

Management Barometer™

News Release

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New Era of Transparency: Two-Thirds of Multinationals in Europe, 41% in U.S. Consider “Triple Bottom Line” in Corporate Reporting, PricewaterhouseCoopers Finds

NEW YORK, September, 2002 – Multinational companies in Europe and the U.S. are expanding their corporate reporting to include information on “triple bottom line” -- economic, social and environmental -- performance in order to influence stakeholders and the global capital markets, according to PricewaterhouseCoopers’ latest Management Barometer survey. In Western Europe, two-thirds (68 percent) of large companies report such information in addition to required financial reports; in the U.S., 41 percent provide such information, the survey found.

Europe Leads in “Triple Bottom Line” Reporting

According to the survey, more large Western European companies provide data in each category of the triple bottom line than those in the U.S.:

- Economic: 98 percent in Western Europe; 93 percent for the U.S.
- Social: 78 percent in Europe; 65 percent, U.S.
- Environmental: 78 percent in Europe; 52 percent, U.S.

“The TBL got an earlier start in Europe, and has evolved further there than in the U.S.,” said Sunny Misser, Global and U.S Leader of PricewaterhouseCoopers’ Sustainability practice. “With the current breakdown of confidence in financial reporting, large companies are facing increasing demands and expectations from stakeholders - and are being held more accountable for their performance and actions. The TBL approach provides shareholders with increased transparency and a broader framework for decision making.”

- more -

Misser said some executives might experience challenges with the TBL reporting process, as tools and metrics to measure social and environmental performance are still evolving.

TBL reporting as it currently stands, has its limitations, but it's a great way for companies to disclose meaningful information that impacts their financial results. This is the time for companies, especially in the U.S., to seize the opportunity," he said.

Economic Performance

Western Europe-based companies report extensive capabilities for economic reporting, though somewhat less than their American peers:

	<u>U.S.</u>	<u>Europe</u>
• Excellent-to-good tools for measuring economic performance	76%	74%
• Ability to demonstrate positive performance over time	80%	74%
• Use of concrete metrics to show sustainable improvements	72%	61%

"Economic performance is not limited to financial information," said Misser. "It spans wages and benefits, productivity, job creation, outsourcing expenditures, R&D investments, and investments in training and other forms of human capital. For those embracing or considering the TBL, this area is the best-documented and reported."

Social Performance

Reporting on social considerations is much less frequent, with Western European and U.S.-based companies reporting at a comparable level:

	<u>U.S.</u>	<u>Europe</u>
• Excellent-to-good tools for measuring economic performance	39%	37%
• Ability to demonstrate positive performance over time	50%	47%
• Use of concrete metrics to show sustainable improvements	39%	37%

"Social issues typically include workplace health and safety, employee retention, labor and human rights, corporate philanthropy, diversity of the workforce, as well as wages and working conditions," said Misser. "In this area, the standards are evolving, and the tools and metrics vary by geography and industry."

Environmental Performance

Environmental reporting has been underway for a while and is at a more sophisticated stage relative to social reporting. European companies are clearly in the lead:

	<u>U.S.</u>	<u>Europe</u>
• Excellent-to-good tools for measuring economic performance	35%	42%
• Ability to demonstrate positive performance over time	40%	51%
• Use of concrete metrics to show sustainable improvements	31%	37%

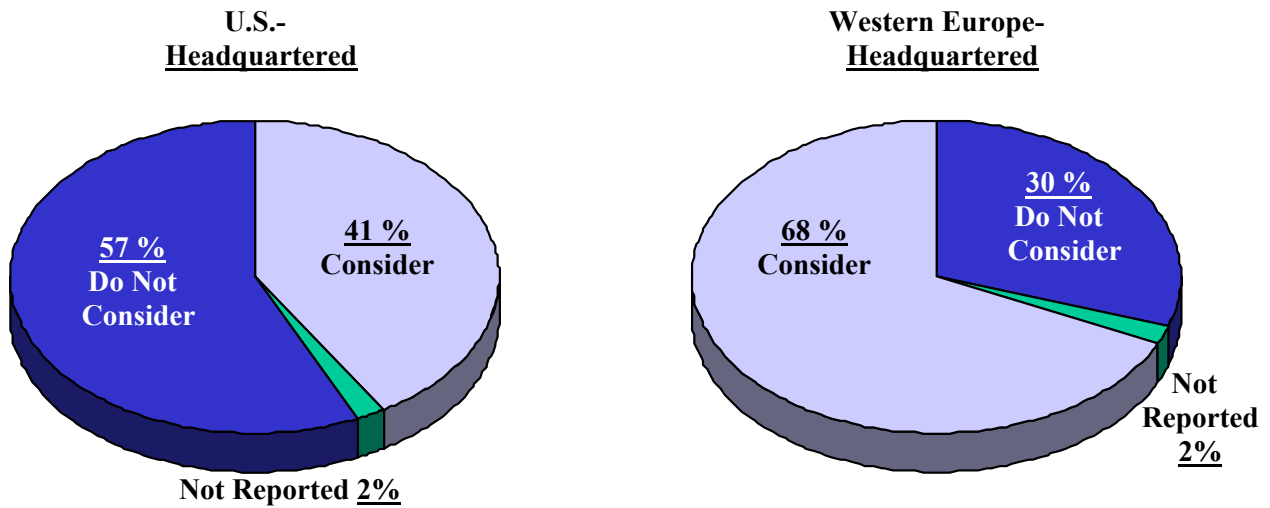
“Environmental issues include the impact of production processes, products and services on air, water, land, biodiversity, and human health. Manufacturing, Oil and Energy companies, which have clear impacts on natural resources use, are leaders in providing this information, while service companies can demonstrate a clear advantage by reporting in this area,” said Misser.

PricewaterhouseCoopers Management Barometer is a quarterly survey of executives in large multinational businesses spanning technology, financial services and consumer and industrial products and services. It is developed and compiled with assistance from the opinion and economic research firm of BSI Global Research, Inc., which interviewed 153 CFOs and Managing Directors in the U.S., and 98 in Western Europe in 2Q02.

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**LARGE MULTINATIONALS
CONSIDERING THE “TRIPLE BOTTOM LINE”--
ECONOMIC, ENVIRONMENTAL AND SOCIAL--
IN CORPORATE REPORTING**



CONSIDER “TRIPLE BOTTOM LINE” AREAS

	U.S.- Headquartered	Western Europe- Headquartered
• Environmental	52%	78%
• Social	65%	78%
• Economic	93%	98%

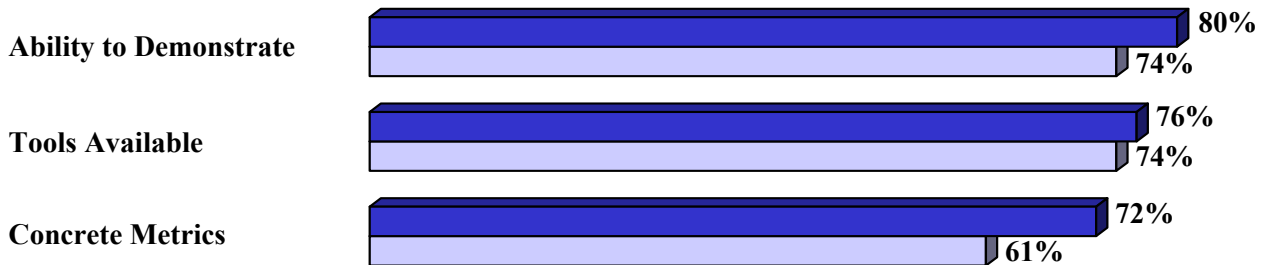
* **Base:** Large Multinationals
with Corporate Reporting:
153 U.S. and 98 Western Europe

MANY LARGE MULTINATIONALS UNABLE TO EFFECTIVELY DEMONSTRATE POSITIVE SOCIAL OR ENVIRONMENTAL PERFORMANCE

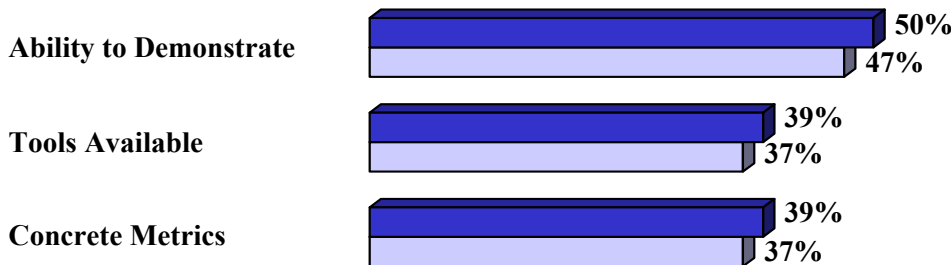
Only a Minority Rate Their Own Tools Or Metrics Highly

•ECONOMIC

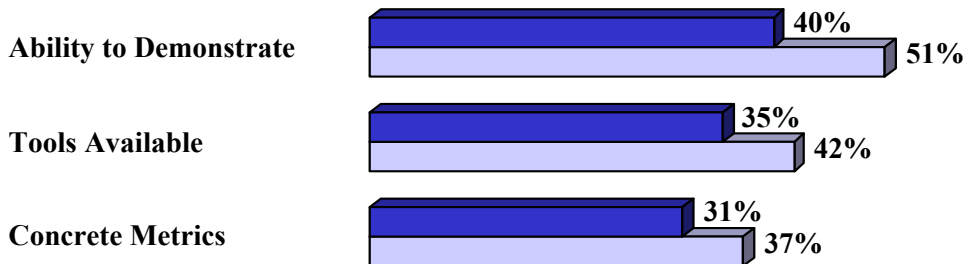
Rated Excellent or Good



•SOCIAL



•ENVIRONMENTAL



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153 U.S. and 98 Western Europe

