

# Assurance Services for Sustainability Reports: Standards and Empirical Evidence

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**ABSTRACT.** This article contributes to the growing scholarship on the topic of assurance services for sustainability reports. We first synthetically illustrate the main international standards for the implementation of assurance services regarding the subject documents. The second part of our article is an empirical analysis of reports drawn up on the basis of the current Global Reporting Initiative 2006 guidelines, and looks at how effectively these standards have been implemented, analyzing the different typologies of assurance statement.

**KEY WORDS:** assurance services, corporate social responsibility, credibility gap, global reporting initiative guidelines, level of assurance, materiality, standards, sustainability reporting

**ABBREVIATIONS:** AA1000 AS: Accountability 1000 Assurance Standard; FEE: Fédération des Experts Comptables Européens; GRI: Global Reporting Initiative; G3: Sustainability Reporting Guidelines Version 3.0; IAASB: International Auditing and Assurance Standard Board; IFAC: International Federation of Accountants; ISA: International Standard on Auditing; ISAE 3000: International Standard on Assurance Engagement 3000; ISEA: The Institute of Social and Ethical Accountability

## Introduction

A recent international survey by KPMG (2005) records how between 2004 and 2005 more than half of the companies in the G250 index<sup>1</sup> and around a third

of those in the N100<sup>2</sup> published a corporate responsibility report measuring and communicating their social, environmental and sustainability performance.

These data then clearly demonstrate the wide diffusion of external information on corporate social responsibility (CSR) by large enterprises across the international scene. However, as always, the doubts of financial analysts, investors and stakeholders in general focus on reliability, on spatial-temporal comparability and the relevance and materiality of CSR information. In other words, there is a credibility gap that renders sustainability reports an instrument little used by the traditional target users: shareholders, lenders, customers, employees and local communities (Gray, 2001).

In future, this gap could be bridged by means of generally accepted principles for sustainability reporting, above all if the public authorities were to intervene with ad hoc legislative provisions.

To date, however, sustainability reports are almost exclusively optional and, even in cases where individual State's jurisdictions require their obligatory publication<sup>3</sup> the only international standards for their drafting are the work of private research bodies, without direct links to the international accounting standard procedure.

It is this need to bridge the crucial credibility gap characterizing the reporting of sustainability that draws our attention to the strategic role of assurance services provided by qualified auditors or audit companies (Milne and Adler, 1999).

This situation, however, is destined to evolve rapidly, as the last two years have seen the issuing of two international standards for conducting external verification services on sustainability reports: ISAE 3000 (IAASB, 2004) and AA1000 AS (ISEA, 2003).

The first of these has been issued by the international auditing standard procedure and is addressed

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to qualified accounts auditors who undertake external verifications of non-financial reports. Issued by the *International Auditing and Assurance Standard Board* (IAASB), the issuing agency of the International Federation of Accountants (IFAC), this standard entered into force on 1 January 2005.

The second standard was issued in 2003 by a British not for profit organization, *The Institute of Social and Ethical Accountability* (ISEA) and is addressed to anyone who provides external verification services (Dando and Swift, 2003).

Individual countries' accounting authorities have also issued specific standards for the auditing of sustainability reports, in particular Australia (Standards Australia, 2005), Sweden (FAR SRS, 2004), Germany (IDW, 2005), The Netherlands (NIVRA, 2005), France (CNCC, 2004) and Italy (CNDC, 2006).

This list is not exhaustive. Above all after the ISAE 3000, many countries have now published standards, guidelines, recommendations or sample specimens for sustainability assurance.

All of these are inspired by the ISAE 3000, even if this last was not specifically intended for sustainability reports, since it is addressed to assurance engagement other than audits or reviews of historical information.

At the light of the above considerations, the aim of our article is to examine some critical points of present assurance services on sustainability reports and to suggest remarks and improvements for future assurance standards. To achieve these goals we propose:

- To isolate essential elements of assurance services according to the international auditing standard procedure;
- To check compliance with international guidelines and verify the presence of additional elements in a selected sample of assurance statements on sustainability reports;
- To identify critical points of present assurance procedures;
- To suggest improvements to the standards application, so the assurance providers can better single out gaps and weakness points of sustainability reports;
- Conclusions to draw out implications for practice and research.

### **Essential elements of assurance services according to the ISAE 3000**

Main elements of the ISAE 3000 regarding external verification of non-financial reports are the following:

- the determination of the level of reliability of the procedures carried out (level of assurance);
- the possibility of making use of an interdisciplinary team of experts;
- types of verifications and tests to implement;
- the evaluation of audit risk;
- suitable reporting criteria;
- the form of the final assurance statement.

The first point is particularly significant. As set out in the IAASB principles, all external verification activities should state the procedure's level of assurance in order to reduce the expectation gap between a reader's perception of the reliability of the verifications and their actual effectiveness.

These principles allow the auditor to indicate two different levels of assurance based on the intrinsic characteristics of the subject matter and of the investigations implemented: *reasonable assurance* or *limited assurance*.

The reason for this dual option is evident: in the case of the ISAE 3000 the universe of possible subjects matters is wide and heterogeneous, consequently it would not be logical to fix a priori a higher or lower level of reliability. The only certainty is the substantial impossibility of guaranteeing an absolute level of assurance, nor indeed is this foreseen for traditional full audits (Hasan et al., 2005; IFAC, 2002).

In detail, factors determining higher/lower reliability controls are:

- the use of selective tests;
- the limitations of internal control systems;
- the fact that most of the elements assembled by the auditor are indicative but not conclusive;
- the considerable discretion exercised in collecting indicative elements and in drawing conclusions based on verified evidence;
- the intrinsic character of the subject matter.

If the first four elements listed above do not already evidence the impossibility of achieving a

high level of assurance in sustainability reporting, the character of the subject matter is itself sufficient explanation. A sustainability report is a particularly complex subject of investigation that combines quantitative type information with entirely qualitative elements and that, above all, implies a process that it is difficult to formalize: mapping and involvement of stakeholders, embedding of their opinions and so on. It will never be possible to guarantee highly reliable verifications.

Our approach therefore excludes reasonable assurance a priori and strongly prefers *limited assurance*, always understanding that the auditor and their collaborators are given full freedom of action (if not, there will be no assurance).

With reference to the second point, it is evident that auditors will not always be competent to conduct verifications on sustainability reports (Gray, 2000). The reasons for this can be very heterogeneous: difficulty in evaluating the environmental impact of company policy, impossibility of evaluating the real level of involvement of stakeholders in the reporting process, prevalence of information of a qualitative–descriptive character in the report and so on.

Thus, the auditors may lack the professional competency to conduct the required verifications, or – even making use of expert collaborators from other disciplines – may encounter objective difficulties in meeting the customer’s requirements due to excessively generic and opinion-based indicators in the document.

For this reason the ISAE 3000 explicitly foresees the possibility that auditors make use of experts from other disciplines to complete their investigations. For example, for sustainability reporting it may be reasonable to make use of contributions from workplace psychologists, environmental technicians, representatives of non-governmental organizations or rating agencies.

In general, the team should have a shared understanding of the total task but the bringing together of its diverse components depends on the professional auditor alone. He, in fact, assigns tasks to the various experts, evaluating the adequacy of human resources, methods and sources of information used, as well as the conclusions reached by each expert. The corollary of this is the ultimate responsibility of the auditor for the conclusion of the final assurance statement. This professional opinion will

be the combined product of diverse empirical evidence gathered and interpreted by the experts. In turn, the evidence must be material and relevant.

This point of the ISAE 3000 recalls the tradition of Anglo-Saxon and Scandinavian social accounting that foresees the engagement of “famous faces”, opinion leaders, expert panels, non-governmental organizations and rating agencies that from time to time are called on to opine on the reliability of qualitative information or regarding postulates on the materiality and relevance of information, in the absence of objective confirmation from the auditor. These techniques are encompassed in the broad expression “social audit” (Gray et al., 1997; Natale and Ford, 1994).

Evidently, this involves techniques that are not standardizable and which are decidedly subjective, but that can sometimes achieve the objective of giving credibility to corporate reports much more effectively than a result from an audit company or an individual auditor. In other words, we consider that the accounts auditor can (and sometimes should) request the collaboration of external professional specialists, who – with experience in social audit – can evidence the elements of greater weakness and subjectivity in the reporting process.

As concerns the type of verifications to be conducted by a team, these combine substantive tests, analytical procedures and control tests. First, with specific reference to social–environmental reporting, we consider that verification must cover the reported data and quantitative indicators (be these economic–financial or social–environmental in nature) from the internal information system and, in turn, must verify that this last reflects business events. The analytical procedures, subcategories of substantive tests, should be done by critical analysis of past series of data, enquiring into gaps between planned and achieved values and into indexes and business trends. Finally, control tests should verify the correct functioning of a business’ internal systems of control, so as to evidence its capacity to prevent or identify eventual anomalies.

We consider, moreover, that auditors should also extend their investigations by means of in depth interviews and meetings with employees, in order to verify the level of involvement of diverse categories of stakeholders in the reporting process. In other words, this means verifying respect for the principles of relevance and materiality that focus attention on

stakeholder engagement in social reporting process. The ultimate aim of the audit is to reach a conclusion based on sufficient and appropriate evidence on the reliability and relevance of the information in the report.

The type of procedure then concretely adopted will determine diverse evaluations of the audit risk, since the degree to which the auditor considers the various components of risk (inherent risk, control risk and detection risk) depends on the particular circumstances of the task, in particular the nature of the subject matter and the degree of reliability of the service to be provided (reasonable or limited assurance).

Thus it emerges clearly from reading the standard that there is an obligation (if not a capacity) to evaluate audit risk even when the document examined for verification does not resemble a traditional accounting record.

Another particularly delicate point is the determination of *suitable reporting criteria*.

The ISAE 3000 recalls the principle that an assurance provider cannot accept a task for which it does not know the reference criteria that have been applied in the report, or if it judges these criteria insufficient.

In the particular context of sustainability reports, because it is not possible to specify generally accepted accounting principles (such as the IAS-IFRS for financial reporting), the only plausible reference is international best practices, namely the GRI (2006) and the AA1000 (ISEA, 1999).

At this point the auditor's work concludes in issuing a final statement clearly stating their conclusions regarding the information in the reviewed document (Owen and O'Dwyer, 2004). That judgment, in the case of limited assurance, must be expressed in negative form, that is, attesting that the indicative elements it collects do not mean that the

report covers the total performance of the company in a truthful and correct manner.

A summary of these considerations is given in Table I.

In conclusion, the great weakness of the ISAE 3000 is that it is not specifically designed for assurance services on sustainability reports.

This explains several problems that strike both assurance providers and stakeholders addressed by CSR reporting. Among these elements, three are the main lacuna:

- a. the absence of relation with financial auditing, with particular reference to fraud;
- b. the deficiency of verification on compliance with national law and regulations;
- c. the lack of involvement of the stakeholders' representatives in the verification process of materiality and relevance of the information given;

These weakness points of the ISAE 3000 will be discussed in Section "criticisms regarding future assurance standards".

### Empirical evidence from GRI reports

The objectives of our empirical study are:

- to analyze the effective implementation of the essential elements of assurance services according to the international auditing standard procedure;
- to find additional elements used by assurance providers other than those set by the international standards.

To this end, we have investigated a field of 34 selected assurance statements on sustainability reports

TABLE I  
Characteristics of assurance services according to the ISAE 3000

	Who chooses the audit procedure?	Level of assurance	Type of verifications	Evaluation of audit risk?	Form of the final report
ISAE 3000	Auditor and team of interdisciplinary experts	Reasonable or limited	Control tests and substantive tests	Yes	Positive (reasonable assurance) or negative (limited assurance)

in English language drawn up according to the Sustainability Reporting Guidelines 2006 (G3). The reports were included in the Global Reporting Initiative (GRI) database at the date of December 31 2007. The field is composed of statements issued as final outcome of an assurance service on as many companies' sustainability reports with level "A+ GRI checked".

The rank "A+ GRI checked" involves:

- compliance with sustainability reporting guidelines 2006 (G3);
- an assurance service by external independent auditor;
- a formal check of the report contents by GRI.

The 34 statements are referred to a sample of companies whose characteristics are reported in Table II.

Of these, 24 statements have been issued by the "big four" audit firms (10 by Deloitte & Touche, 5 by KPMG, 5 by Reconta Ernst & Young, 4 by

TABLE II  
Characteristics of the sample

Major business category	Number	%
Financial services	12	35.3
Energy	7	20.6
Construction and building materials	3	8.8
Oil and gas	3	8.8
Automobile	2	5.9
Communication and IT	2	5.9
Mining	2	5.9
Others	3	8.8
Country		
Europe	24	70.6
North America	1	2.9
South America	2	5.9
Australia	4	11.8
Asia	3	8.8
Dimension (number of employees)		
0–5.000	7	20.6
5.001–10.000	5	14.7
10.001–30.000	8	23.5
30.001–80.000	6	17.6
Over 80.000	8	23.5
Quoted at stock exchange		
Yes	30	88.2
No	4	11.8

PricewaterhouseCoopers) and 10 by other assurance providers.

Furthermore, 14 statements refer to the ISAE 3000, 4 to the AA1000 AS, 9 to both the ISAE3000 and the AA1000 AS, and 7 to other criteria.

As far as the methodology is concerned, we have thoroughly analyzed the statements in question to find out if the following essential elements were present:

- the determination of the level of assurance (reasonable or limited);
- the indication of an interdisciplinary team;
- types of verifications implemented;
- the evaluation of the audit risk;
- reference to suitable reporting criteria;
- the form of the conclusions (positive or negative).

We also paid attention to possible additional elements used in the practice and not considered by the international auditing standard procedure.

Table III shows our research's results regarding the presence of the above mentioned elements in the sample statements.

TABLE III  
Empirical evidence

Level of assurance	Number	%
Limited	19	59.4
Reasonable	2	6.3
Limited for certain sections, reasonable for others	3	9.4
No reference	8	25.0
Interdisciplinary team		
Yes	5	15.6
No	27	84.4
Types of verifications		
Control tests	1	3.1
Substantive tests	30	93.8
No reference	2	6.3
Evaluation of audit risk		
Yes	6	18.8
No	26	81.2
Form of the conclusions		
Positive	10	31.3
Negative	19	59.4
Either	3	9.4



Our findings are referred to 32 out of the 34 statements, since we found out that two statements are not the outcome of an assurance service on sustainability report, but an opinion on the effectiveness of the social or environmental responsibility management system.

Starting from the analysis of the essential elements, we observed that as far as the level of assurance is concerned, in 19 statements limited assurance was stated. In 3 cases it was declared a reasonable assurance on selected aspects of the document and a limited assurance on other aspects. In two statements was stated a reasonable level of assurance, while the others did not mention this element. The evidences are in line with our approach, which prefers limited assurance in consequence of the nature of the information given in the sustainability reports.

As regards the establishment of an interdisciplinary team, we noted very few references to this mode (5 statements). When present, the team was defined like “a panel of professionals in the field of environment, health and safety and social matters” or “a group including specialists from the global environment and sustainability network”. In any case nothing was said about the responsibility assigned to each member of the team, according to one’s skills and competences.

Considering the examination of types of verifications and tests to implement, all the assurance statements indicated the procedures followed in more or less detail.

Our analysis was concentrated on understanding if control and substantive tests were applied in the procedures followed.

According to our findings only a statement made reference to control tests, that is to say the assessment of the existence and effectiveness of an internal control system as set out by the international auditing standard procedure.

In 30 cases, we found reference to substantive tests, implemented to assess the reliability of the quantitative and qualitative contents of the sustainability reports. This implies to check that the data originates from the internal information system and to evaluate the correspondence of the latter to the company’s operations.

To this aim the most used instruments were:

- interviews, especially with managers and members of staff involved in producing the report or

in the systems supplying the information it includes;

- analytical procedures;
- inspection, observation and verification on a sample basis.

References to audit risk were made in 6 statements, without specifying its components (inherent risk, control risk, detection risk).

Suitable reporting criteria were mentioned in 30 statements out of the 32.

Finally we analyzed the conclusions. Being cases of limited assurance, the conclusions of 19 statements were expressed in negative form using formulae such as “nothing has come to our attention that causes us not to believe that the report is not fairly stated” or “our limited review did not disclose any other matter that would lead us to believe that the CSR Report is materially misstated”. In the three documents where a reasonable assurance has been declared on a specific section of the report, the conclusions were positive as well. The relevant formulae is “in relation to the information in the Sustainability Report for which we have performed procedures to obtain a reasonable level of assurance we believe that this information is, in all material aspects, a reliable and adequate representation of the efforts made and performance achieved”. In the other 10 statements the conclusions had a positive form.

In addition, we noted that auditors often provide recommendations for further improvements in consolidating the processes, programs and systems associated with CSR management (19 statements). In our opinion, this is a “negative” aspect of the analyzed assurance statements, since the aim of the assurance services should be only express a professional opinion on the reliability of the information given in the social report, refraining from giving advices to the management.

Furthermore in only 3 cases there were references to the compliance to national laws and regulations and in 11 statements we found relation with the financial audit. The latter is always represented by the assessment of the consistency of the information in the sustainability report with information published in the annual financial report.

In the analysis of additional elements, we focused also on how the principle of materiality was

addressed by the assurance providers, with particular attention to the stakeholders involvement in the materiality assessment process. Even in those statements inspired by the AA1000 AS, only in one case the materiality assessment implied the consultation of stakeholders. In the other statements, the materiality of the report data was evaluated by the assurance provider through the analysis of the steps taken regarding the identification and consideration of the corporate stakeholders.

### Criticisms regarding future assurance standards

The main criticisms of present assurance standards, as demonstrated by the analysis of the ISAE 3000 and by the outcomes of our empirical research, concern:

- the determination of the level (or levels) of assurance;
- the role and responsibilities of external experts;
- the relation with financial audit;
- the compliance with national laws and regulations;
- the relevance and the materiality of the information given and the involvement of external stakeholders in the verification process.

As concerns levels of assurance, the ISAE 3000 standard foresees a choice between reasonable and limited assurance. This does not exclude, but does not explicitly suggest, that different parts of a report might apply different levels of assurance, reflecting deeper or less deep procedures of verification.

Some national standards (for example in Germany and in the Netherlands) establish limited levels of assurance for qualitative information (values and missions, history of the organization, management approach for economic, social and environmental responsibility, gender policies, etc.) and a reasonable level for quantitative information (financial indicators, levels of hazardous emissions, numbers of complaints received etc.).

The IAASB does not appear to oppose this solution, and indeed a commentary on the GRI guidelines discusses a proposal for:

- reasonable assurance regarding the reliability of performance indicators;

- limited assurance regarding the reliability of other disclosures required by the guidelines, and regarding the completeness of issues and indicators covered by the report; and
- no assurance regarding the effectiveness of management systems and the reliability of future oriented information that is reliant on the organization's intentions, expectations and assumptions about uncertain future events (IAASB, 2006, p. 7).

This means that, in stating conclusions, the assurance provider must indicate in detail which parts of the audit attain reasonable reliability and which offer only limited reliability. However, this could prove confusing for readers, above all for non-specialists. For this reason, the Fédération des Experts Comptables Européens (FEE, 2006, p. 32), commenting on the IFAC proposal, considers that limited assurance on an entire document and audit process might best achieve the aim of greater clarity, contributing in bridging the expectation gap.

Another critique regarding future assurance standards concerns the role and the responsibility of external experts.

If the various audit procedures are almost unanimous in proposing that professional auditors may make use of external experts from other disciplines, nonetheless it is not always clear what should be their role, responsibilities and professional background (Ball et al., 2000).

Recognizing that an exhaustive catalogue of possible expert contributors is impossible, it is more relevant to indicate their responsibility regarding the subject matter.

Substantially there are three alternatives<sup>4</sup>:

1. *Undivided responsibility*. This model accords with how the ISAE 3000 deals with using experts. The auditor bears undivided responsibility for the entire engagement and alone signs the assurance statement.
2. *Multidisciplinary cooperation with joint responsibility*. This model is based on co-operation between the auditor and external experts in all phases of the task. The aim of this co-operation is to issue one assurance report for which both the auditor and the expert take full responsibility.

3. *Separate engagements for each discipline.* The engaging party commissions two separate assurance engagements. The auditor and the external expert sign separate reports. The draft IFAC standard notes that this is not a genuine form of ‘co-operation’ between accountant and expert, but recommends that coordination in order that the intended readers be fully aware of the objectives and scope of both engagements and that there are no omissions.

Those who recommend a “separate engagements” method do not exclude cooperation between experts and auditors, but at the same time tend to distinguish the responsibilities of each group. Nonetheless, for practical reasons of professional accountants’ greater experience with audit materials and the need to address the expectation gap, it is reasonable to prefer “undivided responsibility”. In other words, when making use of external experts, responsibility can ultimately remain with the professional auditor who is answerable to professional standards, to the company and its stakeholders – and, in particular cases, also to civil and penal justice.

The multidisciplinary cooperation approach seems relevant to the methodology, however giving lead responsibility for the entire procedure to a large number of partners, we consider, will tend to diminish the responsibility of each, obscuring possible omissions or individual negligence.

An additional element for future reflection is the link with financial audits. In particular, questions arise as to the possibility that an assurance provider on a sustainability report, coming to know of fraudulent financial communications (fraud, reports falsification, etc.), then informs the auditor of the financial report, collaborating in forming his opinion.

From this point of view, the Dutch standard appears to be the most far-seeing in that it recommends that: “If the practitioner has identified an incidence of fraud, depending on the nature of the fraud, he should bring this to the attention of the practitioner charged with the audit of the financial statements of the reporting organization” (NIVRA ED 3410 45).

Collaboration with the financial auditor, in fact, does not damage the independence of the latter but may contribute to improve the performance of both audits.

In any case, a key problem is the temporal coordination of verifications on financial and sustainability

reporting, namely the possibility that the assurance service can be done within a few weeks (or even months) from the financial audit. This is an additional reason to recommend that a financial report be part of a broader sustainability report. Alternatively, where these documents are separate, it is important that they are published concurrently, in order to guarantee collaboration between the audit teams.

The topic of fraud recalls to mind another particularly delicate aspect: compliance with national laws and regulations.

The ISAE 3000 does not explicitly tackle this point, but commentators agree that an assurance provider and their interdisciplinary team should always verify respect for individual national norms. Moreover, since in some national contexts the local legislation may be less restrictive than the international norms for the rights of workers, the environment, consumers etc. (think of the UN Global Compact or OECD norms for multinationals), the assurance provider should verify respect for these more restrictive norms, seeking confirmation in the report and the company information system.

For this reason, we consider that the interdisciplinary team should make use of its members’ specific professional skills also in terms of social or environmental responsibility management system (e.g. ISO 14001, OHSAS 18001, SA 8000, etc.).

Finally, a remaining element to carefully evaluate in the continual development and improvement of assurance services for sustainability reports concerns criteria for the relevance and materiality of the information given. These two criteria should be considered with particular attention to the expectations of stakeholders (Owen and O’Dwyer, 2005).

For example, non-governmental organizations, representing an important civil society “voice”, should be able to express opinions on the relevance and reliability of the report (Gray et al., 2006; O’Dwyer et al., 2005). The foundation for these opinions should be investigated by the assurance team.

More generally, if a report does not contain the indicators, information and data that stakeholders expect, the opinion of the assurance provider must at least be expressed in a formula that highlights the resulting credibility gap.

Reporting on materiality should be assessed from the viewpoint of the targeted groups of stakeholders. In particular, the auditor should review:



- the management's process for deciding on materiality;
- the outcome of the process.

Before stating a positive opinion, the assurance provider obviously should evaluate a certain margin of tolerance towards any information that is missing, unintelligible or erroneous, regarding the explicit requests of the stakeholders.

Fixing this margin of tolerance means that the auditor needs to carefully plan the assurance process.

### Conclusions

The analysis carried out has showed that the international auditing standard procedure should address the theme of sustainability assurance introducing specific guidelines for assurance providers.

National recommendations have brought innovative elements that are not always addressed by the ISAE 3000 and that could be adopted or taken into consideration for standards' improvement by the IAASB.

These improvements should be aimed to the following directions:

- standardizing the content and form of final statements (Deegan et al., 2006);
- opening assurance services to the professionalism of external experts specialized in matters other than accounting and auditing, so as to render the controls carried out more pervasive;
- clearly identify the responsibilities of the various parties in the interdisciplinary team;
- explaining levels of assurance (reasonable, limited or no assurance) on the work done;
- achieving more punctual verification of relevant questions such as the independence of the auditor, the link with financial audit, legal compliance, and the materiality of the information given (Adams, 2004).

In our opinion, the recalled elements, if properly implemented, could allow greater effectiveness and reliability of assurance services. All these should improve corporate internal and external accountability, contributing to the enhancement of CSR reporting practices.

### Notes

<sup>1</sup> These are the first 250 companies in the Global Fortune 500, which lists the 500 companies with the highest annual turnover worldwide. The United States heads the national breakdown (40%), followed by Japan (16%), France (9.6%) and Germany (8.4%). See: <http://www.fortune.com>

<sup>2</sup> The N100 index is issued by KPMG and lists the top 100 global companies by turnover among the 16 lead industrialised countries (Australia, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Holland, Norway, South Africa, Spain, Sweden, the UK, the US).

<sup>3</sup> For example, in France the law 77/69 of 1977 introduced an obligation to publish social reports for enterprises with more than 750 employees; in 1982 this obligation was extended to enterprises with more than 300 employees. Recently the EU has had a decisive impact in promoting CSR, for example by means of Green Papers on *Corporate Social Responsibility* and by adopting Recommendation 2001/453/CE of the European Commission regarding the surveying, evaluation and publication of environmental information in annual reports and in relation to company management. In Italy the law 118/2005 on social enterprise regulation, Article 1(b) creates "an obligation of publication and publicity regarding economic and social reporting".

<sup>4</sup> These three formulations are inspired by the above cited Dutch standard issued by NIVRA.

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