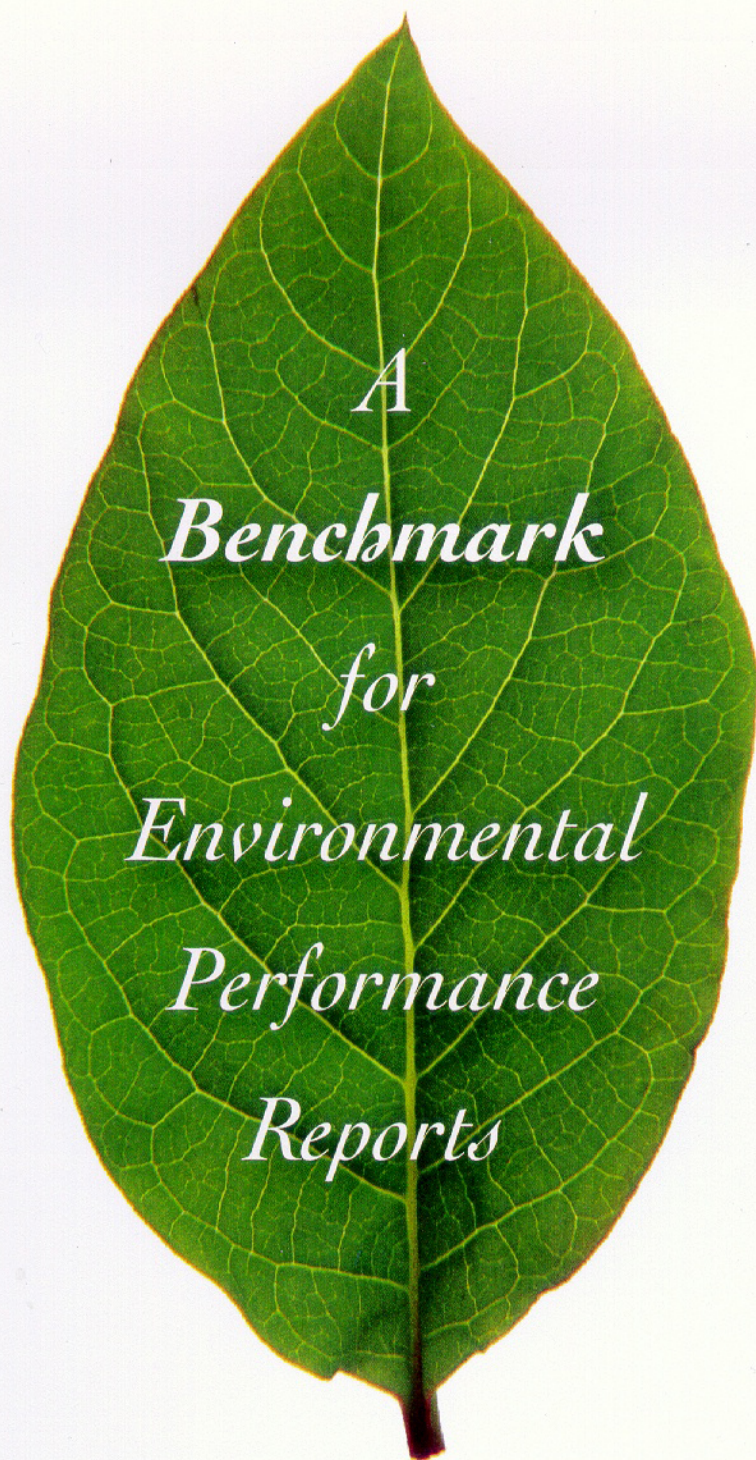




Environmental
Protection
Department

Deloitte
Touche
Tohmatsu



*A
Benchmark
for
Environmental
Performance
Reports*

A Benchmark for Environmental Performance Reports

Developed by Deloitte Touche Tohmatsu for
Environmental Protection Department of
the Hong Kong Special Administrative Region Government

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Introduction

Organizations today are paying closer attention to their environmental and sustainability reports, and for good reasons. More and more stakeholders are using the reports for important decision-making. Organizations review them to decide on potential partners, consumers to choose whose products and services they want to buy, and college graduates to evaluate prospective employers.

Organizations now have a more comprehensive approach to reporting than just the traditional financial reporting to shareholders. There is a move towards covering the triple-bottom-line of sustainability, environmental, social and wider economic impact, together with the traditional financial information, often all included in a stand-alone report.

Stakeholders' demand for information has grown more demanding than ever before. Organizations are asked for information on their vision, values and principles, the management systems and action plans they have in place to support these, their objectives, and their past and current performance in comparison to their peers and their targets. They are asked to provide sufficient information on all those issues that stakeholders have identified as being important to them and having an impact on matters such as the environment.

The world today is a place where transparency has become a prerequisite for acceptance in the marketplace as well as the licence to operate. Indeed, reporting is a very effective approach towards making progress. External reporting to interested stakeholders enhances mutual trust and acceptance. Internal reporting of progress against targets and on action plans to management supports their decision-making and therewith can improve performance and the organization's overall success.

Many organizations make great efforts for more transparency and accountability and work together in initiatives, such as the Global Reporting Initiative (GRI). In doing so, they aim to increase acceptance of reporting as an effective tool for making progress and to create better understanding and enhance the use of commonly accepted reporting principles and formats.

About the EPR Benchmark

Purpose

Environmental reporting is still relatively new in Hong Kong. The Hong Kong Special Administrative Region Government (HKSARG) has recently undertaken an initiative requiring Controlling Officers within all Government Bureaux and Departments, as top directors of the organizations, to report their environmental policies, actions and performance in annual Environmental Performance Reports (EPRs) since 1999. "A Benchmark for Environmental Performance Reports" (EPR Benchmark) is developed with the purpose to carry out an assessment of the EPR produced by the HKSARG bureaux and departments. The assessment will be used to assist bureaux and departments to improve the quality of their EPRs.

When examining the assessment results based on this EPR Benchmark, it is important to bear in mind that the EPR Benchmark is not used to assess the environmental performance of the bureaux and departments. It is used to assess what is stated in the EPRs but not what they have not disclosed. The EPR Benchmark is about the quality of a report on the environment, not the environmental performance of the respective organization.

Developing the EPR Benchmark

Deloitte Touche Tohmatsu (DTT) has developed this EPR Benchmark for the Hong Kong Environmental Protection Department (EPD). It has been "tailor made" for assessing EPRs produced by bureaux and departments of the HKSARG.

It has been decided that the benchmarking system would be based on the DTT Corporate Environmental Report Score Card and DTT's Sustainability Reporting Score Card. The Corporate Environmental Report Score Card was developed in 1997 and has been used by many organizations in different parts of the world for developing and improving environmental reporting. For some years, it has been used to form the basis for criteria used in the European Environmental Reporting Award. The Corporate Environmental Report Score Card is therefore well tested and is suitable to form a solid base for this EPR Benchmark. Reference to DTT's Sustainability Reporting Score Card and GRI has been made to ensure that the latest developments in environmental reporting are also incorporated into the EPR Benchmark.

This EPR Benchmark is also built on international guidelines established by leading international organizations. These include the United Nations Environment Program (UNEP), the GRI and the World Business Council for Sustainable Development (WBCSD).

In 1999, EPD produced "A Guide to Environmental Reporting for Controlling Officers" which outlined the steps for producing EPRs. This Guide also suggests a general reporting framework which includes the following subjects: Controlling Officer's Profile of Key Responsibilities, Environmental Goal, Environmental Policy, Environmental Objectives, Targets & Milestones, Environmental Management Analysis, Environmental Performance Analysis and Environmental Actions Requiring Special Attention. References to these subjects are given in the EPR Benchmark.

Explaining the Structure, Content and Weighting

This EPR Benchmark contains 20 criteria that are categorized into five groups. For the purpose of carrying out the survey of the EPRs produced by HKSARG bureaux and departments, each criterion has been assigned the same weight. Since there are 20 criteria in total, this will result in each criterion “carrying” 1/20 of the total score, which is equal to 5% of the total score.

The structure of the EPR Benchmark, the overview of the 20 criteria and the description and weighting of each criterion group are provided as follows:



Structure of “A Benchmark for Environmental Performance Reports”

The 20 Criteria Included in “A Benchmark for Environmental Performance Reports”

I Communicate Effectively

- 1 Provide **Context**
- 2 Follow **Basic Principles of Reporting** (reporting period, scope, entity etc.)
- 3 Design an effective **Report Structure** (a “red thread”)
- 4 Optimize **Readability** (language, pictures, charts, explanations, navigation tools)
- 5 Allow for **Accessibility** (facilitate contact and provide feedback) and **Quick Reading** (executive summary, key indicators)

II Show Relevance

- 6 Identify and address key **Stakeholders and Report Target Audience**
- 7 Identify and describe key **Significant Aspects**

III Demonstrate Commitment and Management Quality

- 8 Include Environmental **Vision and Strategy**
- 9 Formulate **Management Commitment** (principles, values, policy)
- 10 Characterize **Responsibilities and Organizational Structures** (including corporate governance)
- 11 Demonstrate **Improvement Action** (objectives and programs)
- 12 Describe **Management System and Integration into Business Processes**
- 13 Demonstrate environmental aspects in the **Supply Chain and Value Chain**

IV Quantify Performance

- 14 Use effective and meaningful **Metrics and Indicators** (absolute figures and ratios)
- 15 Show **Trends** (performance over time)
- 16 Provide **Targets** (level of achievement and envisioned future performance)
- 17 Include **Interpretation and Benchmarks** (context and comparability)

V Achieve Credibility

- 18 Optimize **Balance of Issues** (relevant aspects, usefulness)
- 19 Describe **Engagement with Stakeholders** (dialogues and outcomes thereof)
- 20 Use **Assurance Services** (verification)

The Five Criteria Groups

I Communication

Reporting only makes sense if the reports reach their audience, are readable and understood by the intended readers. This can be the starting point for a dialogue that will finally lead to a change in behaviour or further improvement of performance. The reports therefore must make best use of tools to communicate effectively.

This category contains five criteria. In terms of weighting, it represents 5 out of 20 criteria and so equals 25% of the total score.

II Relevance

In order to make reporting and communication effective management instruments, it is important that reporting organizations use sufficient efforts to explain to their stakeholders how they have identified their readers. They must consult these readers about their specific information needs and expectations, before they start to prepare the report. The organizations should also report on how they have identified the significant activities that have made direct or indirect impacts on the environment.

This category contains two criteria. In terms of weighting, it represents 2 out of 20 criteria and so equals 10% of the total score.

III Commitment and Management

Commitment from top management is a prerequisite for the operation of environmentally related activities in the organization, and it is therefore essential to demonstrate this to the reader of the report. Another prerequisite is that the reader must be informed that a proper management system is in place to carry out the organization's vision and strategy.

This category contains six criteria. In terms of weighting, it represents 6 out of 20 criteria and so equals 30% of the total score.

IV Performance

This category aims to illustrate the extent to which the organization describes its environmental performance through the use of indicators, trends, targets and benchmarks. Measurement of performance is a key to monitor whether real progress has been achieved.

This category contains four criteria. In terms of weighting, it represents 4 out of 20 criteria and so equals 20% of the total score.

V Credibility

The criteria in this category are designed to help assess the credibility of the report, as an organization should demonstrate credibility and gain trust from the readers.

This category contains three criteria. In terms of weighting, it represents 3 out of 20 criteria and so equals 15% of the total score.

The Criteria and the Score

The EPR Benchmark gives information and guidance for each of its criteria on what to consider when assessing a report. The information on all the criteria is presented in a standardized way, In this section, the meaning and rationale of this structure and its elements are explained.

<p><i>Title: A headline to name the criterion</i></p> <p><i>For example:</i></p> <p>I Communication</p>	
<p>1 Context</p>	
<p><i>The question for the criterion: A question to briefly characterize and describe the item.</i></p> <p><i>For example:</i></p> <p>Does the report describe the organization's business and operations enabling the reader to determine the perspective of the information provided?</p>	
<p>Score</p> <p>0. No mention or very insufficient/very little</p> <p>1. Some/little/partial mention or coverage</p> <p>2. Most important aspects covered, average</p> <p>3. better than average, current state-of-the art practice of several leading reporters</p> <p>4. Pace-setting creative new approach, outstanding, best practice</p>	<p>Explanation, Characteristics and Examples</p> <p>This section provides additional Explanation and Definitions of terms And key expressions used to describe this item.</p> <p>It also includes Characteristics that enable better understanding of the Item. Furthermore , there are illustrative examples of practices applied In reporting and reference to examples from reporting standards/guidelines</p> <p>Examples:</p> <p>Context may include:</p> <ul style="list-style-type: none"> ■ Nature of a Bureau/Department's business and activities including main functions, overall objectives, programs, programs, policy areas, facilities operates and number of offices occupied. ■ Key financial figures and other key figures. ■ organization structures. ■ Possible major changes in organizational context (e.g. organization size, and activities)since last report. <p>References:</p> <ul style="list-style-type: none"> ■ "A Guide to Environmental Reporting for Controlling Officers" produced by Hong Kong Environmental Protection Department, Chapter3, Section 1:"Controlling Officer's Profile of Key Responsibilities". ■ GRI Version 2000 Part C, Section 2:"Profile of Reporting Organization".

Each of the 20 criteria is worth a score between 0 and 4 points. These correspond to a level of fulfilment between “no mention or very insufficient / very little” and “pace-setting creative new approach, outstanding, best practice”, which corresponds to an overall maximum score of 80 points or 100%. The five scoring levels from 0 to 4 are described with generic criteria.

Users of the EPR Benchmark are encouraged to score conservatively to better encourage learning and leave more room for improvement. A score of 4 points is reserved for truly extraordinary or innovative disclosure and explanation. The user must bear in mind that a high level of detail does not necessarily warrant a 4. Too many details often constrain a clear and concise message. The theoretical total of 80 scores or 100% is an unrealistic maximum for ideal reporting of complete satisfaction. In our experience, no organization has come close to the optimal 80 scores.

In the chart below, the five scoring levels from 0 to 4 and respective percentages for the overall score are described with general qualification statements.

Score	Generic Scoring Levels	Total (%)
0	No mention or very insufficient / very little	0%
1	Some / little / partial mention or coverage	25%
2	Most important aspects covered, average	50%
3	Better than average, current state-of-the-art practice of several leading reporters	75%
4	Pace-setting creative new approach, outstanding, best practice	100%

Using the EPR Benchmark

This EPR Benchmark can be used as a learning tool for organizations that wish to develop or improve their environmental reporting. Bureaux or departments wishing to review their own present reports or develop their own future reports can refer to it for inspiration and examples.

The EPR Benchmark can also be used to carry out assessments of EPRs produced by HKSARG bureaux and departments. Furthermore, the EPR Benchmark can be a tool to facilitate updating of “A Guide to Environmental Reporting for Controlling Officers”.

When developing the EPR Benchmark, references to “A Guide to Environmental Reporting for Controlling Officers” produced by EPD have been included in the individual criterion. Each part of the Guide has only been referred to once in the EPR Benchmark.

When assessing the EPRs against the EPR Benchmark, the EPR content will be examined to see if it is understandable, comparable, relevant and reliable. The results of such evaluations are dependant on the experience, knowledge, and skills of the user. It is, therefore, an objective assessment with professional judgement and certainly not an exact science.

For example, the overall judgement of relevance and reliability of the information presented in an EPR will be influenced by the person assessing the EPR (the assessor); in particular, the person's knowledge of the organization and its environmental circumstances. The EPR Benchmark does not help the assessor identify all the environmental issues that would be of interest to the various users of the EPR. Criterion 18 (Balance of Issues) however, will help the assessor evaluate whether the organization has been consistent in terms of reporting on the issues it has identified.

If the EPR Benchmark is used to evaluate an EPR of an organization the assessor is not familiar with, the assessor's judgement on relevance of information will be based on limited knowledge of the organization. The assessor's impression on the reporting organization's reliability will likely be influenced by the third party verification statement in the EPR, if included, or whether the EPR seems to be presented in a balanced way, including both success stories on the one hand, and challenges and unresolved issues on the other.

When using the EPR Benchmark in surveys of EPRs and reporting award programs, we recommend, with regard to relevance of the information presented in the EPR, that a significant part of the assessment be based on criteria 1, 2 and 3: “Context”, “Reporting Principles”, “Report Structure” and in particular, information addressed in criteria 6 and 7, which include “setting the scene” for significant environmental aspects. Organizations producing EPRs should pay attention to such information as it enables readers unfamiliar with the organization to make their own judgment on issues related to relevance.

Some organizations report on all of their operations, while others may issue initial reports that provide only partial coverage. An organization with, for example, five different functions or facilities can earn a high score on its EPR even if the EPR relates to only one of the functions or facilities. Alternatively, an organization with fairly good disclosure of information on all its functions and facilities can end up with a considerably lower score.

Benefits and Limitations Related to the Survey of EPRs Produced by HKSARG Bureaux and Departments

Benefits and limitations related to the use of “A Benchmark for Environmental Performance Reports” are included in the sections above.

Additional benefits and limitations directly related to the survey carried out on the status of environmental reporting in the EPRs produced by HKSARG bureaux and departments in 1999 and 2000 are mentioned here:

- When assessing the EPRs against the EPR Benchmark special credit has not been given to EPRs that have followed the specific structure and content suggested in EPD’s “A Guide to Environmental Reporting for Controlling Officers”.
- The bureaux and departments within the HKSARG are different in purpose and nature. In order to be able to analyse the results of the EPR reviews by identifying any systematic differences between the different categories of organizations, the bureaux and departments have been divided into three categories, namely office-based, operational-based and policy-based¹. In the EPR Benchmark, this categorisation has been used in connection with the examples mentioned in criterion 7: “Significant Aspects”.

¹ Policy-based: Organisations whose EPR state that they can make direct or indirect impacts on the environment through formulation and implementation of policies.

Operational-based: Organisations whose EPR state that their operational activities can have considerable direct impacts on the environment.

Office-based: Organisations whose EPR state that they only influence the environment mainly by their office-based activities.

More Information

Recommended Reading and Relevant Links

- “A Guide to Environmental Reporting for Controlling Officers” produced by Hong Kong Environmental Protection Department:
www.epd.gov.hk/epd/english/how_help/tools_epr/env.html
- Deloitte Touche Tohmatsu “Corporate Environmental Report Score Card. A Benchmarking Tool for Continual Improvement” and “Sustainability Reporting Score Card”:
www.deloitte.com/dtt/research/0,1015,cid=6999,00.html
- Environmental Reporting, General Guidelines, November 2001, Produced by the Department for Environment, Food and Rural Affairs and the Department of Trade and Industry with the Scottish Executive and the National Assembly for Wales: www.defra.gov.uk
- Global Reporting Initiative (GRI): www.globalreporting.org
- International Organization for Standardization (ISO): www.iso.ch
- United Nations Environment Programme (UNEP): www.unep.org
- United Nations Global Compact: www.unglobalcompact.org
- World Business Council for Sustainable Development (WBCSD): www.wbcsd.org

Contact Details

Deloitte Touche Tohmatsu:

- Hong Kong Office
35/F One Pacific Place
88 Queensway
Hong Kong
Tel: (852) 2852 1600
Fax: (852) 2541 1911
www.deloitte.com.hk
- Centre of Excellence for Environment and Sustainability
H.C. Andersens Boulevard 2
DK – 1780 Copenhagen V, Denmark
Tel: (45) 3376 3220
Fax: (45) 3376 3940
Email: environment@deloitte.dk

Evaluation Questionnaire

I Communication

1 Context

Does the report describe the organization's business and operations enabling the reader to determine the perspective of the information provided?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

This section provides additional Explanations and Definitions of terms and key expressions used to describe this item.

It also includes Characteristics that enable better understanding of the item. Furthermore, there are illustrative examples of practices applied in reporting and reference to examples from reporting standards/guidelines.

Examples:

Context may include:

- Nature of a Bureau/Department's business and activities including main functions, overall objectives, programs, policy areas, facilities operated and number of offices occupied.
- Key financial figures and other key figures.
- Organization structures.
- Possible major changes in organizational context (e.g. organization size, and activities) since last report.

References:

- "A Guide to Environmental Reporting for Controlling Officers" produced by Hong Kong Environmental Protection Department, Chapter 3, Section 1: "Controlling Officer's Profile of Key Responsibilities".
- GRI Version 2000 Part C, Section 2: "Profile of Reporting Organization".

I Communication

2 Basic Principles of Reporting

Does the report describe the basic Reporting Principles, including reporting period, scope, entity and data collection?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Reporting period is the period that the data and information included in the report refers to (e.g. calendar year).

Reporting scope means the areas of concern, issues or activities that are covered by the report and respective limitations (e.g. environmental aspects, and local, regional, or global environmental impacts).

Reporting entity defines the parts of the reporting organization (and related boundaries) to which the described aspects, activities and performance refer to (e.g. certain facilities, which part of the offices where the Bureau/Department has activities).

Boundaries and limitations are any restrictions or exclusions to scope or entity. For example, the report explains when it covers a limited scope or only part of the organization (e.g. selected activities or facilities), and the report includes reasons for omitting certain aspects of the scope or parts of the organization, and specifies plans for more extensive coverage in the future.

Data collection – how the data and information included in the report has been collected and handled, including limitations regarding data and data collection, information about methods of calculation on which data is based and any changes in methods of calculation and how these have affected the reported figures, compared to previous year's practice and Qualitative Reporting Characteristics (see GRI).

References:

- GRI version 2000:
 - Part B, Section 1: Underlying Principles of GRI Reporting.
 - Part B, Section 2: Qualitative Characteristics for GRI Reporting.
 - Part B, Section 5: Disclosure of Reporting Policies.
 - Part C: General Notes.

I Communication

3 Report Structure

Does the report have a clear structure, comprehensible logic in the sequence of chapters, and is the reader guided through the complex matter in a way that facilitates reading and assists understanding?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

The report has a **logical structure** or “**Red Thread**”, throughout the document, which is related to significant aspects and information needs of the target audience.

The **sequence of chapters** makes the report an entire story. The issues covered and the ways they are reported make sense to a reader considering the organization’s context.

A **rationale** for the structure and flow/sequence of sections in the report chosen is described.

Examples:

A report can follow a structure recommended by a reporting standard, such as GRI or Hong Kong Environmental Protection Department “A Guide to Environmental Reporting for Controlling Officers”. There could be sections for each function or type of activity and for the reporting organization as a whole. The structure can be based on the significant aspects identified or specific information needs from different stakeholders.

I Communication

4 Readability

Does the report use an understandable language; clear charts, relevant pictures, necessary explanations, as well as useful tools that help the reader navigate through the document?

Score

Explanations, Characteristics and Examples

- | | |
|---|--|
| 0 No mention or very insufficient / very little | The report uses a comprehensible language and a style that is understandable for the audience targeted with the report (e.g. careful usage of vocabularies with respect to the target audience). |
| 1 Some / little /partial mention or coverage | Charts are the graphical presentation of performance metrics and indicators. Charts or figures should not mislead or unintentionally lead readers to make incorrect interpretations of data and results (e.g. selection of axes, scales, use of ratios and indices). |
| 2 Most important aspects covered, average | Pictures are photographs and drawings that illustrate the written information. They can help to facilitate better understanding of the written information and improve the attractiveness of the report. |
| 3 Better than average, current state-of-the-art practice of several leading reporters | Explanations are definitions and explanatory information on terms and vocabularies used in the report which not all readers might be sufficiently familiar with (e.g. glossary of technical, sector-specific terms and environmental vocabularies, abbreviations and uncommon units, use of footnotes, appendices, reference to the organization's own websites and to other organizations for the purpose of explanation). |
| 4 Pace-setting creative new approach, outstanding, best practice | Navigation tools are graphical or any other type of tools that provide guidance to the reader. These may include colour codes, symbols, specific fonts, use of boxes, their location on the page, inserts, flaps, index and cross-references to standards/frameworks that the report is following (e.g. lists of GRI indicators and lists of pages in the report where the information is presented). They can be indicators of chapters for specific target groups or short introduction of the report structure that help readers to prioritize what to read and in what specific order. They can also be selection boxes, which allow the reader to specify his/her particular interest (e.g. stakeholder group, for reports on the internet). |

I Communication

5 Accessibility and Quick Reading

Does the report allow feedback and provide channels for report readers to facilitate contact, provide feedback and receive more information on the organization and its relevant issues? Does the report include an executive summary that allows readers to capture the most important aspects of the report in a short period of time?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Mechanism for contact and feedback includes the provision of contact details, encouragement of providing any kind of feedback (e.g. with the help of a dedicated questionnaire). The organization can report on how it has used or intends to use the given feedback.

Examples:

Contact names, addresses, email addresses and telephone/fax numbers for the whole organization, or for example, specific subjects, activities or facilities, a reply card or questionnaire and website address should be included in the report.

Opportunity for more information includes ways that a reader can access more or specific information that he/she may want to receive from the organization.

Executive summary is a concise overview of a report. It provides the reader with a quick and effective way to understand the report's content and key messages with a balanced overview.

Examples:

Links to further information on the organization's home page, reference and links to the organization's annual report, to other organization reports, or to other reports discussing relevant issues that can help the reader better understand the report and evaluate the organization's environmental performance. Information about different languages in which the report is available.

References:

- GRI version 2000, Part C, Section 3: "Executive summary and key indicators".

II Relevance

6 Stakeholders and Report Target Audience

Does the report demonstrate that the reporting organization has identified its key stakeholders and the reader to whom the report is addressed?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Stakeholders are those groups who may be affected by the activities of an organization, those that are involved with the organization or have other types of interest or relationships with the organization.

Report Target Audience is the group or groups of readers to whom the report is primarily addressed.

Most often the report is addressed to more than one group, and will therefore make a compromise to fulfil the expectations of all the groups addressed.

Rationale for the selection of target audience can be reported (e.g. what criteria were used for the selection or investigations made).

Key Stakeholders and Report Target Audience can include employees, customers, citizens, companies, suppliers and contractors, analysts, international organizations, communities, neighbours, representatives from NGOs, trade unions, consumer groups and lobby groups with specific interests.

References:

- GRI Version 2000, Part C, Section 5.11: "Stakeholder Relationship".

II Relevance

7 Significant Aspects

Does the report demonstrate and explain what the organization's relevant issues (significant aspects) are and how they have been identified?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Significant Aspects that are related to an organization's business and activities (e.g. local, regional and/or global nature and effect, long-term or short-term; legal requirements in the organization's own operations and/or in the supply chain).

Reasons behind choice of significant aspects should be reported in order for the reader to understand why the aspects have been selected. Reporting organizations can use methods such as those described in 'ISO 14001 Environmental Management System Standard' to identify and describe their significant aspects. It can also be done through consultation with stakeholders.

It requires subject matter expertise to evaluate what aspects are significant to the reporting organization. One should therefore be careful in judging choices of significant aspects reported by other organizations. The EPR Benchmark asks the assessors in this criterion to evaluate if the organization has reported some significant environmental aspects and if the organization has reasons for the choice of significant aspects.

Examples on choice of significant aspects included here are quoted from EPRs produced by the HKSARG bureaux and departments covering 1999:

Policy Based:

- The policies under the purview of the Bureau may have environmental impacts in various aspects, including waste disposal, air pollution and conservation of the environment. Such impacts would be taken into account when drawing up the policies. Furthermore, the measures relevant for environmental protection are mentioned. (Source: Health and Welfare Bureau)
- Construction and demolition waste is a major contributor to total waste generated in Hong Kong. We encourage the Department to introduce environmental friendly measures to achieve waste reduction in their construction activities. (Source: Housing Bureau)

Operational Based:

- In meeting Government's accommodation needs and managing Government properties, the Agency can potentially affect the environment in the areas of energy consumption, building management, resources and materials used for furniture and equipment and internal office control. (Source: Government Property Agency)

II Relevance

7 Significant Aspects (continued)

- The Authority's activities have great influence on the environment. Even before we start building a new block, we may need to demolish existing buildings; thereby generating construction waste, noise and other potential nuisances. Construction also gives rise to similar impacts. Although major environmental issues are not usually associated with the processes of marketing, selling and allocating flats, the volume of paper and materials used in various administrative activities and effective and efficient management of our offices all have environmental aspects. Many day-to-day environmental procedures are included in the management of our estates, such as waste collection, cleansing and building maintenance. Furthermore, the major environmental issues that need to be addressed during every phase of a building's life cycle are listed. (Source: Housing Department)

Office Based:

- The activities are mainly office-based ones. (Source: Security Bureau)
- The work of the department is entirely office-based. Our green targets are, therefore, confined to the use of paper and energy in an office environment. (Source: Trade and Industry Department)

III Commitment and Management

8 Vision and Strategy

Does the report describe how the organization intends to contribute towards environmental challenges?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Presentation of a **vision for the future** in which the most pressing environmental challenges, to which the organization has a connection, are to be solved. Discussion of how environmental goals and values are balanced with other aspects in the organization, and how this shapes the organization's decision-making process.

The organization's **strategies** include responses to the environmental challenges. It describes the components of the product/service portfolio that contribute to solving sustainability problems.

Examples:

- What the environmental vision for the organization is.
- Organizations can keep the environmental vision in international political contexts (e.g. the Kyoto Agreement).
- What the environmental aspects of the organization's strategy are and how the vision will be fulfilled.

References:

- GRI Version 2000, Part C, Section 4: "Vision and Strategy".

III Commitment and Management

9 Management Commitment

Does the report describe top management's involvement in environmental aspects, including development and implementation of the organization's principles, values and policies?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Organizations' principles/values are statements in which top management declares the direction the organization aims to follow.

Policies guide the behaviour of the organization's management and staff. They also guide the activities of the internal and external stakeholders (e.g. procurement) or in specified areas (e.g. environment).

Organizations may follow **Codes of Conduct** of international organizations (e.g. UN Global Compact), national or local codes, or codes from sector associations.

The **management's statement**, which refers to key elements of the report, in particular vision and strategy, and to the organization's current and future challenges in relation to environmental challenges, helps to set the tone of the report and establish credibility with internal and external report readers. A statement may not demonstrate the same level of commitment to readers, if it has not been issued by the top management.

Examples:

- Reference to the organization's values and principles.
 - Reference to environmental or stakeholder policies.
 - Relevance of environmental aspects in the organization's policy documents (e.g. procurement).
 - Reference to or listing of adopted Codes of Conduct. Ways of integrating the adopted Codes of Conduct into organization structures and actions.
- A Director's Statement may include the following elements:
- Declaration of commitment to environmental goals and leadership.
 - Major challenges to the organization and their implication on the strategy.

III Commitment and Management

9 Management Commitment (continued)

- A visionary or long-term discussion about environmental challenges in the organization's perspective.
- Acknowledgement of successes and failures.
- Performance against benchmarks, targets and industry sector's norms.
- Integration of environmental responsibilities.

References:

- "A Guide to Environmental Reporting for Controlling Officers" produced by Hong Kong Environmental Protection Department, Chapter 3, Section 3: "Environmental Policy".
- GRI Version 2000, Part C, Section 1: "CEO Statement", and Section 5: "Policies, Organization and Management Systems."

III Commitment and Management

10 Responsibilities and Organizational Structures

Does the report describe the organization's structures on various levels and the allocation of roles and responsibilities to deal with environmental matters?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Organizational Structures to be described in the report are committees, teams or circles, special functions or offices for environmental matters on various levels of the organization.

Roles and Responsibilities describe the rights and duties, the relationship, and the split of tasks between the different functions of the organization, such as between line managers of various activities and the specialized functions on environmental matters. An organizational chart may help to illustrate where the environmental responsibilities lie.

Individual accountabilities are specified responsibilities, duties and/or targets, which are allocated to individual managers or members of the management. Organizations can describe their system for individual accountability or write about the individual allocations of most significant aspects and/or key targets.

The report provides names and/or functions of members of steering committees and management teams for environmental issues.

References:

- GRI Version 2000, Part C, Section 5: "Policies, Organization and Management Systems.

III Commitment and Management

11 Improvement Action

Does the report describe the organization's overall objectives and action programs for environmental improvements and progress?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Overall objectives are goals that an organization sets out in order to live up to its vision, values and policies, and to improve the identified significant aspects.

Action programs are activities of the organization carried out to achieve progress on the relevant issues. Action programs include a description of how these actions/programs are planned, organized and how achievements are managed and controlled. Action programs may be reported as historic cases, success stories or lessons learned. These can also include challenges, hurdles and failures.

Action Programs may include programs on efficient use of resource, waste, emission, reduction and substitution, and programs for supplier assessment and implementation of improvements of environmental aspects of the suppliers' or contractors' facilities.

References:

- "A Guide to Environmental Reporting for Controlling Officers" produced by Hong Kong Environmental Protection Department, Chapter 3, Section 2: "Environmental Goal".

III Commitment and Management

12 Management System and Integration into Business Processes

Does the report characterize the management system for environmental issues, and demonstrate integration into the business processes?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

The **Management System** for handling environmental related issues is described, including a description of the different elements of the system in place and how they are functioning. Does the organization report on an environmental management system (e.g. according to ISO 14001)? Elements of the management system are key procedures and management tools used (e.g. inventory, audit, target setting, action plans, internal reporting, management review - see also ISO 14001). Description or evidence of the management system's effectiveness and efficiency, description of the system's potential for improvement. It may include a description of the organization's management of risks and opportunities.

The report should explain how the **Business Processes** of the organization's various functions take into consideration the environmental issues, describing how environment is integrated and used in the organization's various functions. It is relevant to report information about improvement plans or better integration into business processes, challenges relating to various aspects and discussion of potential trade-offs between conflicting goals (e.g. environmental goals versus goals for other areas, long-term versus short-term). Also, information on how the environment is taken into consideration in the decision-making process and the level of integration of management systems in the organization's basic functions.

Examples:

- Describe which parts of the organization's activities have integrated or taken into consideration environmental issues.

References:

- "A Guide to Environmental Reporting for Controlling Officers" produced by Hong Kong Environmental Protection Department, Chapter 3, Section 5: "Environmental Management Analysis".
- GRI Version 2000, Part C, Section 5: "Policies, Organization and Management Systems".

III Commitment and Management

13 Supply Chain and Value Chain

Does the report include information about the organization's co-operation with customers and relationships with suppliers and contractors to ensure environmental progress? Does the report describe the organizations' efforts for innovation in order to make progress towards environmental improvements?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

The first step towards managing environmental aspects is often taken within the organization's operation boundary. However, analyses often show that there are bigger impacts on the environment outside the organization.

By reporting on the environmental aspects of the **Supply/Value Chain**, organizations show how they have incorporated environmental aspects in their relationships and co-operation with clients, suppliers and contractors.

Innovation is of key importance in an organization's development process towards environmental improvements. Innovation takes place in many activities within an organization; environment should be a part of these innovation processes.

Reporting on innovation for more environmental responsibility can therefore describe how the environment has been integrated in the organizations' objectives and activities for better services, products and processes.

Examples:

- Overview of how the organization handles environmental issues with suppliers.
- Initiatives with suppliers and contractors to expand the organization's environmental objectives and programs to their operations and processes.
- Review of the situation on a regular basis and change of product/service supplier if necessary (e.g. how is the review carried out, by whom, how often, and what are the results of initiatives taken?).
- Dialogue with "customers" about environmental aspects, systematic initiatives to include environment in co-operation with "customers".
- Innovation in the design of processes, services and/or products.

IV Performance

14 Metrics and Indicators

Does the report include quantitative performance information on all significant environmental aspects, which the organization has identified?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Quantitative Performance Information is a structured description of performance and progress with meaningful and clearly defined metrics/indicators.

Metrics and Indicators (synonymous terms) are the specific measurement of an individual aspect that can be used to track and demonstrate performance. These are usually, but not always, quantitative.

A key element in quantifying an organization's performance is the provision of meaningful and measurable indicators on the significant aspects the organization has identified. These help decision-making and provide necessary information to stakeholders. Eco-efficiency indicators are often meaningful to organizations.

GRI has pointed out indicators, which they consider applicable to most organizations, and that are globally relevant. Their methods for measurement are established and definitions accepted by many.

It will vary from organization to organization as to which indicators are best used in the report and which are better left omitted. Rationale for the choice of indicators is therefore meaningful information for the reader of the report.

Examples:

- Operational performance data (e.g. resources and material inputs, air emissions, effluents and waste/non-product outputs).
- Management performance indicators (e.g. on implementation of environmental management system).
- Condition indicators (e.g. influence on the environment).
- Use of absolute and relative indicators.
- Eco-efficiency indicators.
- For further examples of indicators see GRI and ISO 14031.

IV Performance

14 Metrics and Indicators (continued)

References:

- "A Guide to Environmental Reporting for Controlling Officers" produced by Hong Kong Environmental Protection Department, Chapter 3, Section 6: "Environmental Performance Analysis".
- GRI Version 2000, Part B, Section 3: "Classification of Performance-Reporting Elements", Part C, Section 6: "Performance", Annex 4: Guidance on Ratio Indicators, and Part C: General Notes, point 4.
- WBCSD: "Measuring Eco-efficiency" (2000).

IV Performance

15 Trends

Does the report include trends over time, covering several reporting periods?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Trends over time are indicators shown over several reporting periods, most often years. That means indicators are presented not only for the actual year, but also for some previous years, making it possible to see, in what direction they are developing.

Examples:

- Trends shown in tables, charts and/or graphs, making it easy to follow the development.
- Information for at least three reporting periods (e.g. years).
- Comparison to a baseline year (e.g. at the beginning of a major improvement program or after a major change).

References:

- GRI Version 2000, Part C: General Notes, point 3.

IV Performance

16 Targets

Does the report include targets that improve the value of performance information and demonstrate the usefulness of indicators for decision-making?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Targets are expected performance results, which the management has made a commitment to achieve by a future point in time. Reporting on targets includes the presentation of future targets, of earlier set targets and of achievements made compared to these.

Future targets are targets that are set for a point in time after the presentation of the report. They are normally shown together with trends of past developments or achievements made already in view of the future targets.

Earlier set targets are set before the commencement of the reporting period. These are then compared with the actual performance achieved in the said period.

Targets are most valuable for management decision-making and for reporting if they are quantitative and verifiable. This makes it possible to clearly state whether or not a target has been achieved.

Examples:

- Targets for the future together with explanations for how targets will be fulfilled.
- Achievements compared to targets set in the past.
- Explanations for achievement and non-achievements, and future actions on non-achievements.
- Development in view of longer-term targets (5-10 years).
- Explanations of changes that were made on targets set previously.
- Targets, as well as achievements, presented in a form, which makes it easy for the reader to get an overview of the organization's performance.

References:

- "A Guide to Environmental Reporting for Controlling Officers" produced by Hong Kong Environmental Protection Department, Chapter 3, Section 4: "Environmental Objectives, Targets and Milestones" and Section 7: "Environmental Actions Requiring Special Attention".

IV Performance

17 Interpretation and Benchmarks

Does the report include interpretation of results and comparisons (e.g. to peers) to improve understanding?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Interpretation is putting the achieved performance into context and providing rationale for it.

Benchmarks are comparisons to peers, best-in-class performers, average or any other comparison that allows better understanding, or fosters a more proactive management and decision-making on the issue measured with the respective performance indicator.

Interpretation and benchmarking of performance give the reader the possibility to better understand the organization's performance and results.

Such reporting includes benchmarks for the key indicators in the most relevant issues, and rationale for the choice of the benchmarks. It could also include information on the organization's involvement in initiatives with the aim to establish measurement procedures and such benchmarks (e.g. GRI and sector initiatives).

Examples:

- Interpretation of (or rationale for) trends and achievements (non-achievements).
- Use of contextual indicators (ratios to economic, national average, best practice, etc.).
- Comparison to sector and/or national average, legal limits, sector standards.
- Comparison to national totals, carrying capacity limits (footprint indicators).

V Credibility

18 Balance of Issues

Does the report give a balanced picture of the organization and its significant environmental aspects?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

The issues that are covered by the report are in **balance** with respect to the key stakeholders (report target audience) and identified significant aspects.

Examples:

- Describe how the significant reported aspects are managed, what the organization's performance within these aspects has been so far and what the future goals are.
- Identify the key stakeholder groups for the report and report on what these groups want to know and in a way that makes it easy for these groups to get access to the information.
- Areas of Balance between:
 - Challenges, unresolved issues and success stories.
 - Steps of the value chain and their relevance.
 - Various functions within the organization.
 - Management aspects and performance aspects.
 - Text/stories and data.
 - Good and bad stories, successes and challenges.
 - Content of the report and top management and editorial promises.

V Credibility

19 Engagement with Stakeholders

Does the report describe the organization's engagement with its stakeholders and outcome of such relationships and communication / dialogue?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Approaches to **Engagement with Stakeholders** can be surveys, written communications, consultations, focus groups, community/advisory panels, web-based or other discussions, dialogue and involvement programs.

Stakeholder dialogue is a dedicated interaction with one, or a group of stakeholders on a particular subject, program or towards a particular goal of achieving understanding, consensus or progress.

Partnerships are close and continued co-operation between the organization and a dedicated partner.

Potentially relevant stakeholders are amongst e.g. customers, suppliers, employees, other authorities, and public organizations public interest groups and non-governmental organizations.

Stakeholders' involvement in and influence on the reporting can be described.

Examples:

Ways to describe Stakeholder Engagement / Dialogue:

- Description of methods used.
- Including information on results of stakeholder engagements/ dialogue.
- Frequency and extent of contact and briefings.
- Awards received or given.
- Rationale for the selection and prioritization of engagements with various stakeholders.
- Listing membership and active involvement in organizations and their programs/projects.
- Nature and scale of involvement in initiatives and membership organizations.
- Participation and/or active contribution in initiatives (e.g. GRI).
- Local or international environmental organizations (e.g. the Marine Stewardship Council).

V Credibility

19 Engagement with Stakeholders (continued)

- Stakeholders' involvement in developing the environmental reporting.

References:

- GRI Version 2000, Part C, Chapter 5, Subsection "Stakeholder Relationship".

V Credibility

20 Assurance Services

Does the report include a verification statement of an independent third party (e.g. an auditor, consultant or external expert) that increases credibility of the information included in the report?

Score

- 0 No mention or very insufficient / very little
- 1 Some / little /partial mention or coverage
- 2 Most important aspects covered, average
- 3 Better than average, current state-of-the-art practice of several leading reporters
- 4 Pace-setting creative new approach, outstanding, best practice

Explanations, Characteristics and Examples

Verification of the report or part of the information provided in the report by an independent third party or other **Assurance Services** serve to increase the credibility of the report.

The report user's assessment of the credibility that **the verification statement** adds to the report is influenced by:

- The verifiers' integrity and knowledge about the issues included in the report.
- The scope of the verification and the procedures performed.
- Whether the verification statement is formulated in an unambiguous, clear and understandable way.
- The inclusion of guidance in the report on how to use and interpret the verification statement.

Examples:

Elements that can influence the integrity and knowledge of the verifier:

- Competence with regard to the issues covered by the verification.
- Independent of the reporting organization.
- Working according to a set of professional standards.
- Belong to a profession regulated by law.

Organizations providing assurance:

- Accounting organization.
- Experts in the area of sustainability or reporting.
- Academia personalities and/or experts.

V Credibility

20 Assurance Services (continued)

Elements that can be included in the verification statement:

- Title and addressee.
- Description of the engagement and identification of the subject matter (including the engagement objective, the subject matter, and the time period covered).
- Statement to identify the responsible party and description of the verifier's responsibilities.
- Identification of the standards under which the engagement was conducted.
- Description of the scope of the verification.
- Description of the procedures performed.
- Identification of the criteria used. The statement identifies the criteria against which the subject matter was evaluated or measured so that readers can understand the basis for the verifier's conclusions.
- The verifier's conclusion, including any reservations or denial of a conclusion (includes information about the level of assurance provided).
- The date of the verifier's statement (informs the users that the verifier has considered all relevant effects up to that date).
- The name of the firm or the verifier and the place of issue of the statement (the name informs the readers of the individual or firm assuming responsibility for the engagement).

References:

- GRI Version 2000, Part A, Section 8: "Verification of GRI Reports" and Annex 3: "Guidance on Verification".

EPR Benchmark Template

	Max. Score	Score	% of Max.	Tracking	Comments
I Communication	20				
1 Context					
2 Basic Principles of Reporting					
3 Report Structure					
4 Readability					
5 Accessibility and Quick Reading					
II Relevance	8				
6 Stakeholders and Report Target Audience					
7 Significant Aspects					
III Commitment and Management	24				
8 Vision and Strategy					
9 Management Commitment					
10 Responsibilities and Organizational Structures					
11 Improvement Action					
12 Management System and Integration into Business Processes					
13 Supply Chain and Value Chain					
IV Performance	16				
14 Metrics and Indicators					
15 Trends					
16 Targets					
17 Interpretation and Benchmarks					
V Credibility	12				
18 Balance of Issues					
19 Engagement with Stakeholders					
20 Assurance Services					
Total Score	80				

Notes: The table shows the scoring for each criterion and criterion group.

- i) "Max. Score" indicates the highest possible score that can be achieved within a criterion group.
- ii) "Score" indicates the actual score in absolute figures the EPR has achieved for each criterion ranging from 0 to 4.
- iii) "% of Max." indicates the actual score achieved out of the possible maximum score ("Score" divided by "Max. Score") within each criterion group.
- iv) "Tracking" acts as a reference point back to the EPR.
- v) "Comments" allows for the inclusion of supporting notes and ideas for improvement.

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