector and the people of Pakistan to reflect and ponder over creation of an action plan that would enable us to successfully overcome future sustainable development challenges. Among other stakeholders, the business community has to play a pivotal role in enabling Pakistan successfully overcome the sustainability challenges of the 21st Century. Environmental and sustainability reporting provide a useful framework for communicating the readiness, preparedness and commitment of a business to overwhelming the sustainability challenges.

The changing economic and business realities have made business community subject to greater accountability today. In the current economic conditions, as capital becomes scarce, providers of finance whether they are financial institutions, donors or investors would be very selective in providing finance. Studies have shown that companies that practice sustainability and environmental reporting are generally better perceived, have strong reputations and are therefore more likely to attract quality patient investors and wider sources of funding.

From Pakistan's perspective, sustainability reporting will help to keep Pakistani companies globally benchmarked in all aspects of their operations and this, in turn, will assist them to meet the challenges of the current economic conditions and the ensuing competition for markets and capital. Consequently, this will also improve the reputation and branding of Pakistani companies that can only contribute to greater trade and economic growth for Pakistan.

Initiatives like ACCA-WWF Pakistan Environmental Reporting Awards is a timely advocate of environmental reporting and sustainability reporting that will benefit investors as well as the companies themselves. Such reporting will enable investors and consumers to make more informed decisions based on financial as well as non-financial information.

The Ministry of Environment has been an ardent supporter of the awards. Over the years with immense pride has the Ministry observed the increasing interest of the business community in the Awards and the commitment of ACCA and WWF to ensuring the transparency of the Awards Scheme.

I am pleased to know that the number of companies submitting the reports to the Awards Scheme has been on continuous increase. I am also delighted that the quality of the reports submitted has also been enhancing. In this context I would like to commend the hard work of all the companies who over the years have participated in the Awards Scheme. The winners deserve a special acknowledgement. The idea of environmental and sustainability reporting is still so unique to Pakistan and yet so important that all those who are part of the awards scheme merit a special commendation.

MESSAGE FROM THE IUCN



IUCN, International Union for Conservation of Nature

IUCN, the International Union for Conservation of Nature, helps the world find pragmatic solutions to our most pressing environment and development challenges. It supports scientific research, manages field projects all over the world and brings governments, non-government organisations, United Nations agencies, companies and local communities together to develop and implement policy, laws and best practices.

IUCN's work is supported by over 1,000 professional staff in 60 offices and hundreds of partners in public, NGO and private sectors around the world. The Union's headquarters are located in Gland, near Geneva, in Switzerland.

The ACCA-WWF Pakistan Environmental Reporting Awards (PERA) is an excellent way of attracting the private and corporate sectors to give importance to the environment.

It is hoped that this Award will not only help in reversing the affects of great environmental challenges, but will also help in spreading awareness about environmental degradation, climate change and global warming.

Awards by credible bodies like the ACCA-WWF not only acknowledge the contribution of the organisations who have environment-friendly ethos and practices, but serve as a motivator and inspiration for others aspiring to play a positive role.

IUCN is pleased to endorse this endeavour and be associated it. We see it as an excellent platform to further the agenda of environmental awareness.

The judges

Dr Parvez Hassan



Dr Parvez Hassan, Chairman of ACCA-WWF Pakistan Environmental Reporting Awards Panel of Judges is senior partner of Hassan & Hassan (Advocates), Pakistan and an advocate at Supreme Court, Pakistan. Dr Hassan is Pakistan's leading internationally acclaimed environmentalist. He has initiated a number of sustainable development initiatives in Pakistan including drafting of Pakistan's Environmental Protection Act 1983. He is affiliated with many environmental and academic organisations in Pakistan including the Lahore University of Management Sciences, Government College University, Beaconhouse National University, WWF and Child Care Foundation.

Mr Ali Tauqeer Sheikh



Mr Ali Tauqeer Sheikh is the founding National Program Director (NPD)/CEO of Leadership for Environment And Development (LEAD) Pakistan. He is a specialist in institutional development, institutional reforms and change management. Mr Sheikh serves on the Boards of several nonprofit organizations and is member of various commissions and national committees dealing with environment and sustainable development.

Mr Moin M. Fudda



Mr Moin M Fudda is the Country Director, Center for International Private Enterprise, Washington, (an affiliate of US Chamber of Commerce). He has also served as Managing Director of the Karachi Stock Exchange and is a Chairman of the Task Force on Corporate Governance for the Federation of European and Asian Stock Exchanges. He has held various high profile posts in the government and private sector throughout his illustrious career.

Mr Shafqat Kakakhel



Mr Shafqat Kakakhel is a veteran Pakistani diplomat and a former high ranking UN official. Mr Kakakhel has represented Pakistan in numerous international conferences. Mr Kakakhel has played a leading role in the development of UNEP's environmental awards and prizes during 1998-2007. He is a member of the Advisory Board of the Federal Ministry of Environment and Advisor on Environment at the Sustainable Policy Development Institute (SDPI) in Islamabad. He is also elected member of the United Nations Clean Development Mechanisms Executive Board.

Mr Farhan Sami



Mr Farhan Sami is currently working as Country Team Leader with the World Bank executed "Water and Sanitation Program for South Asia (WSP-SA)". He has been affiliated with Resources Inc., USA, Associated Consulting Engineers, Euroconsult Pakistan, WWF, Asian Development Bank, United Nations Development Programme and IUCN.

Ms Aliya Mohyidin



Ms Aliya Mohyidin is currently working as Manager Environment and Horticulture, Punjab Industrial Estates. A passionate environmentalist, she has been instrumental in creating environmental awareness among industrialists of the business case for adoption of cleaner production technologies.

Mr Syed Ahsen uddin



Mr Syed Ahsen uddin, Vice President Engro Polymer Chemicals Ltd.(EPCL) is a nominee of Engro Polymer Chemicals Ltd. EPCL won ACCA-WWF Pakistan Environmental Reporting Awards (Environmental Reporting Local Unlisted) consecutively for three years. Thus the Panel of Judges recommended that EPCL be included in the panel of judges provided that they continue with the good practice of preparing environmental/social or sustainability report.

The ACCA-WWF Pakistan Environmental Reporting Awards 2008 shortlist was selected in February by the shortlisting panel. During their meeting, a number of issues were raised regarding the general reporting qualities of the 44 participants. These issues have been combined with an analysis of the reports when compared to the ACCA criteria, enabling both strengths and weaknesses of specific reporting indicators to be identified. These have been summarised in letter form below, intended for all Pakistan reporters as constructive feedback to environmental/sustainability reporting colleagues.



Critical letter from the shortlisting panel

Dear Reporter Friend,

First, thank you for entering the ACCA-WWF Pakistan Environmental Reporting Awards 2008. By doing so, you have enabled us to assess broadly the content of all reports with the ACCA criteria and capturing the general opinion of the shortlisting panel, based on the reports entered.

The ACCA criteria are categorised into three areas, each a key element of reporting: completeness, credibility and communication. By applying the criteria to all the entrants, a good picture of the overall strengths and weaknesses within each of these elements can be envisaged, and are summarised below.

COMPLETENESS

Strengths

- Identification of key social, environmental and economic impacts and business issues.
- Explanation of report scope geographical, operational and product coverage and reporting period outlined.
- Management commitment including environmental/social vision, strategy and related policies.

Weaknesses

- Limited evidence of explanation of reasons for inclusion of key environment/social/economic indicators. Key stakeholders are not generally identified.
- In majority of the reports produce or service stewardship disclosure has not been included.
- Little evidence of coherent and collective management of environmental/sustainable development (SD) strategy and any issues arising from it.
- Lack of a clear and credible articulation of the meaning of SD, consideration of the implications of pursuing SD and any tensions that emerge.
- Need for more demonstration that environmental/social/ sustainability strategy are integrated into core business strategy.

CREDIBILITY

Strengths

- Inclusion of a named contact person for the report.
- Outlining of headline achievements in the current reporting period.

Weaknesses

- Absence of explanation of the governance structure in place to manage sustainability performance, names of board director, for example.
- Few reports provide description of how incentives for staff and managers are linked to sustainability performance and achievements of targets.
- Lack of description of risk identification and management processes, including disclosure of actual risks identified and opportunities resulting from them.
- Identification of and accounting for social/environmental/SD externalities is rare.
- Lack of disclosures on internal audit and assurance of sustainability performance.

COMMUNICATION

Strengths

- Comprehensibility, appropriateness of report length.
- Use of Internet.

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Weaknesses

- Provision of a summary report to accompany the full-length document.
- Appropriateness of graphs, illustrations and photos.

BROAD WEAKNESSES

In addition to specific aspects of the criteria, the shortlisting panel identified four common, broad weaknesses among the entrants.

1. Quality of Social and economic performance disclosures

Even though companies included substantial environmental performance disclosure, limited information about social and economic performance indicators were included in the reports. Global Reporting Initiative Guidelines outline examples of a number of economic and social performance indicators which can be used as reference/guidance examples for reporting relevant social/economic performance indicators in the reports.

2. Absence of Third Party Assurance/verification statements

Only a small number of companies included third party assurance/verification statements. Assurance statements aimed at providing reasonable level of assurance regarding the completeness and credibility of the information included in the report should be an integral part of the reports submitted as it enhances the credibility of the reports submitted.

3. Chairman's statement

There were very few evidences of Chairman's statement included in the reports and when the statement is included it often acts as a 'sign off' to the report, without particularly commenting on or discussing the environmental/social/sustainability challenges or performance covered in the report.

4. Targets

Even though targets are generally included in the reports but they were generally not quantified or lacked a timescale. Targets should be set using the SMART principles: Specific, Measurable, Achievable, Realistic and Time-based.

The number of entries this year was 44, of which 18 were selected for the shortlist. ACCA and WWF are very encouraged by interest of the business community in the Awards scheme which is an indication of its commitment to ensuring transparency in reporting. This letter aims to provide constructive feedback to reporters to enhance the standard and quality of reporting in Pakistan.

Best wishes

PERA shortlisting panel

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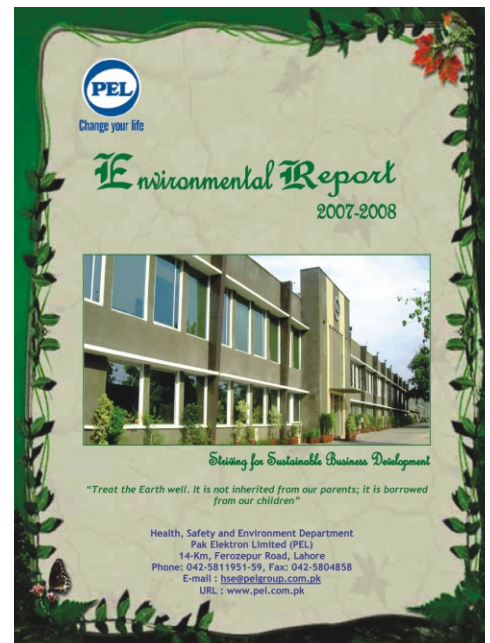
Info@pk.accaglobal.com
www.pakistan.accaglobal.com

The shortlisted reports

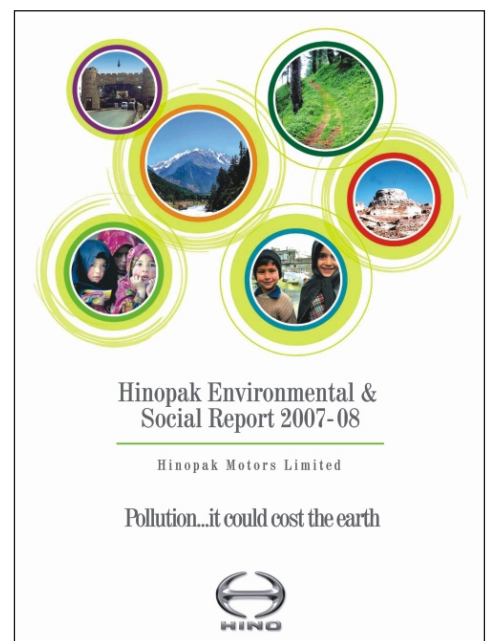
- Attock Refinery Limited
Sustainability Report 2008
www.arl.com.pk
- Dawood Hercules Chemicals Limited
Annual Report 2007
www.dawoohercules.com
- English Biscuit Manufacturers (Pvt) Ltd
Social Sustainability Report 2007-08
www.ebm.com.pk
- Engro Chemical Pakistan Ltd
Corporate Responsibility Report 2007
www.engro.com
- Frontier Foundry (Pvt) Ltd
CSR Report
www.frontierfoundry.com.pk
- Indus Motor Company Ltd
Annual Report 2008
www.toyota-indus.com
- Shahtaj Sugar Mills Limited
Corporate Report 2008
www.shahnawazltd.com
- Siemens (Pakistan) Engineering Co. Ltd
Annual and CSR Report 2008
www.siemens.com
- Sunny Trust International
Social Report 2008
www.sunnytrust.org
- Telenor Pakistan
Corporate Responsibility Report 2008
www.telenor.com.pk
- AES Lal Pir Thermal Power Station
Environmental Report 2008
www.aes.com
- BASF Pakistan (Pvt.) Limited
Environmental Report 2008
www.basf.com
- Century Paper & Board Mills Limited
Environmental Report 2008
www.enturypaper.com.pk
- Descon Engineering Limited
Annual Health Safety & Environmental Report 2008
www.descon.com.pk
- Engro Polymer & Chemicals Limited
Environmental Report 2008
www.engropolymer.com
- Hinopak Motors Limited
Environmental and Social Report 2007 - 08
www.hinopak.com
- Pak Elektron Limited (PEL)
Environmental Report 2007-2008
www.pel.com.pk
- Qarshi Industries Pvt Ltd.
Environmental Report 2008
www.quarshi.com



Attock Refinery Ltd

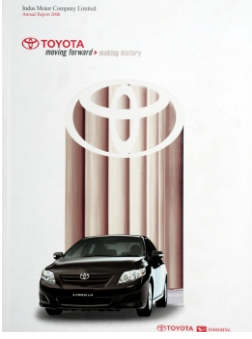


Pak Elektron Ltd (PEL)

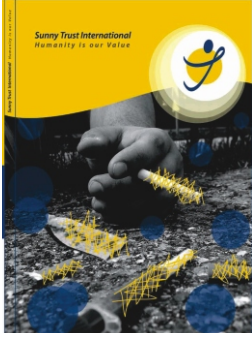


Hinopak Motors Limited

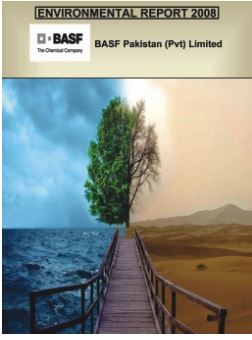
Indus Motor Company Ltd



Sunny Trust International



BASF Pakistan (Pvt.) Limited



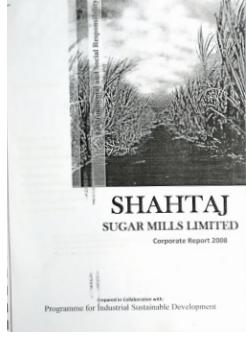
Engro Polymer & Chemicals Ltd



Qarshi Industries Pvt Ltd



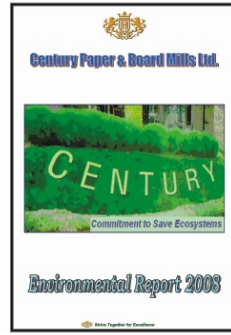
Shahtaj Sugar Mills Limited



Telenor Pakistan



Century Paper & Board Mills Ltd.



Dawood Hercules Chemicals Limited



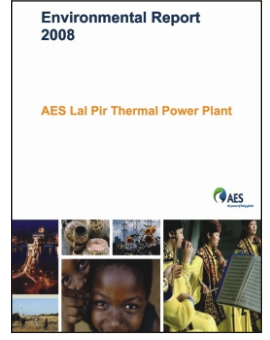
Engro Chemical Pakistan Ltd



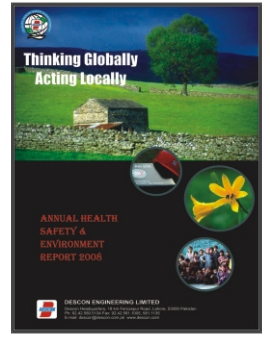
Siemens (Pakistan) Engineering Co. Ltd



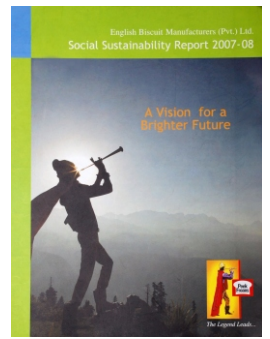
AES Lal Pir Thermal Power Station



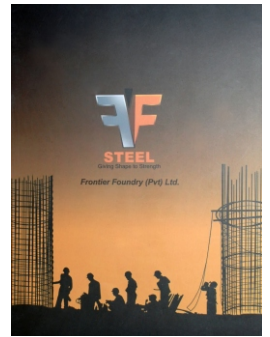
Descor Engineering Limited



EBM Pakistan Pvt Ltd



Frontier Foundry (Pvt) Ltd



Other entrants

- Al-Noor Sugar Mills Ltd
- BHP Billiton Petroleum
- Central Depository Company of Pakistan Ltd
- Dreamworld Limited
- Dewan Farooque Spinning Mills
- Fazal Cloth Mills Ltd
- KAPCO
- Kuchlak Welfare Society
- Millat Tractors Limited
- Muslims Welfare Society
- New Horizon Care Centre
- National Refinery Limited
- Pakistan Steel
- PharmEVO Pvt Ltd
- Pakistan Bright Youth Councila
- Pakistan International Airlines
- Shahtaj Sugar Mills Limited
- Silver Linning (Ngo)
- Sahara Welfare Society
- Shakarganj Mills Ltd
- Shell Pakistan Ltd
- Shield Corporation Ltd
- SKF Pakistan Ltd
- Social welfare Society
- Suhail Jute Mills Limited
- Synergies Worldwide



The Award winners

The ACCA-WWF Pakistan Environmental Reporting Awards 2008

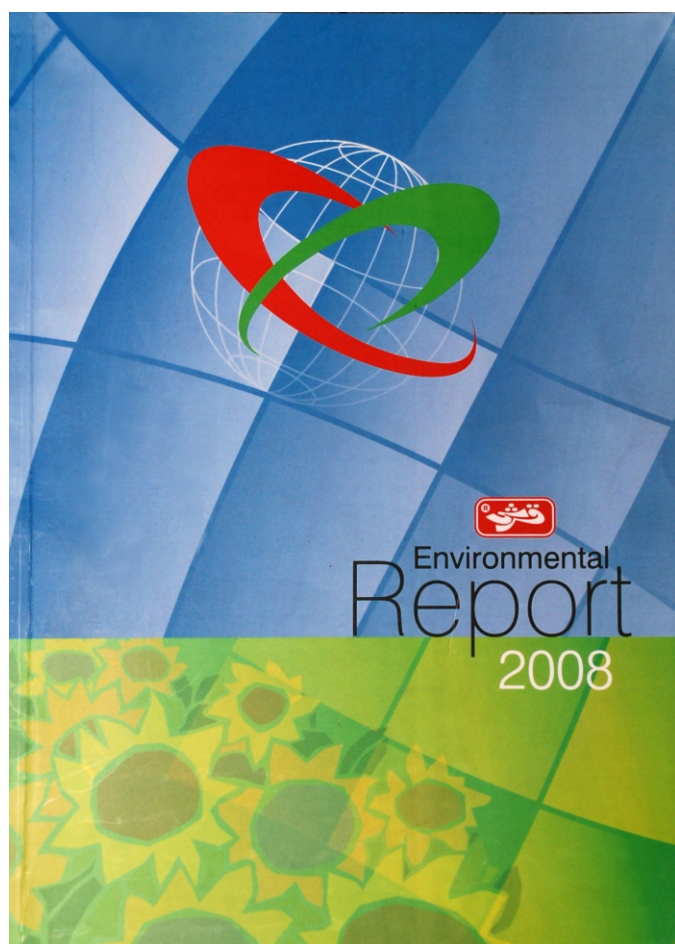
The following awards were announced for 2008:

BEST SUSTAINABILITY REPORT 2008

- **Local listed category**
Attock Refinery Limited

BEST ENVIRONMENTAL REPORT 2008

- **Local listed category**
Pak Elektron Ltd. (PEL)
- **Multinational category**
Hinopak Motors Limited
- **Commendation:** for commitment to transparency in reporting
Qarshi Industries Pvt. Ltd.



To access these ACCA-WWF Pakistan Environmental Reporting Awards winners, together with thousands of additional environmental, social and sustainability reports, visit www.corporateregister.com

AN INVITATION TO PARTICIPATE FOR 2009

If you disclose environmental, social or full sustainability information about your organisation, we invite you to participate in ACCA-WWF Pakistan Environmental Reporting Awards. The ACCA-WWF Pakistan Environmental Reporting Awards 2009 timetable will be:

July/August 2009
PERA information sessions (Karachi, Lahore, Islamabad)

August 2009
Launch of the 2009 Awards

December 2009
Short-list committee meeting

February 2010
Judges' meeting

22 April 2010
Awards ceremony

For further information about the ACCA-WWF Pakistan Environmental Reporting Awards, please contact:

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e-mail: habiba.zaidi@pk.accaglobal.com
www.pakistan.accaglobal.com

Winner Best Sustainability Report (local-listed category)

Attock Refinery Limited Sustainability Report 2008

www.arl.com.pk



ARL's report:

- is a first class, interesting, edifying document which illustrates the commitment of ARL for continuous improvement in sustainability reporting as it further enhances the benchmark set for sustainability reporting in Pakistan by ARL last year.
- encompasses the criteria of completeness, credibility and communication while at the same time illustrating the essential characteristics of triple bottom line report.
- is a pleasure to read and review as it includes comprehensive transparent balanced disclosure of environmental, social and economic challenges and performance; it also explains the rationale for inclusion of environmental and social information and challenges.
- is an excellent example of how Global Reporting Initiative (GRI) guidelines provide an effective framework for qualitative and quantitative reporting of environmental, social and economic performance indicators.
- CEO's message honestly and clearly outlines the strategy for ethically managing social, environmental and economic challenges in the current economic conditions.
- executive summary succinctly delineates the aim of the report, the report audience and the material covered in the report.
- has taken into account panel of judges recommendation as the quality of stakeholders.
- engagement process information provided has improved from last year.
- is one of the very few reports that discloses product and service stewardship approach and processes.
- provides an honest and lucid account of environmental and social performance against targets.
- is presented well and includes relevant and useful graphs and photographs.
- is one of the very few reports that has included pertinent financial information in the sustainability report.
- outlines SMART future plans and targets.

The judge's recommendations for improvement of ARL's report include:

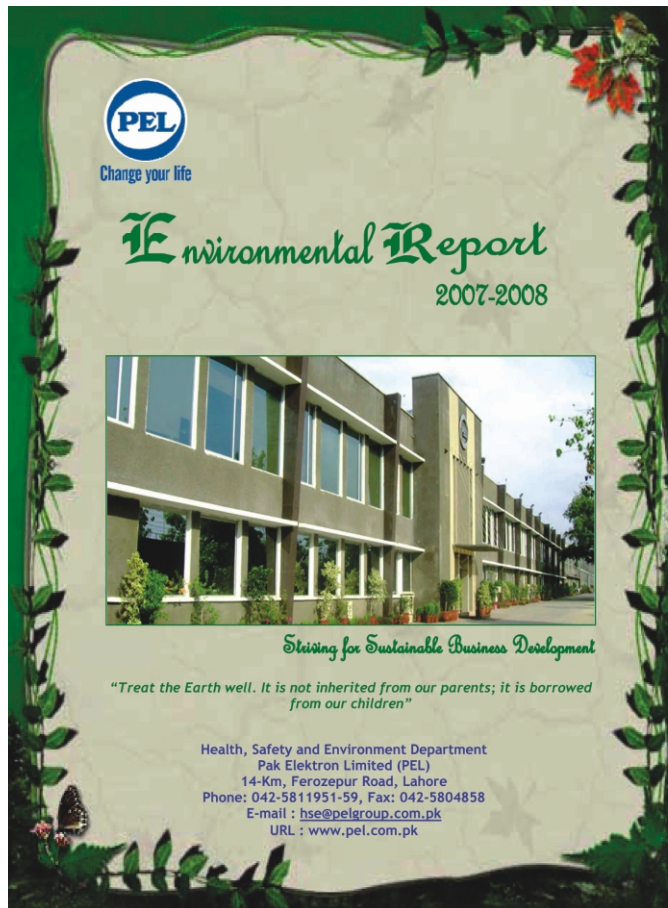
- inclusion of assurance statement using the AA 1000 Assurance Standard.
- more detailed disclosure of product and service stewardship.
- integration of financial statements with the information included in the sustainability report.
- consider adopting full cost accounting.

Winner Best Environmental Report (local listed category)

Pak Elektron Limited (PEL)

Environmental Report 2007 - 2008

www.pel.com.pk



PEL's report:

- is an inspiring and enlightening account of the company's environmental performance.
- displays PEL's resolve to set the benchmark for environmental reporting in Pakistan in its first attempt at preparing an environmental report.
- is an admirable attempt at fulfilling the characteristic of completeness as it clearly demonstrates management commitment to ensuring highest standards of environmental performance, includes specific environmental performance related targets, identifies report audience, outlines key environmental performance indicators and rationale for reporting environmental performance indicators and explains the environmental impact of PEL's process and products.
- illustrates outlines product and service stewardship processes diagrammatically.
- attempts at satisfying the credibility criteria of by including brief information about risk management process and information about compliances with National Environmental Quality Standards (NEQs).
- is one of the very few reports that highlights initiatives undertaken to ensure suppliers are also adhering to Health, Safety and Environmental standards.
- briefly depicts the stakeholders management process.
- contains independent assurance statement.

The panel of judges has the following recommendations for further improvement of the report:

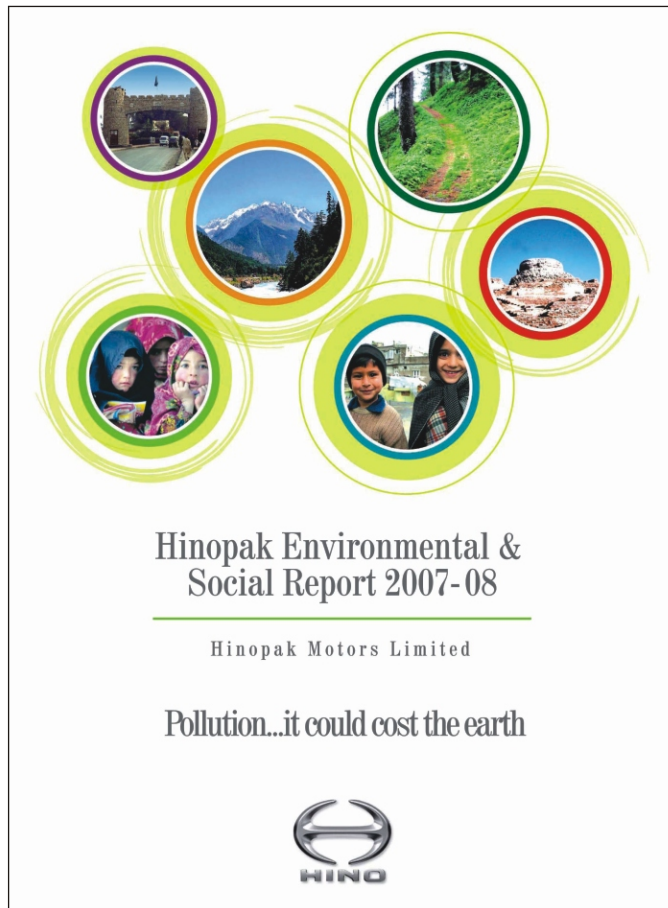
- consider complying with GRI guidelines.
- ensuring that relevant information is not lost in the myriad of information included in the report.
- stakeholders engagement process needs to specifically state the approach to stakeholders engagement process and explain how the feedback received from stakeholders is used by PEL.
- improving the navigation of the online and PDF report with better structuring and sign-posting.

Winner Best Environmental Report (multinational category)

Hinopak Motors Limited

Environmental and Social Report 2007 - 2008

www.hinopak.com



Hinopak's report:

- is a concise, informative and enthusiastic overview of the company's endeavours to overcome the environmental challenges of the carbon economy.
- demonstrates management commitment to disclosing environmental performance honestly as the theme of the Managing Director and CEO message, environmental policy and code of ethics is that Hinopak aspires to achieve excellence in environmental reporting through transparency in reporting its environmental performance.
- provides an engaging synopsis of the environmental management system.
- is one of the few reports where the role of internal audit in assessing the effective implementation of environmental management system is summarised.
- includes relevant environmental performance indicators and explains the rationale for inclusion of the environmental performance indicators precisely.
- future plans are briefly but objectively specified.
- has appropriate graphs and photographs.

The judges' recommendations for improving the quality of the report include:

- complying with GRI guidelines for reporting environmental performance
- Inclusion of an overview of the stakeholders dialogue approach and explanation of use of stakeholders feedback
- assurance statement should be part of the report

The judges' report

At the judges meeting to decide the 2008 winners, the judges evaluated the reports in the light of the criteria of completeness, credibility and communication. The work of the judges was facilitated by the preliminary evaluation and shortlisting of the reports by a committee headed by Mr Ali Tauqeer Sheikh.

- For ACCA-WWF Pakistan Environmental Reporting Awards 2008 a total of forty four entries were received and only eighteen entries were short-listed by the short listing committee that met on 3 February 2009 in Lahore.
- The first category to be assessed by the Panel of Judges was Best Sustainability Reporting Award (Multinational). Two reports were short-listed in this category namely Telenor Pakistan and Siemens (Pakistan) Engineering Co. Ltd. Decided that there was no winner in this category.
- The second category to be reviewed was Best Sustainability Report (Local Listed). There were five short-listed reports in this category namely Engro Chemical Pakistan Ltd, Attock Refinery Limited, Dawood Hercules Chemical Ltd, Indus Motor Company Ltd and Shahtag Sugar Mills Ltd. Attock Refinery Limited was the unanimous winner in this category.
- The third category to be discussed was Best Sustainability Report (Local Unlisted). Three reports were short-listed in this category namely English Biscuit Manufacturers (Pvt) Ltd, Frontier Foundry (Pvt) Ltd and Sunny Trust International. No winner was announced in this category.
- The fourth category to be reviewed was Best Environmental Report (Local Unlisted). The report of Qarshi Industries Pvt Ltd. had been short-listed in this category. The Panel of Judges decided that in appreciation of Qarshi's commitment to environmental reporting over the years they should be awarded a commendation for commitment to transparency in reporting.
- The fifth category to be assessed was Best Environmental Report (Multi-national). The three short-listed reports were AES Lal Pir Thermal Power Station, BASF Pakistan (Pvt.) Limited and Hinopak Motors Limited. The Panel of Judges declared Hinopak Motors Limited as the winner in this category.
- The last category to be assessed was Best Environmental Report (Local Listed). Three reports were short-listed in this category. They included Century Paper and Board Mills Ltd, Pak Electron Ltd (PEL) and Descon Engineering Ltd. Pak Electron Ltd. (PEL) was adjudged as a winner in this category.

Future of ACCA-WWF Pakistan Environmental Reporting Awards

The Panel of Judges suggested that as it has been six years since the Awards were introduced, ACCA Pakistan and WWF Pakistan may like to arrange a round table meeting of all judges of Pakistan Environmental Reporting Awards so as to evaluate the Awards and to discuss any issues that might be crucial in designing a future strategy for the Awards.

Disclosure of Professional Involvement

Like previous years, jury members disclosed their professional involvement, if any, with the competing companies, and, following such disclosure, ensured that any relationships did not affect their independence.

Support of ACCA and WWF Pakistan

The jury places on record its appreciation and gratitude for the excellent secretarial support provided by ACCA and WWF Pakistan including a preliminary, and confidential, evaluation of the applicants. This should continue in the future.

Disclaimer

"The ACCA-WWF Pakistan Environmental Reporting Awards scheme and the related trophy are implicitly and explicitly for reporting only; and reward transparency. ACCA, WWF and the jury clarify that the Reporting Award is only for environmental/sustainability reporting and not for environmental compliance and this award in no manner certifies that the practices and policies of the awardees are sustainable or environmentally friendly".



Dr Parvez Hassan
Chairman of the Panel of Judges
ACCA-WWF Pakistan Environmental Reporting Awards
March 2009

Members of the Panel of Judges

Mr Ali Tauqeer Sheikh
Mr Shafqat Kakakhel
Mr Moin M Fudda
Ms Aliya Mohiydin
Mr Farhan Sami
Mr Syed Ahsen uddin

Technical recommendations



The panel of judges meeting to select the 2008 winners resulted in an evaluative discussion about the future directions of the reports resulting in finalisation of a number of technical recommendations for improving reporting in the future.

GENERAL COMMENTS

ACCA-WWF Pakistan Environmental Reporting Awards (PERA) received a record number of entries (44 against 40 in 2007 and 24 in 2006). The continuous increase in number of reports submitted is reflective of the buy in of the business community in the idea of transparency in reporting. More companies are now disclosing direct and indirect environmental/social impacts of the business operations and products and outlining environmental/social achievements. Graphical representations of compliance/non-compliance with National Environmental Quality Standards (NEQs) is becoming a norm. Environmental Management Systems are explained. Whereas comparable environmental performance indicators are commonly found in reports, economic and social performance indicators have started appearing in reports. Companies have also started including some information about risks and opportunities and how sustainability links to the overall strategy and business operations.

Areas that still need improvement are disclosure on economic and social impacts and performance (which are still of a lower standard than for environmental areas), explanation of the challenges and conflicts faced by the business with regards to sustainable development, product and service stewardship approach disclosures, inclusion of information about supplier procurement policies and outlining stakeholders engagement process and the follow up to the feedback received. The panel of judges noted that although the quality of the

environmental reports submitted has improved since last year, there has been a slight decline in the quality of sustainability reports submitted. A sustainability report must report economic, environmental and social performance. GRI guidelines and winning reports can provide ideas on how to develop a sustainability report.

Annual reports usually do not have significant relevant environmental or social information. Most of them are thus not short-listed. Companies are encouraged to either include relevant environmental and social information in the annual reports or consider developing stand alone environmental and sustainability reports.

FORWARD-LOOKING REPORTING

It was observed that reports are generally a record of historical information. Forward-looking information is hardly found in reports. Forward-looking information is a demonstration of awareness/commitment to sustainability built into core business strategic and future business consideration. Disclosure of specific and relevant future plans, targets, risks, opportunities and strategies would enable the readers to assess the readiness and preparedness of the reporting organisation to meet future challenges. A number of reporting organisations do include numerical targets but in the absence of any narrative information explaining the rationale for the inclusion of the targets, the information may not be value relevant to the readers.

FINANCIAL CONTEXT IN SUSTAINABILITY REPORTING

Even though companies do include conventional financial information in their reports, disclosure of information about the financial implications of their investments in environmental, social and sustainability initiatives and/or performance is not included in the reports. Disclosure of key performance indicators relating to waste production,

energy use, recycling rates, noise monitoring, pollution control, staff diversity and training is now becoming a common practice. Nonetheless, reporting organizations have not attempted to quantify and account for their investment in environmental/social/sustainability performance and the resulting benefits in terms of cost savings. Companies that have quantified their investment/cost and subsequent benefits have been able to establish a linkage between financial performance and environmental/sustainability commitment. This has resulted in informed decision-making by the companies for their future environmental, social and sustainability related investments and formulation of sustainable business strategy.

FULL DISCUSSION OF MATERIAL CHALLENGES

It has been observed that even though reporting organisations are now disclosing environmental/social/sustainability challenges but there is very limited evidence of reports assessing and explaining the implications of these challenges on products, services, business operations and strategic planning.

Disclosures should include:

- a clear description of each material challenge, both within the broader sustainability context and how/why it could affect the business and its stakeholders
- an explanation of the materiality process undertaken to select these challenges
- the Key performance indicators (KPIs) that have been developed and implemented in relation to each challenge
- performance trends in each KPI and an explanation of both positive and negative performance
- any SMART targets set to drive improvements and performance, and a comparison of these with past targets.

A full detailed disclosure signals to the readers the reporting organisation's awareness and understanding of the key challenges and its to meet the challenges.

ROOM FOR IMPROVEMENT: PAST RECOMMENDATIONS STILL APPLICABLE TODAY

The 'bigger picture' reporting

It was observed that reporting entities are generally not explaining the 'bigger picture' of sustainable development and how that particular organisation fits into it. Consequently disclosures still tend to focus much more on the organisation's particular operations and products rather than the wider social and environmental systems within which it operates.

Reporting entities need to include a clear and credible articulation of the meaning of sustainable development, consideration of what implications arise for the organisations as they pursue sustainable development, tensions which emerge and unresolved complexities. The relevance and usefulness of a report will be enhanced if a description of the organisation within the wider social and environmental system in which it operates is included in the report. Accounting for social and environmental externalities is an area that the panel of judges would like to be included in the reports.

The balanced reporting

A key area noted by judges was that transparency in reporting would be enhanced by preparation of balanced reports. Reporting organisations should focus on explaining positive and negative economic/environmental/social impacts of an organisation.

Value of assurance statements should be improved

A very small number of organisations are including assurance statements. The panel of judges recommended that organisations need to include assurance statements to enhance the credibility of their reports and also to improve the assurance statements in terms of their value, readability and credibility. In this context, it was recommended that an assurance statement should aim at providing reasonable level of assurance to the reporting organisations stakeholders regarding the materiality, completeness and responsiveness of the report as well as the accuracy of data.

Compliance with global standards of environmental and sustainability reporting

Even though a number of participating companies are complying with the Global Reporting Initiative guidelines, the panel of judges would like more companies to aim for compliance with global standards like the Global Reporting Initiatives (GRI) guidelines and raise their reporting level to be on par with their global counterparts.

Communication

A general observation made was that environmental/sustainability reports should not be information overload. In terms of communication, reports should try not to use too much technical jargons as intent should be to communicate to different types of stakeholders and not only to those with technical background.

About ACCA

ACCA (the Association of Chartered Certified Accountants) is the largest and fastest-growing global professional accountancy body with 325,606 students and 122,426 members in 170 countries.

We aim to offer the first choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. ACCA works to achieve and promote the highest professional, ethical and governance standards and advance the public interest.

ACCA NATIONAL AWARDS

The combination of ACCA's work in improving the accountability and transparency of business and the success of the UK awards in communicating these values to organisations has led a number of national ACCA offices to set up award schemes of their own. ACCA is now involved in reporting awards in more than 20 countries throughout Europe, Africa, North America and the Asia-Pacific region. ACCA award schemes are now established in Sri Lanka, Pakistan (in partnership with WWF), Malaysia, Singapore, Hong Kong, Australia and New Zealand, South Africa, and North America (in partnership with Ceres).

Launching award schemes in a number of countries around the world has helped raise the profile of corporate disclosure issues within those countries and among their national organisations. The ACCA awards serve to encourage non-reporters to publish information on their impacts and, ultimately, help underline the business case for sustainable practices and development.

ACCA PAKISTAN RESEARCH

ACCA Pakistan aims to become actively involved in accounting research in Pakistan. With demand for greater accountability in business, more than ever before there is a need for a strong evidence base to inform, drive and underpin progress in the accounting and finance function in Pakistan. *ACCA Pakistan* is uniquely placed to provide this. *ACCA Pakistan* enjoys the support of large research resources from ACCA's global infrastructure as well as intellectual capital owned by ACCA. The substantial global presence of ACCA provides *ACCA Pakistan* the opportunity to explore issues current and emerging around the world, such as the convergence of reporting and governance standards, developments in government accounting systems, corporate governance, small to medium sized enterprise development, moves towards outsourcing and shared service centres.

ACCA Pakistan has been involved in a number of technical research projects and initiatives. These are follows:

- a) IFC / SECP / PICG Survey of Corporate Governance of Pakistan
- b) Access to finance for female entrepreneurs in Pakistan
- c) Sarbanes-Oxley and Pakistan: way forward?
- d) "Putting Small Business First" A guide to keeping records for small businesses

- e) Sustainability: A Modern Myth or a Genuine Business case.

www.pakistan.accaglobal.com

ABOUT WWF

For more than four decades in over 90 countries around the world, WWF has worked for conservation of nature and ecological processes, through the concept of sustainable development. WWF defines this as a series of processes which are economically viable, socially acceptable and environmentally sound: development that does not integrate all three is simply not sustainable.

This involves change in business practices and lifestyles, as well as the adoption of environmental and social standards to stay within the limits of available resources. Political will and appropriate incentives to the private sector are required to convert the ideas into action.

www.wwf.org

