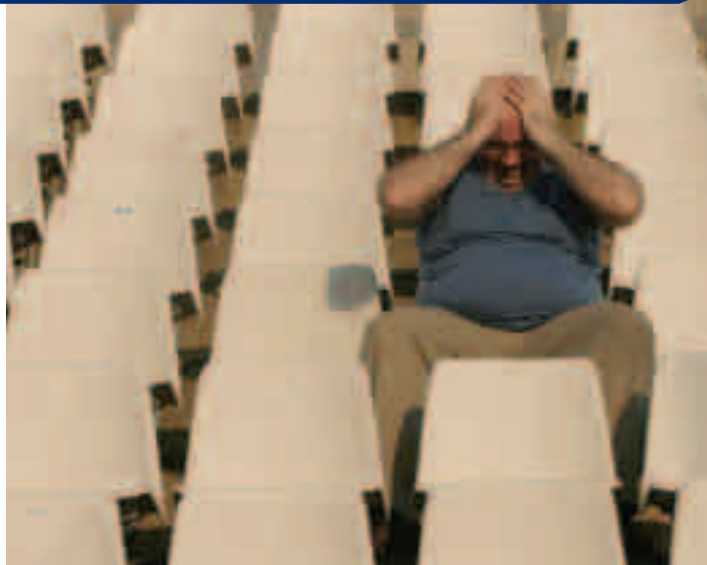


Target Corporate Responsibility Report

Moving targets, missed opportunities

By Kathee Rebernak

Despite frequent web updates, hip US retailer Target flies wide of the mark in communicating corporate responsibility performance



As a regular customer and longtime admirer of Target, I fully expected to be as impressed with the company's corporate responsibility communications as I am with the company's clean stores and clever adverts. Alas, the latest update, like its predecessors, disappoints in terms of performance and transparency. It also makes a mockery of the company's famously meticulous attention to brand and design.

The report is largely backward looking, contains a dearth of quantitative data, and fails to discuss many of the myriad challenges of being one of the world's largest retailers. While it contains a "GRI Guidelines Cross Reference", this table refers to indicators from the Global Reporting Initiative's 2002 Sustainability Reporting Guidelines rather than the newer G3 Guidelines.

Big picture, please

While the report appears to have had its genesis in investor relations, it contains few links between corporate responsibility performance and financial results. For example, the report cites impressive diversity statistics – 45% of the company's "officials and managers" are women, and 24% are minority ethnic – but presents these numbers in a vacuum. The only way for a stakeholder to assess progress is to wade through previous reports, of which only one is available online, making this a frustrating, if not futile, exercise. Shareholders in particular would certainly be interested in the broader economic value of such data and initiatives such as the company's environmental design and recycling programmes.

Likewise, Target misses the chance to discuss its wide-ranging community programmes in the context of its business strategy. Without any assessment of results, customers, shareholders and community members are left to wonder whether community outreach initiatives are effective or whether Target's money – and theirs – is better spent elsewhere.

The report provides little insight into how Target manages its large and diverse supply chain. Although Target has a supplier code of conduct that

addresses labour and human rights and stipulates unannounced audits of supplier facilities, the report does not describe how Target remedies violations.

The company should engage in a frank discussion of the social and environmental impacts of being one of the world's largest purchasers of consumer products. In doing so, it would give stakeholders a better understanding of the company's corporate responsibility challenges and whether current efforts to address them are effective, or even realistic.

Target's environmental performance, in particular with regard to its environmental design and recycling programmes, seems impressive. The lack of historical data, however, makes it difficult for stakeholders to assess progress.

At first blush, a "bare bones" approach to corporate responsibility reporting punctuated by frequent updates seems a credible way to conserve resources and keep stakeholders abreast of performance. Unfortunately, Target's frequent updates replace previous report versions (except for one dated June 2006) and fail to preserve any sort of track record. This approach creates confusion and obscures performance.

The report itself, created in Microsoft Word and posted to the Target website in PDF format, is completely devoid of design. What's more, the report's location is not intuitive and is difficult to find. The company's wholesale lack of attention to presentation suggests that Target devotes considerably fewer resources to addressing stakeholder concerns than to attracting customers.

Target should apply key GRI G3 concepts to its reporting process, namely: engage stakeholders, undertake a frank assessment of challenges and material issues, include a forward-looking discussion of goals, and make an explicit connection between corporate responsibility and financial performance.

The company should also take a hard look at how it can best use its website to communicate corporate responsibility performance on an ongoing basis. If it is not inclined to print a glossy report, it should consider segmented online reporting coupled with diligent performance tracking. ■

Not quite on the money

Snapshot: Target corporate responsibility report

Follows GRI? No; includes a sparsely populated "GRI Guidelines Cross Reference" that references 2002 indicators.

Assured? No

Goals? No

Targets? No

Stakeholder input? No

Seeks feedback? No

Key strengths:

Detailed descriptions of recycling programmes.

Chief weaknesses: No performance tracking.

Pleasant surprise: Impressive commitment to diversity.

Kathee Rebernak is the founder and chief executive of Framework:CR. krebernak@frameworkCR.com www.frameworkCR.com

Useful links:

Target's corporate responsibility report (with apologies): <http://investors.target.com/phoenix.zhtml?c=65828&p=irol-govResponsibility>
Global Reporting Initiative www.globalreporting.org