Workshop perspectives

Characterizing transparency as more a process than a product was a key theme that emerged from the GEMI transparency workshops. Participants concluded that transparency is a dialogue about what exchanges of information are appropriate and how fairly to assess that information. How and what a company decides to report, who has access to data or information reported, and how the company responds to feedback are as important as the data themselves.

The Key Elements of Transparency

Although activities that affect corporate transparency take place throughout an organization, three kinds of activities, in particular, play a critical role in defining and implementing a successful approach: leadership and governance, stakeholder relations, and performance reporting. These three elements are described briefly below and in more depth in the discussion of implementing a transparency strategy in Chapter 2.

Leadership and Governance

It is through leadership and governance that the corporate commitment to transparency is defined and communicated throughout the organization. Leadership establishes expectations and accountability, whereas good governance ensures commitments are implemented. Both are required to ensure a successful approach to transparency.

Stakeholder Relations

The relationship between the organization and its stakeholders is a key aspect of an organization's approach to transparency. An effective strategy will be based on an understanding of the stakeholders' need and desire for information, as well as an understanding of the dynamics that drive the stakeholders' relationship with the organization. Effective communication with stakeholders is the lynchpin of transparency and underlies all productive stakeholder relations.

Performance Reporting

Prior to the stock market collapse of 1929, corporate activities and performance were considered purely a private matter. The public impact of what were then considered private corporate activities has made the reporting of financial information standard practice. Now the debate is centered on what other information corporations should make available in the public interest. As the evidence linking good social and environmental performance to key value drivers, such as brand, reputation, and future asset valuation mounts, the scope of reporting expected by many stakeholders has grown beyond financial performance to include Environmental, Health, and Safety (EHS), as well as social indicators. Companies are increasingly being asked to provide more and higher quality information on how they identify and manage social, ethical, and environmental risks — and to explain how these risks might affect short- and long-term business value.

> *"By issuing detailed reports from now on about our activities in the area of sustainability, we are exercising accountability and submitting our performance to public scrutiny. This creates transparency and at the same time encourages us to make further progress."*
>
> *— Franz B. Humer,*
> *Chairman and CEO, Roche*
> *From comments made at the Sustainability Media Conference as reported by Roche*