

# Sustainability Benchmarking as an Instrument for CSR Governance?

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Measuring and benchmarking the sustainability performance of companies offers the potential to be a valuable tool to support cooperative corporate governance. Systematic, robust and comparable information on sustainability performance is fundamental to flexible public policy instruments, industrial self-regulation, and civil society engagement. Benchmarking can be used to compare and track the sustainability performance of companies – not only by companies themselves, but also by a range of other stakeholders: NGOs who want to put pressure on poor performers, regulators who want to adopt flexible approaches of environmental enforcement, agencies that monitor the implementation of voluntary agreements, investors that have adopted ethical criteria and so on.

This paper critically reviews the opportunities for and limits of performance-oriented sustainability benchmarking to provide an information base for these different components of corporate governance. It is based on experience developed in an ongoing research project which has developed an online tool for sector-based environmental and social benchmarking in 14 sectors and collected data for 370 firms and production sites. The approach was developed on the basis of consultations and interviews with numerous companies and trade associations.

The first part of the paper explores different approaches to sustainability benchmarking, drawing a distinction between evaluative assessment (for example provided by stock market indices) and diagnostic benchmarking (usually carried out by companies, consultancy firms and trade associations). The second part discusses why diagnostic performance benchmarking continues to develop slowly, focusing on factors within business organisations (corporate control over data, commercial confidentiality and varying strategies), methodological difficulties, the importance of context and problems of standardisation. The third part describes the development and data collection phase of project, giving an overview over data availability in individual sectors and areas of sustainability. The final section draws conclusions for the potential role of quantitative environmental and social performance data in corporate sustainability governance.

## Curriculum Vitae

Julia joined the Environment Programme in January 1999 and has since worked on a number of projects related to environmental policy, technology and business. She was part of the project team of the *Measuring the Environmental Performance of Industry* (MEPI) project which has developed and applied a quantitative approach to measure the environmental performance of European firms. Julia now works on a follow-on study: The PERFORM project will develop an online tool for environmental and social performance benchmarking of companies. Julia is also a member of the *Tyndall Centre for Climate Change Research* where she works on a study exploring how business can adapt to climate change (ADAPT). This builds on earlier work on socio-economic futures scenarios and their use in climate change impact assessment.

### Academic History

Julia received her first degree in Political Science at the Free University of Berlin in 1998. Her diploma dissertation examined the strategy for sustainable development of the German Federal Government. During her student exchange at the Institute of Policy Studies in Paris in she received a German-French Diploma in Political and Social Sciences.

### Employment History

During her University years, Julia worked as an intern in the German Environmental Protection Agency and the German Parliament. Between 1996 and 1998 she worked as a research assistant and student employee at the Environmental Policy Research Unit at the Free University of Berlin and at the Institute for Futures Studies and Technology Assessment. She joined SPRU in January 1999.

### Research Interests

Julia's research interests include the environmental policy process, corporate environmental performance and tools for decision-making under uncertainty.

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