

GE Citizenship Report 2007-08

Reporting giant powers on

By Aleksandra Dobkowski-Joy

GE, the global conglomerate, shows how it continues to integrate sustainability across its business lines

What a change a few years brings. Under the steady leadership of chief executive Jeff Immelt, GE's transformation into a company working to bring about a more sustainable global economy has truly taken hold. The row between Immelt's predecessor, Jack Welch, and the US Environmental Protection Agency over the cleanup of GE-generated PCBs in New York's Hudson River has faded into a footnote (yes, the river will be remediated) in GE's fourth citizenship report.

The report methodically lays out the fruits of GE's transformation to date, and unequivocally demonstrates that the company has no intention of deviating from its plan to "make money, make it ethically, and make a difference".

Exuding a quiet confidence, GE takes readers through a comprehensive look at its citizenship activities. The company presents a materiality analysis with priority issues coded into four themes: energy and climate change, demographics, growth markets and financial markets. GE links these with company strategic business themes and even includes a cross-reference pull-out table to help readers make the explicit connection between GE's citizenship performance and its success as a global business.

Packed with 92 pages of information, GE's report is nonetheless easy to read, a testament to its smart organisation. The citizenship themes anchor the core of the report. Past years' commitments are readily available alongside current progress updates, and quantitative data is clearly displayed in an "at a glance" metrics section. The one exception to strong layout is the summary of overall commitments and goals, which is a jumble of bullet points crammed into four dense pages of text, allowing neither ease of comparison nor even basic readability.

Solid foundation

GE groups stakeholder engagement, environmental health and safety, governance, and public policy information into an operational excellence section. The message: these factors are non-negotiable, basic building blocks of all citizenship performance.

GE's governance data is particularly transparent, detailing concerns about the company's global ombudsman network. These concerns are broken out by topic (fair employment practices, conflicts of

interest, privacy, etc), investigation results and geographic region. Although the number of concerns in some areas is rising, GE puts this down to its development of a more rigorous reporting system and broader ombudsman outreach. But if this trend continues, GE should provide a closer analysis of ethical gaps.

The company is frank about its involvement in public policy, especially with regard to promoting free trade. As a global organisation, it is not shy about encouraging the expansion of global markets and passage of free trade agreements.

GE discusses some issues that are specific to its business lines, such as the subprime crisis for its financial services arm, GE Money. On subprime, GE makes some statements that are nearly indecipherable to all but financial analysts. The company has largely avoided having to write off bad loans, but its response to the general crisis – to set stricter internal responsible lending guidelines – is still right on point.

Despite the overall strength of the report, there are some curious lapses. For example, in the employee relations section, GE reiterates its 2007-08 goals, such as "encourage consumerism in health-care choices", but does not discuss success in meeting them.

Another drawback is that many of GE's "commitments" are qualitative and hard to measure. GE could do a better job of explaining what metrics are tracked on broad commitments such as "attract, retain, and engage the world's best people and teams", especially as the company chooses not to disclose employee turnover rates.

Reaching out

GE understands the benefit of seeking expert external counsel and is smart enough to take good advice when proffered. Stakeholder engagement is demonstrated with a formal letter from a stakeholder report review panel and direct statements from other stakeholders sprinkled throughout the report. Though GE may have gone a bit overboard with the sheer number of stakeholder statements, the panel's letter is thoughtful and incisive – a clear demonstration of the time and care panel members devoted to vetting GE's report. GE held up its end of the bargain by listening carefully and applying many of the panel's suggestions.

The company also delivered on its previous year's commitment to convene global stakeholder meetings, in Brussels, New York and Hong Kong. GE summarises insights from these proceedings and makes full participants lists available online.

All in all, GE's stakeholders should be very satisfied with both the company's transparency on citizenship performance, and the performance itself. As the company further settles into full sustainability integration, it is this comfort in disclosure and excellence in implementation that will continue to set it apart from its competitors. ■

Snapshot: GE Citizenship Report 2007-2008



Follows GRI? Yes.
Self-declared "A" application level.

Assured? No. Stakeholder report review panel letter included.

Materiality Analysis? Yes

Goals? Yes

Targets? Yes

Stakeholder input? Yes

Seeks feedback? Yes

Key strength: Multi-year trendlines; strong report organisation.

Chief weakness: Many of the future commitments are quite broad and qualitative.

Pleasant surprise: The report is accessible and not overwhelming in its detail.

GE has no intention of deviating from its plan to "make money, make it ethically, and make a difference"

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