

Dow Chemical Company, 2007 Sustainability Reporting

Dow is in its element

By Aleksandra Dobkowski-Joy

Dow's alchemy results in a golden reporting portfolio, though its GRI report stays leaden

Dow Chemical Company is a reporting over-achiever. The company's website showcases sustainability, starting with a headline banner on its homepage and continuing through sustainability-related videos and stories in Dow's Human Element microsite, referring to how the chemicals firm brands its social and environmental efforts.

The sustainability section of Dow's website is substantial and well organised. Quarterly performance updates and numerous case studies and position statements sit alongside formal reports such as its 2007 Sustainability Year-End Report and 2007 Global Reporting Initiative (GRI) report, which also contains Dow's first United Nations Global Compact Communication on Progress.

Dow's quarterly progress updates against its 2015 goals are a reporting best practice and ensure a level of accountability that most companies do not yet meet. Dow gets points for being transparent about performance setbacks, although it could do a better job of providing explanations for goals not met, along with an indication of planned corrective action. The quarterly progress updates also allow Dow to devote considerable space to individual case studies of programmes, products or processes, rather than having to pare these down to a select few to be featured in an annual report.

Efficient commitment

Another best practice is the linkage of the 2015 goals to innovation and long-term business success. For example, Dow underscores its commitment to energy efficiency – which has already netted the company in excess of \$7bn in savings – as a critical strategy to protect against sharply rising feedstock and energy costs.

Dow's factsheets and position statements on challenging or controversial issues, such as the company's climate change position paper, are also noteworthy. These one- to two-page documents not only provide an opportunity to understand the company's views quickly, but also indicate how Dow is allocating resources to support sustainability efforts.

Dow's lengthy, dry, and ultimately unsuccessful GRI/UNGC Report is another story altogether. The 97-page report is a thinly veiled box-checking exercise, following the GRI disclosures so literally as to make for a nearly unreadable document.

Given that most of the information appears else-

where on Dow's website or in supporting documents, it is surprising that Dow did not opt to provide instead an online, hyperlinked GRI content index. The few unique pieces (such as the UNGC statement of support, the external assurance letter) could easily live online with a bit of creative design.

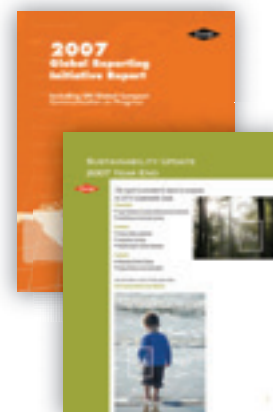
Dow proudly touts the report's A+ Application Level (though this is not a "reporting grade", but rather a simple indication of the degree to which the company follows GRI disclosures and secures external assurance). Yet Dow takes a pass on presenting a formal materiality analysis, a major reporting principle of GRI.

This glaring omission suggests that Dow believes it is irrelevant to formally prioritise sustainability issues – an unfortunate message. If the 2015 goals are meant to represent Dow's materiality determination, what process does Dow have to incorporate changes in stakeholder attitudes and expectations, as well as the shifting strategic implications of company restructuring and a weak global economy?

Ultimately, the question is whether Dow is reporting on the right things in the right way. And for the most part, the answer is yes. In terms of presentation, Dow reaches out to its many audiences through diverse formats – web content, annual progress reports, facility reports, quarterly updates and videos. If Dow can successfully manage these multiple tracks, it has the potential to produce a collective report more effective than any unitary report, GRI-based or otherwise, could ever be.

In terms of content, the company is also doing well. The 2015 goals provide a clear performance framework and allow for external tracking of core indicators. The goals also signal Dow's intent to push forward into uncharted territory, by setting stretch targets and aiming for the unknown. It aims, through innovation based on its chemistry advances, to achieve "breakthroughs to world challenges", such as access to clean water.

Given the basic soundness of this approach, Dow should use its reporting to provide greater clarity about how the 2015 goals may be updated or revised given new stakeholder input or changes in strategic direction. In a challenging economy, which is forcing companies to shut plants and layoff staff, Dow will need more than a belief in the power of the "Human Element" to make good on its sustainability objectives. ■



The 2015 goals provide a clear performance framework

Snapshot: Dow Chemical 2007 sustainability reporting

Follows GRI G3?

Yes, A+ Application Level

Assured? Yes

Materiality analysis? No

Goals? Yes

Targets? Yes

Stakeholder input? Yes

Seeks feedback? Yes

Key strength: Annual and quarterly updates on 2015 goals.

Chief weakness: Lack of a formal materiality analysis.

Pleasant surprise:

Two-page sustainability strategy pdf.

Aleksandra Dobkowski-Joy is a principal at Framework:CR. adjoy@frameworkCR.com
www.frameworkCR.com