



**REPORT OF THE JUDGES**

**ACCA-WWF Pakistan Environmental Reporting Awards 2011**

## **ACKNOWLEDGMENT**

ACCA would like to thank and acknowledge the contribution and support of the distinguished panel of judges, Shah Murad Aliani, Amjad Janjua, Muhammad Aliemuddin and Mahreen Khan and last but not least all the participating companies in the Awards. We believe that the participating companies deserve recognition for leading the way to identify and communicate their environmental and social performance. Companies such as these are contributing towards the advancement of sustainable development and performance.

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# Introduction

Globally sustainability reporting has grown by leaps and bounds in just two short decades. In the early nineties as the business world embraced the idea of 3 Ps –profits, people and planet, a business case emerged for extending the boundaries of bottom line reporting from single line financial performance reporting to triple bottom line economic, environmental and social performance reporting.

Since 2010, it is likely that over 3,000 companies world-wide will issue sustainability (or corporate responsibility) reports, with a substantial proportion being based on the third generation of the GRI guidance. Considering it has taken nearly 200 years for financial reporting to reach its current stage of maturity, we have come a long way in a remarkably short time in terms of developing an entirely new sustainability reporting framework.

Sustainability reporting and corporate social responsibility (CSR) activity has grown rapidly in the private sector. While the CSR industry is increasingly showing interest in expanding into public sector reporting, ACCA believes that the differences between the sectors should be recognised as they vary in purpose, motivation and responsibility. For example, the key purpose of the public sector is to focus on the public good/interest, which is very different from the profit motive of private companies. This might affect the approach taken to sustainability reporting and the adaptation of private sector guidelines and frameworks.

ACCA recognises that the concept of sustainable development is critical to society and business today. The accountancy profession has an important role in defining and delivering the means by which sustainable development is measured and reported.

ACCA has been actively involved in the unfolding debate on corporate social responsibility since 1990. We promote transparency and best practice, and aim to help businesses and organisations realise the growing importance of sustainability to them. ACCA champions the extension of corporate reporting to include the social and environmental aspects of a business. We launched sustainability reporting awards with partners in Australia, Canada, New Zealand, Hong Kong, Ireland, Malaysia, Pakistan, Singapore, South Africa, Sri Lanka, the UK, and the US.

In 2002, ACCA became the first professional body to be awarded the prestigious Queen's Award for Sustainable Development. We are also members of the advisory group of the Climate Disclosure Standards Board. ACCA was represented on the Global Reporting Initiative's board from inception until 2007, and our representative now chairs the GRI's technical advisory committee. ACCA is also a member of the executive board of the 'Accounting for Sustainability' project launched by HRH the Prince of Wales.

Taking the lead, ACCA intertwined its values of integrity, accountability and innovation with the general public interest and initiated the Environmental Reporting Awards in UK some 19 Years back. ACCA has been actively promoting sustainability reporting awards throughout Europe, Africa, North America and the Asia-Pacific region. ACCA Awards Schemes are now established in Sri Lanka, Malaysia, Singapore, Hong Kong, Australia and New Zealand, South Africa, and North America (in partnership with CERES). The awards scheme aims:

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- to recognise and reward those organisations which report and disclose environmental, social or sustainability performance
  - 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
  - to provide evidence of 'best in class' disclosure performance, on the basis that 'disclosure changes behaviour', with companies considering how their commitment towards sustainable business can function better to protect and enhance sustainable performance

Over the years, ACCA and WWF have strived to stringently develop the concept of sustainability reporting in Pakistan. The ACCA-WWF Pakistan Environmental Reporting Awards scheme jointly launched by ACCA Pakistan and WWF Pakistan in May 2002, undertook the initiative to produce a judges' report that reflected on the strengths of all reports that won an award and offer lessons learnt from the judging process in particular.



## MESSAGE FROM ACCA PAKISTAN

Sustainability reporting is increasingly becoming as common as financial reporting as a central indicator of businesses response to climate change as well as social and governance challenges. The accountancy profession is gradually recognising that, if not already at the tipping point beyond which irreversible climate change will occur, then we are very nearly at that point, with inevitable costs for business and society. There is a major part for the accountancy profession to play in developing strategies and solutions in response to the green economy challenge.

There is a clear role for the professional accountant in sustainability reporting and for influencing how organisations report on such issues. Accountants are well placed to shape a new business model, understand the regulatory environment, manage risk and develop efficient frameworks to measure information that can be monetised.

Launching the Environmental Reporting Awards in Pakistan in 2002 has helped raise the profile of corporate transparency and ESG responsibility issues within Pakistan. The sharing of best practices provides an opportunity to benchmark social and environmental performance indicators. ACCA-WWF Pakistan Environmental Reporting Awards serve to encourage non-reporters to publish information on their social and environmental impacts, and ultimately, help underline the business case for sustainable practices and development.

Over the decade, as the influence, recognition and outreach of the Awards has grown (see figure 1), the Awards today are a manifestation of the business community commitment to excellence in adopting the highest standards of transparent multi-dimensional environmental and sustainability reporting in Pakistan.

More recently ACCA is leading the work on Integrated Reporting through its role on the steering committee of the International Integrated Reporting Council, The IIRC, established by the Prince's Accounting for Sustainability Project (A4S) and the Global Reporting Initiative, the IIRC's objective is to develop a concise and consistent integrated reporting framework for companies on how to present their strategic objectives, governance and business model, as well as integrating both financial and non-financial information.

Figure 1: Number of PERA entries 2002-2011

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Entries	11	14	10	14	25	40	44	58	63	78

I would like to thank and acknowledge the contribution and support of our partners WWF Pakistan, the distinguished panel of judges, IUCN, Business Council for Sustainable Development (BCSD) Pakistan and last but not the least, all participating companies in the Awards. We strongly believe that the participating companies deserve recognition for leading the way to identify and communicate their environmental and social performance.

Companies such as these are contributing towards the advancement of sustainable development and performance and we hope that the insights gathered during the judging process, will help companies continue to improve standards of environmental, social and sustainability reporting.

Arif Masud Mirza  
Head of ACCA Pakistan



### MESSAGE FROM WWF PAKISTAN

The strategic importance of aligning businesses and development with the overarching goal of environmental achievement is imperative as we evolve to address climate change. Over the years, environmental reporting has proved that good environmental practices can be linked to good financial performance and quantifiable results can be achieved. Industries around the globe are showing accountability for their carbon emissions and this healthy trend is slowly but surely being adopted in Pakistan as well.

WWF's commitment to the environment has led to our forging partnerships with leading companies across the globe that are voluntarily reducing their greenhouse gas emissions. In Pakistan, ACCA and WWF Pakistan have embarked on a long-term and close-knit partnership to promote the significance of the environment and to bring together the corporate sector to protect the environment. From multinationals and export-oriented businesses to local companies, we have come a long way in the environmental reporting process, and we continue to forge ahead and help make environmental and sustainability reporting a part of our corporate and business culture.

We are proud of the companies that have taken up the initiative, we are resilient to forge more partnerships, and we are confident that together, we can contribute towards a positive change.

A handwritten signature in black ink, appearing to read 'Ali Hassan Habib'.

Ali Hassan Habib  
Director General WWF Pakistan

# Endorser

## MESSAGE FROM IUCN

IUCN's mission is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is both equitable and ecologically sustainable.

IUCN works closely with the government at the national and provincial levels as well as with civil society at large. Following a two-pronged approach, IUCN: advocates and technically assists the development of conservation strategies, and supports strategy implementation by providing assistance in policy and legislative reforms, capacity development, environmental assessment, awareness and education, and selected field projects.

Corporate social responsibility (CSR) goes beyond philanthropic acts of goodwill towards the community at large: critically, it encompasses how businesses are run with regard to business ethics, corporate governance, socially responsible investing, environmental sustainability, and community investment.

Over the years, the ACCA–WWF Pakistan Environmental Reporting Awards have helped raise the profile of corporate transparency and responsibility issues within the country. The sharing of best practices provides an opportunity to benchmark social and environmental performance. The ACCA Awards serve to encourage non-reporters to publish information on their social and environmental impacts and, ultimately, help to underline the business case for sustainable practices and development. Preservation of the environment is an obligation for all of us, and the contribution to this cause by people from different strata will have positive results.

Environmental and sustainability reporting can provide a mechanism for reviewing whether we are keeping our commitments, and can allow us to exchange this information in a transparent manner. These measures need not be intrusive, or infringe upon sovereignty. They must, however, ensure that an accord is credible, and that we are living up to our obligations. For without such accountability, any agreement would be empty words on a page. Sustainable business has never been more important than it is today in maximising economic opportunities and ensuring the security of our future.

IUCN is pleased to endorse this endeavour and be associated with it. Commendably, more companies are voluntarily disclosing information about their non-financial performance, as we can see from the increase in the number of entries for the ACCA–WWF Pakistan Environmental Reporting Awards 2011.



# Endorser

## MESSAGE FROM BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT, PAKISTAN

Business Council for Sustainable Development, Pakistan (BCSD Pakistan) has been supporting the responsible role of business in creating a sustainable environment that strikes an effective balance between economic growth, social progress and ecological efficiency.



**Business Council for  
Sustainable Development, Pakistan**

Building on its earlier contributions to sustainable development, BCSD Pakistan has recently announced the launch of the Future Leaders Team Programme in Pakistan to build intellectual and professional capital in corporate sector to support responsible business practices.

Business enterprises are increasingly realising the need for balancing the goal of sustainable development with the traditional goal of profitability. Accordingly, engagement of business in development of community, society and environment has been increasing. There is a growing understanding that business cannot succeed in an environment that fails. ACCA-WWF Environment Reporting Awards programme is an evidence of this understanding. It provides a valuable opportunity for benchmarking and cross-organizational learning in the interest of business and environment.

In this context, BCSD Pakistan is pleased to endorse ACCA-WWF Pakistan Environment Reporting Awards programme as a commendable effort to support responsible business practices.

# The ACCA-WWF PERA 2011 Panel of Judges

## **Amjad Parvez Janjua**



Amjad Parvez Janjua is President of Business Council for Sustainable Development Pakistan and Managing Director & CEO of Asia Petroleum Limited. He has been Executive Director at Pakistan State Oil, Consultant to World Bank (Washington, D.C.), Consultant to Economic Development Agency of Scotland (UK), Senior Consultant to Privatisation Commission, Government of Pakistan; Senior Advisor to World Business Council for Sustainable Development (Geneva), and Member of the Advisory Committee of World Economic Forum's Global Corporate Citizenship Initiative.

He has postgraduate qualification in energy policy and business administration from University of Pennsylvania and University of Glasgow; and advanced leadership training from Harvard University, University of Oxford and University of Cambridge. His corporate leadership accomplishments have been subject of case studies by leading business education institutions in Pakistan and abroad.

## **Shah Murad Aliani**



Shah Murad Aliani has over 16 years of management and business development experience in the private sector. He has held senior level positions in national as well as multinational concerns and has been part of a strategic 'think tank' for organisational development in the Asia region.

Mr Aliani has vast experience in business development within the country as well as in a regional and international setting. He joined IUCN Pakistan as country representative in August 2009. In his capacity as country representative, he has represented IUCN at various national and international forums. He is also the member of National Council for Conservation of Wildlife (NCCW), Mountain Area Conservancy Fund (MACF) and the Ministry of Environment, Pakistan.

Recently, Mr Aliani has been appointed South Asia chair for IUCN, contributing to India, Bangladesh, Sri Lanka, Nepal, Bhutan and the Maldives, in addition to his responsibilities as country representative for Pakistan.

# The ACCA-WWF PERA 2011 Panel of Judges

## **Muhammad Aliemuddin**



Mohammad Aliemuddin is the Manager (HSEQ) at Attock Refinery Limited and currently heads the activities responsible for improving health, safety, environment, and quality control in the company. He is a chemical engineer from University of the Punjab and bears over 30 years of work experience with reputed petrochemical companies, namely Pakistan Petroleum Limited (PPL) and National Fertilizer Corporation of Pakistan (NFC).

Over the years he has served in various roles and has successfully completed various mega projects such as erection and commissioning of Ammonia/Urea Fertilizer plant, construction & commissioning of a Natural Gas Compression Station, design & construction of Boiler House, construction & commissioning of a 10,000 barrel per day capacity crude oil refinery, erecting Polymer Modified Bitumen plant, construction of storage tanks and many others. A range of international seminars and technical courses also adds to his professional excellence.

## **Mahreen Khan**



Mahreen Khan is most well-known for anchoring the highly acclaimed BBC World series Question Time Pakistan and HARDtalk Pakistan which were broadcast in 60 countries to over 200 million households. These programmes featured the leading politicians, journalists and analysts from Pakistan debating the key issues of the day. Mahreen Khan served as the Media Advisor to the Prime Minister of Pakistan from 2005-2008 overseeing international media relations and communication and has served as a legal adviser with the United Nations in Kosovo, during the post war legal and economic reconstruction.

Currently Mahreen is heading the communications and public affairs department for the Dawood Hercules conglomerate. Mahreen has moderated number of ACCA events including Business Earth Talk, Accountancy Futures Symposium and Accountants for Business Global Forum Pakistan 2011.

# Entrants 2011

**Abbott Laboratories Pakistan Limited**

<http://www.abbott.com.pk/index.html>

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**Al Meezan Investment Management Limited**

<http://www.almeezangroup.com/>

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**Arif Habib Limited**

<http://www.arifhabibltd.com/>

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**Atlas Engineering Limited**

<http://www.atlasengineering.com.pk/>

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**Attock Cement Pakistan Limited**

<http://www.attockcement.com/>

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**Attock Refinery Limited**

<http://www.arl.com.pk/>

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**Azgard-9**

<http://www.azgard9.com/>

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**Baluchistan Wheels Limited**

<http://www.bwheels.com/>

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**BASF Pakistan Pvt Limited**

<http://www.basf.com/group/corporate/en/about-basf/worldwide/asia-and-asia-pacific/pakistan>

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**Berger Paints Pakistan Limited**

<http://www.berger.com.pk/>

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**Bestway Cement Limited**

<http://www.bestway.com.pk/profile.html>

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**BOC Pakistan Limited**

<http://www.linde.pk/en/index.aspx>

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**Century Paper and Board Mills Limited**

<http://www.centurypaper.com.pk/>

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**Cherat Cement Co. Ltd**

<http://www.gfg.com.pk/cheratcement/ccprofile.html>

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**Cherat Packaging Limited**

<http://www.gfg.com.pk/cheratpaper/cp.html>

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**Clariant Pakistan Limited**

<http://www.clariant.com.pk/>

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**Clover Pakistan Limited**

<http://www.clover.com.pk/>

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**D G Khan Cement Limited**

<http://www.dgcement.com/>

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**Descon Chemicals Limited**

<http://www.descon.com/chemicals.php>

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**Descon Oxychem Limited**

<http://www.descon.com/chemicals.php>

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**Din Textiles Limited**

<http://www.dingroup.com.pk/index-textile.php>

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**Ferozsons Laboratory Limited**

<http://www.ferozsons-labs.com/>

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**First Habib Modaraba limited**

<http://www.habibmodaraba.com/>

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**Gatron Industries Limited**

<http://www.gatronova.com/>

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**Hub Power Company Limited**

<http://www.hubpower.com/>

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**Huffaz Seamless Pipe Industries Limited**

<http://www.huffaz.com.pk/main.html>

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**Hum Television Pvt Limited**

<http://www.hum.tv/>

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**IGI Investment Bank Limited**

<http://www.igiinvestmentbank.com.pk/>

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**International Industries Limited**

<http://iilpipes.com/>

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**Ittehad Chemicals Limited**

<http://www.ittehadchemicals.com/>

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**JDW Sugar Mills Limited**

<http://www.jdw-group.com/>

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**Karachi Electric Supply Company**

<http://www.kesc.com.pk/en>

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**Khyber Tobacco Company Limited**

<http://www.khybertobacco.com/>

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**Kohinoor Mills Limited**

<http://www.kohinoormills.com/index.php>

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**Kohinoor Textile Mills Limited**

[http://www.kmlg.com/bal\\_KTML.asp](http://www.kmlg.com/bal_KTML.asp)

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**Maple Leaf Cement**

[http://www.kmlg.com/mlcf\\_annual\\_report\\_2011.pdf](http://www.kmlg.com/mlcf_annual_report_2011.pdf)

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**Maqbool Textile Mills**

<http://www.maqboolgroup.com/index.php>

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**Mari Gas Company Limited**

<http://www.marigas.com.pk/>

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**Millat Tractors Limited**

<http://www.millat.com.pk/>

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**Mirpurkhas Sugar Mills Limited**

<http://www.gfg.com.pk/Mirpurkhas/Mirpurkhas.html>

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**National Foods Pvt Limited**

<http://www.nfoods.com/>

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**NetSol Technologies Limited**

<http://www.netsoltech.com/>

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**New Horizon**

<http://www.newhorizons.com/content/index.aspx>

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**Nishat Chunian Limited**

<http://www.nishat.net/>

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**National Refinery Limited**

<http://www.nrlpak.com/projects.html>

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**NUST**

<http://www.nust.edu.pk/>

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**Oil and Gas Development Corporation Limited**

<http://www.ogdcl.com/>

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**Pak Datacom Limited**

<http://www.pakdatacom.com.pk/>

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**Pakistan Cables Limited**

<http://www.pakistancables.com/contact.html>

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**Pakistan International Container Terminal Limited**

<http://www.pict.com.pk/>

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**Pakistan Oilfields Limited**

<http://www.pakoil.com.pk/>

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**Pakistan Petroleum Limited**

<http://www.ppl.com.pk/>

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**Pioneer Cement Limited**

<http://www.pioneercement.com/>

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**Pakistan State Oil Limited**

<http://www.psopk.com/>

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**Pakistan Telecommunication Company Limited**

<http://www.ptcl.com.pk/>

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**Searle Pakistan Limited**

<http://www.searlepak.com/>

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**Shahmurad Sugar Mills**

<http://www.shahmuradsugar.co/pdf/Annual%20September%2030%202011.pdf>

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**ShahTaj Sugar Mills Limited**

<http://www.shahtajsugar.com/>

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**Shield Corporation Limited**

<http://www.shield.com.pk/portal.html>

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**Shifa International Hospitals Limited**

<http://www.shifa.com.pk/>

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**Siemens (Pakistan) Engineering Co. Ltd**

<http://www.siemens.com/answers/pk/en/>

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**Sitara Chemical Industries Limited**

<http://www.sitara.com.pk/scil/index.php>

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**The Premier Sugar Mills Limited**

<http://www.premiergroup.pk.com/>

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**Total Parco Pakistan Limited**

<http://www.totalparco.com.pk>

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**Treet Group of Companies**

<http://www.treetgroup.com/>

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**TRI-Pack Films Limited**

<http://www.tripack.com.pk/>

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**United Bank Limited**

<https://www.ubldirect.com/corporate/Default.aspx>

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**ZIL Limited**

<http://www.zil.com.pk/>

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# Shortlisted companies

A total of 78 entries were received for the ACCA-WWF Pakistan Environmental Reporting Awards 2011. The judging panel short-listed the entries in three categories:

## Sustainability Report

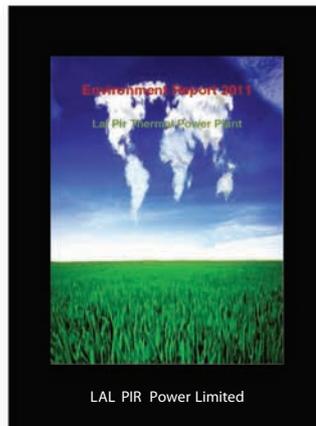
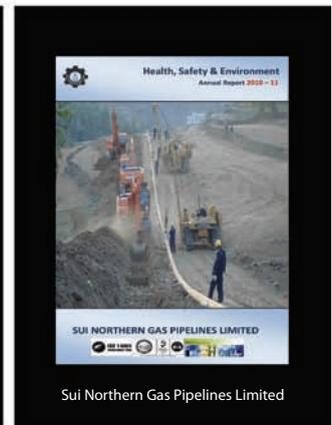
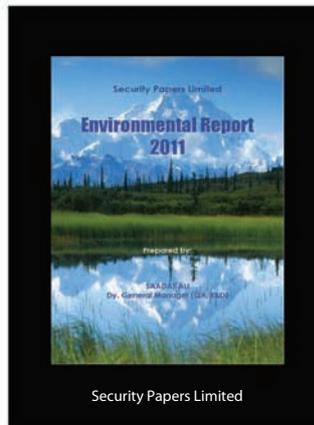
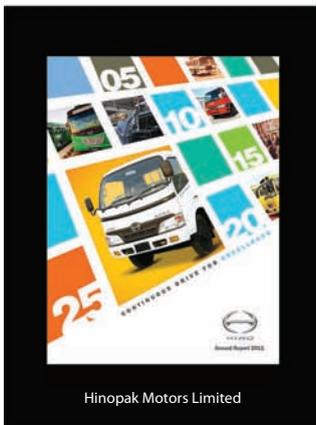
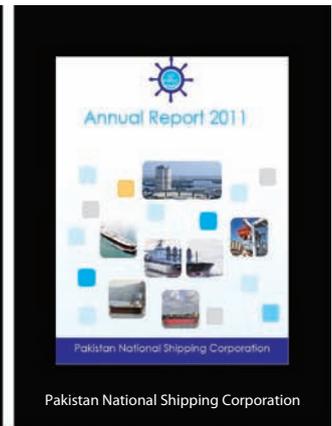
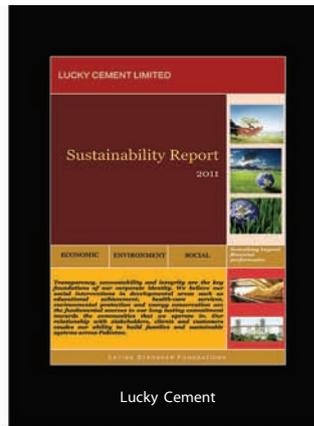
Engro Corporation Limited  
ICI Pakistan Limited  
Lucky Cement Limited  
Pakistan National Shipping Corporation

## Environmental Report

Hinopak Motors Limited  
Levis Pakistan Limited  
Security Papers Limited  
Sui Northern Gas Pipelines Limited

## Unlisted Companies Report

Lal Pir Power Limited  
Qarshi Industries Limited



# ACCA-WWF PERA winners 2011

The following awards were announced for 2011

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## **BEST SUSTAINABILITY REPORT 2011**

ICI Pakistan Limited

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## **BEST ENVIRONMENTAL REPORT 2011**

Hinopak Motors Limited

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## **BEST REPORT- UNLISTED CATEGORY 2011**

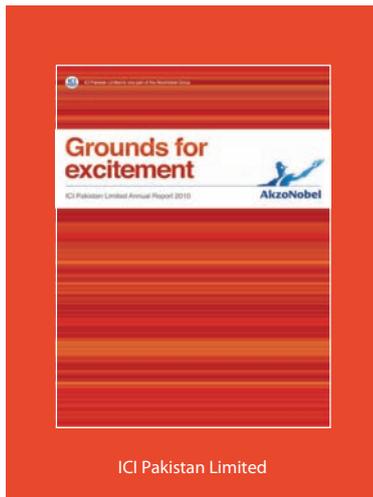
Qarshi Industries Limited

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## Best Sustainability Report 2011

ICI Pakistan Limited

ICI Pakistan Limited sustainability report:

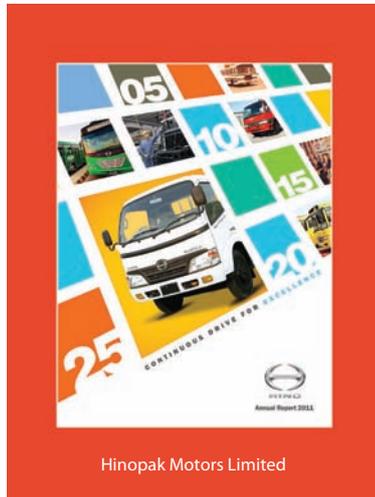


ICI Pakistan Limited

- is a first class, interesting, edifying document which illustrates the commitment of ICI Pakistan for continuous improvement in sustainability reporting
- encompasses the criteria of completeness, credibility and communication while at the same time illustrating the essential characteristics of triple bottom line report
- was a pleasure to read and review as it includes comprehensive transparent balanced disclosure of environmental, social and economic challenges and performance; also explains the rationale for inclusion of the 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
- chief executive's message honestly and clearly outlines the strategy for ethically managing social, environmental and economic challenges in the current economic conditions
- quality of stakeholders engagement process and feedback information provided has improved from last year
- is presented well and includes relevant and useful graphs and photographs
- provides external assurance of its report
- rationale behind choice of any key impacts and issues are defined very strikingly and explained in detail.

# Best Environmental Report 2011

Hinopak Motors Limited



Hinopak Motors Limited Environmental Report:

- provides clear articulation of the meaning of environmental performance excellence to Hinopak and its business
- successfully demonstrates the integration of environmental development into core business strategy
- provides historical context of data and reporting enabling year-on-year assessment of progress
- environmental impacts of business are considered and explained in depth
- explanation of distillation process is commendable. The company's commitment to protect the environment and consideration of hazardous waste management is discussed.
- evaluation of risk assessment and its methodology is considered in detail and well explained.
- provides a snapshot of legal compliance and financial performance through easy-to-read tables and graphs
- briefly depicts the stakeholders management process contains independent assurance statement
- Hinopak's disclosure of incidents and its commitment towards monitoring the incidents are commendable

# Best Report- Unlisted Category 2011

Qarshi Industries Pvt Limited



Qarshi Industries Pvt Limited report:

- is an admirable attempt at fulfilling the characteristic of completeness as it demonstrates management commitment to ensuring highest standards of environmental performance, includes specific environmental performance related targets, identifies report audience, identifies key environmental performance indicators and rationale for reporting environmental performance indicators and explains the environmental impact of Qarshi's process and products
- attempts at satisfying credibility characteristics by including brief information about risk management process and compliances with National Environmental Quality Standards (NEQs)
- internal audit process are outlined
- augments reporting with performance indicators delineation on business areas over which it has material control and where the impact of its activities is considered significant
- demonstrates credibility to responsible business practices through disclosing recognition and accreditation received from third parties
- concise format aids readability and understanding

# Critical letter from the panel

Dear Reporter Friend,

Thank you for entering the ACCA-WWF Pakistan Environmental Reporting Awards 2011.

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 short-listing panel, based on the reports entered.

The Awards 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

- Inclusion of targets and objectives
- Identification of key social, environmental and economic impacts and business issues.
- Corporate context – description of products/services and geographical spread
- Evidence of management commitment including environmental/social vision, strategy and related policies

### Weaknesses

- Supplier procurement policies are not provided
- Limited evidence of explanation of process behind deciding on key impacts and issues for the business and report indicators
- Key stakeholders 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
- Headline achievements in the current reporting period outlined
- Identification of compliance/non-compliance record with National Environmental Quality Standards (NEQs)

### Weaknesses

- Discussion on stakeholders' feedback is missing
- Absence of explanation of the governance structure in place to manage sustainability performance – existence of named 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 almost non-existent.
- Absence of disclosures on internal audit and assurance of sustainability performance

## COMMUNICATION

### Strengths

- Comprehensibility, appropriateness of report length
- Use of Internet

### Weaknesses

- Few reports provide feedback mechanisms for report-users
- 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 short-listing panel identified five common, broad weaknesses among the entrants

1. **Balanced disclosure**  
Disclosing both negative and positive impacts of environmental, social and economic performance enhances credibility and objectivity of a report. Although judges commended some companies for their reporting on stakeholder engagements, but credibility is weakened by inclusion of only positive stakeholder feedback.
2. **Inclusion of social and economic performance indicators**  
Sustainability reports need to encompass social, economic and environmental performance indicators. Even though companies are including 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.
3. **Absence of Third Party Assurance/verification statements**  
Only a couple 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.
4. **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.
5. **Inclusion of SMART Targets**  
Even though environmental and social targets are 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 78 out of which 10 were selected for the shortlist. ACCA and WWF are very encouraged by interest of the business community in the Awards scheme which illustrates the business community continuing interest in the idea of transparency in reporting. This letter aims to provide constructive feedback to reporters to enhance the standard and quality of reporting in Pakistan.

## ACKNOWLEDGMENT

We would like to acknowledge the contribution of our long standing panel of judges who have led the PERA evaluation process in the past:

Dr Parvez Hassan, Aliya Mohyidin, Zia Uddin Kirmani, Syed Ahsenuddin, Shafqat Kakakhel, Moin M Fudda, Ali Tauqeer Sheikh and Farhan Sami.

# Technical recommendations

“Companies who scored well were those whose reporting enabled readers to picture their environmental, social and sustainability practices through transparent, balanced, supportable and descriptive information,” Judging Panel comment.

2011 heralded a turning point in the Pakistan Environmental Reporting Awards (PERA) whereby ACCA Pakistan and its distinguished panel of judges decided that it was time to elevate reporting quality, on top of the original objective of building capacity by encouraging companies to report.

## General comments

Despite the unfavorable economic environment, global companies remain committed to environmental, social and sustainability reporting which enhances corporate reputation and credibility. As the green shoots of economic recovery become visible, it can be stated that the uncertain economic conditions were an acid test of a company's seriousness to sustainable development agenda.

For this reporting cycle, 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 specially from some multinational companies. 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. The message here is that social responsibility and environmental responsibility should not be viewed in isolation and the overall objective of sustainability reporting should be to improve performance on the triple bottom lines of people, planet and profit.

In Pakistan, there has been a gradual, yet encouraging increase in the awareness amongst companies of environmental, social and sustainability reporting importance and relevance and there has also been an increase in the number of companies disclosing information. The quality of the reports submitted for the awards has also certainly improved and global guidelines such as GRI Guidelines and AA 1000 Assurance Standards have been stringently followed to enhance credibility, ensure completeness and effective communications.

## Integrate Sustainability

As per previous years, this was the primary flaw in many reports as the majority of companies still neglect to link sustainability initiatives to improving business performance. Linked to this is the failure to identify and disclose their key risks, as well as the efforts being taken to mitigate these risks which threaten long-term sustainability – and optimal business performance.

Companies also failed to report on strategy and governance, which is “one of the most lacking areas” and is the bridge that connects performance and sustainability. Ideally, companies should name board

members and committees responsible for strategy and governance in order to augment accountability.

## Expand the reporting Scope

To build capacity, the judges encouraged companies to step forward and report holistically on their impacts – and to submit their reports for judging.

Greater participation from sectors such as property development, IT, telecommunications and banking and finance would be highly welcome and enhance Pakistan's growing reputation for sustainability reporting.

## Engage all key stakeholders

For the sake of inclusion and credibility, companies need to identify all relevant stakeholders. These include and may not be limited to:

- government leaders, regulators, employees, business partners, academics,
- non-governmental organisations, environmental groups, community leaders, individuals with interests in
- corporate responsibility and the communities in which a company operates.

## Provide complete and inclusive information

As in previous years, the majority of companies failed to disclose targets as well as pertinent financial information on sustainability costs and investments, which are fundamental reporting omissions. Disclosing performance targets demonstrates commitment to monitoring and improving performance. Reporting company-wide targets related to the sustainability report help employees and stakeholders see the practical implications of broad policy. Targets can be based on meeting minimum certification requirements such as those embedded in ISO 14000.

## Enhance assurance and credibility

Companies are encouraged to invest in the appropriate assurance and risk management systems and strive for global sustainability certification, which is evidence that they have internalised the sustainability agenda. Companies which disclosed their internal audit assurance processes and risk management systems while demonstrating completeness of data and information ranked high. Similarly, companies certified to AA1000AS and ISO14001 scored high marks with judges because global certification demands management and systems integrity.

On that note, companies should also be aware that disclosing awards won for environmental, social and sustainability initiatives does not count as external assurance.

#### Refrain from cursory compliance

Ideally, reporters should be making an effort to comply with global standards and best practices, such as the GRI guidelines, the current international benchmark for presenting environmental, social and economic information. However, companies should comply in substance, rather than practising “cursory compliance”. The GRI should be used as a guide and address key risks and issues.

#### Integrating Sustainability with Strategy

The context of sustainability is vital. The best reports provide information on how sustainability relates to business strategy and values. “Stressing the importance of sustainability to the company but neglecting to show how it relates to core values and business activities detracts from credibility,” noted the judges unanimously.

Despite annual reminders, judges also noted the failure of companies to integrate sustainability measures with their core business values and activities, whereby “sustainability initiatives operates in a vacuum”.

#### Compliance with Best Practices

The world’s leading reporters on sustainability comply with global standards and best practices. These include the GRI guidelines, the current international benchmark for presenting environmental, social and economic information.

Companies especially listed and multinational companies are advised to refer to the GRI guidelines as a basis to structure the report to ensure easy read by stakeholders. Other best practices include using UN Global Compact principles and AA 1000 Series for assurance purposes.

#### Identifying and Disclosing Relevant Risks

In the current hostile business environment, risk identification and management are priorities for companies that value long-term sustainability. These are the invaluable lessons taught by the recent financial and real economic crises. However, judges noted that the majority of companies failed to identify and disclose their risks and subsequently, offered scant information on their enterprise governance and risk management initiatives. Proper identification and disclosure of risks are crucial to the criteria of completeness and credibility.

#### Holistic stakeholder inclusion

For the sake of inclusion and credibility, companies need to identify all relevant stakeholders. These include, and may not be limited to government leaders, regulators, employees, business partners, academics, non-governmental organisations, environmental groups, community leaders, individuals with interests in corporate responsibility and the communities in which a company operates.

While stakeholder engagement and feedback are important, it is equally vital to disclose how companies have responded to such feedback. Showing how input from different stakeholders has improved performance demonstrates a sincere commitment to community interests.

#### 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 disclosure is a demonstration of the integration of the commitment to sustainability into the core strategy of a business and future business considerations. 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.

#### 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 has now become a common practice. Nonetheless, reporting organisations 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.

### An invitation to participate for 2012

If you disclose environmental, social or full sustainability information about your organisation, we invite you to participate in ACCA-WWF Pakistan Environmental Reporting Awards 2012.

The ACCA-WWF Pakistan Environmental Reporting Awards 2012 timetable will be:

August 2012

Announcement of 2012 Awards

December 2012

Entry deadline

January 2013

Judges' meetings

April 2013

Awards ceremony

If you have any questions about the Awards scheme, please contact:

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## Recognition of Best Practices

### ACCA Reporting Awards

ACCA has been actively promoting sustainability reporting awards throughout Europe, Africa, North America and the Asia-Pacific region. ACCA Awards 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 the awards has helped raised the profile of corporate transparency and responsibility issues within those countries. The sharing of best practices provide opportunity to benchmark social and environmental performance. ACCA Awards serve to encourage non-reporters to publish information on their social and environmental impacts, and ultimately, help underline the business case for sustainable practices and development.

## Capacity Building

ACCA has been requested to share and contribute its expertise on Corporate Responsibility and sustainability reporting in workshops, international and local conferences and seminars.

## Accounting & Sustainability e-Newsletter

Accounting & Sustainability is published every three months and reports on recent news, publications and forthcoming events about issues such as:

- sustainability and social reporting
- developments in assurance
- management accounting and environmental finance
- environmental taxation and other legislation
- developments in standardisation, e.g. AA 1000 and ISO 14000
- accounting for externalities
- socially responsible investment

For other local and global publications on corporate social responsibility and sustainability issues, please visit:  
[www.accaglobal.com/sustainability](http://www.accaglobal.com/sustainability)

## ACCA Social and Environmental Research

ACCA conducts research to explore CSR and sustainability issues. Issues researched include sustainability accounting in local government, social and environmental reporting, ethical investment, full cost accounting, social capital, and ecological footprint analysis. Research projects undertaken or funded by ACCA are listed in the Research Publications Catalogue at: [www.accaglobal.com/research](http://www.accaglobal.com/research)

# About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, firstchoice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies at all stages of their development.

We seek to develop capacity in the profession and encourage the adoption of global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We seek to open up the profession to people of all backgrounds and remove artificial barriers, innovating our qualifications and their delivery to meet the diverse needs of trainee professionals and their employers.

We support our 154,000 members and 432,000 students in 170 countries, by helping them to develop successful careers in accounting and business, based on the skills required by employers. We work through a network of 83 offices and centres and more than 8,500 Approved Employers worldwide, who provide high standards of employee learning and development.

Through our public interest remit, we promote appropriate regulation of accounting and conduct relevant research to ensure accountancy continues to grow in reputation and influence.

ACCA has been actively involved in the unfolding debate of CSR and sustainability reporting for more than 15 years. ACCA promotes transparency and aims to help businesses and organisations realise the growing importance of sustainability. ACCA promotes CSR and sustainability globally and in Pakistan through recognition of best practices, capacity building, education/information and research.

# 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.



## ENDORSERS



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Sustainable Development, Pakistan