

Deloitte Touche Tohmatsu's 2009 Corporate Responsibility Report

## Do not as I do

By Kyle Whitaker

**Deloitte's first corporate responsibility report is not up to scratch**

There is no sense beating around the bush. Deloitte's 2009 corporate responsibility report is a disappointment. Like many first-time reports, Deloitte's inaugural effort feels broad and generic, is light on performance to date, and takes an aspirational tone. As a company, however, Deloitte is not your typical first-time reporter. Not even close.

This is a global firm that lists corporate responsibility reporting among its professional services. It is a founding member of World Business Council for Sustainable Development and the United Nations Global Compact. Indeed, it is a company that has published Global Compact communications on progress and, in certain countries, local reports for years now.

Put simply, Deloitte positions itself as an expert and a leader in corporate responsibility. As such, Deloitte should know what makes a strong first report and what does not. This example is decidedly the latter.

In fact, Deloitte's global corporate responsibility strategy is relatively immature – and it shows. Their corporate responsibility council, chartered in 2007, has implemented a new global corporate responsibility policy, developed a signature programme around innovations in education, and aligned member firms (Deloitte's operating entities in individual countries) to a common reporting framework. These pieces will be critical to the long-term success of the firm's corporate responsibility strategy. But they hardly lend themselves to a robust report in the short term. Consequently, there are few qualitative goals and no quantitative goals against which readers can judge Deloitte's future progress.

While it is hard to fault Deloitte for its immaturity, it is much easier to question the worldwide group's ability to leverage member firms' corporate responsibility efforts from both a strategic and reporting perspective. This report lacks examples of how member firms are implementing Deloitte's budding corporate responsibility policy, with the exception of community investment cases. The policy also emphasises investment in employees, the advice and services provided to clients, and environmentally sustainable operations. More examples of how Deloitte is working in these channels to promote corporate responsibility would help balance the report and improve its overall credibility.

There is a noticeable disconnect between Deloitte's materiality matrix – presented at the beginning of the 2009 report – and the remaining

report copy. The company's three most material issues – ethics, client satisfaction and employee development – are certainly appropriate. Ethics, for example, is a critical issue for professional services firms and is rightly given its own section of the report. Yet key elements of Deloitte's ethics strategy are lacking in the report itself, including their nine ethical principles, specific challenges and meaningful performance indicators.

In turn, discussions of client satisfaction and employee development are largely omitted from the report. While the corporate website features a general comment regarding client satisfaction, the corporate responsibility report itself contains nothing further. Deloitte devotes significant report space to Life at Deloitte, a series of case studies demonstrating how corporate culture promotes volunteerism and professional growth. Although this section may seem to some readers as employee development, it is unclear if or how Deloitte is actively encouraging other employees to undertake efforts of their own.

### GRI spells black eye

GRI rightly spans Deloitte for failing to apply two performance indicators correctly, asking the company to either report on both indicators more fully or remove the claims of reporting on them. Deloitte chooses neither option, instead releasing a public statement that disregards GRI's request "because the report has already been released to the public". Deloitte does, however, promise to satisfy GRI protocols in its next report.

In essence, Deloitte is ignoring the GRI and flat-out saying so. While one might appreciate the attempt at transparency, it is harder to accept the rationale. One of the many benefits of online reporting is that companies can revise reports after the date of publication should the need arise.

Deloitte's nose-thumbing at the GRI ultimately undermines the firm's credibility as an expert in corporate responsibility reporting. If Deloitte cannot apply the GRI guidelines correctly for its own report, can clients trust Deloitte to apply the GRI on their behalf?

In sum, Deloitte has plenty of room to improve. Setting more goals and targets, paying more attention to material issues, and leveraging the corporate responsibility efforts of member firms are just a few suggestions. First and foremost, however, Deloitte must focus on practising what it preaches. ■



### Snapshot

**Follows GRI?** Deloitte declares C-level status, but fails to apply two indicators properly.

**Assured?** Nope. Assurance is a lose-lose proposition. Deloitte would lose credibility by assuring its own report. Asking another firm to assure the report would give business away to the competition.

**Materiality analysis?** A materiality matrix is included but not used effectively.

**Goals?** A few qualitative goals, no quantitative goals though.

**Targets?** None

**Stakeholder input?** No

**Seeks feedback?** Yes, via email.

**Key strength:** The materiality matrix hits the right notes.

**Chief weakness:** A blatant disregard for the Global Reporting Initiative.

**Pleasant surprise:** Life at Deloitte profiles show tremendous range of skills and volunteer efforts.

*Deloitte must focus on practising what it preaches*

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