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Social auditing at The Body Shop Australia: Using AA1000 in Australia

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Abstract

This paper presents an analysis of social auditing by an Australian company using the principles developed by Institute for Social and Ethical Accountability (AccountAbility). The Body Shop Australia was the first, and is still one of the few, organisations in Australia undertaking social auditing along the framework developed by the AccountAbility. It has been suggested that organisational accountability is the necessary link between how the world *is* ordered and how it *should be* ordered (Gray, Owen, & Adams, 1996). This paper will evaluate the reports produced as part of the social audit process at The Body Shop between 1998 and 2002 against the AA1000 principles. In doing so, it will also reflect on the AA1000 principles themselves. This paper is part of a larger research project investigating social auditing at The Body Shop.

What is social auditing?

Social auditing (hereafter also referred to as auditing) is defined, for the purposes of this discussion, as a voluntary, ongoing process, embedded into an organisation's daily practice, that measures the perceptions of the stakeholders of the organisation's social performance and that is externally verified. Social auditing is a voluntary, self-regulated activity. In general there is no legislation requiring companies to undertake social audits (hereafter also referred to as audit). At an international level, France introduced amendments to its company law, in May 2001, that requires publicly listed companies to provide a social report, which mainly covers issues of employment, as part of its annual report. Aspects of what is normally considered social reporting are commonly legislated. For example in Australia there is legislation in the areas of equal opportunity and affirmative action, occupational health and safety, 'whistle-blower' protection, and governance issues. However, the multifaceted process of social auditing, in the manner it is understood by international organisations (such as AccountAbility) and corporations (such as the Body Shop International, Marks and Spencer, Unilever) goes beyond these requirements. The principles of social auditing have been developed in the understanding that it is a voluntary and self-regulated process. The feature that social auditing is a continuous ongoing process, which is integrated into the systems and structures of an organisation, is essential to the nature of social auditing. Social auditing is not the production of a stand alone report or a one-off exercise. Measures of social performance can be measures of the actual performance of a company, or measures of how the performance of a company is experienced or perceived by its stakeholders. A discussion of the advantages and disadvantages of these two distinct styles of measurement is beyond the scope of this paper. It is important to note that social performance is taken as the perception of the organisation's performance. The final aspect of social auditing is that the process should be externally verified. It is essential that those involved in the auditing process are confident that the audit is a true and fair account of the organisation's activities. As the stakeholders cannot examine the detail of the process themselves, an independent, skilled, external verifier does so on their behalf. It should be noted that, this definition leaves open the important issues of whether the audit is, or should be, an account of the organisation to its stakeholders. Under this depiction, social auditing is understood as a form of stakeholder engagement.

In some contrast, the field of social accounting emphasises the accountability function of social auditing. Social audits are seen as a form of accountability and, as such social auditing is a subset of social reporting. The definition provided by Gray, (1996: 11) based on traditional accounting concepts, is that a social report is:

- a formal account;
- prepared and communicated by an organisation;
- about social and environmental aspects of the organisation's activities; and
- communicated to the internal and external 'participants' of the organisation.

Following Gray et al's (1996: 91) typology, social auditing may be differentiated from other forms of social reporting by two key characteristics (see table 1). One feature is that is produced internally, that is the process is 'owned' by the organisation: it is developed by senior members of the organisation (either with or without the input of other members or external participants); it is sanctioned by senior management and/or owners, and it is implemented under the auspice of these senior officers. It may be understood as an action taken by the agents of the organisation on behalf of there principals. This may be contrasted with 'reporting' on an organisation as undertaken by external parties such as the media, NGOs or anti-corporate groups[1] (see table 1). The second feature is that the report is produced for a public audience. Social accounting assumes that in addition to reporting to owners and senior managers, the report is available to, indeed intended for, a range of internal and external participants. These may include: members of the local communities; employees and trade unions; consumers; other organisation; and society at large. It is implied by this definition that one of the purposes for auditing is to provide an account, indeed to enable the organisation be accountable, to a range of stakeholders. This characterisation of social auditing is limited (or underspecified) in that it does not explain why organisations report (or do not report) nor why organisations should (or should not) report (Gray et al., 1996).

Insert table 1 here

What is AA1000?

Further clarity on social auditing can be gained by examining the practice of auditing. According to the Institute for Social and Ethical AccountAbility (AccountAbility), a social audit is:

> "an examination and investigation of the records, statements, systems and procedures of an organisation together with its stated claims for performance. This is typically undertaken with a view to providing assurance as to the quality and meaningfulness (e.g. accuracy, validity, compliance, inclusivity, completeness) and other aspects of the claimed performance of the organisation." (AccountAbility, 1999: 150)

In a bid to bring some level of quality and consistency to voluntary social reporting, international agencies have begun to develop standards and guidelines. The most

[1] These reports can be found readily on the internet. Companies in positions of public prominence are often critiques (e.g. Nike ref, McDonalds ref).

comprehensive of all extant standards are AA1000 and GRI (Owen, Swift, & Hunt, 2001b). AA1000 is developed by the Institute for Social and Ethical Accountability (Accountablity) and Global Reporting Initiative (GRI) is convened by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Programme (UNEP). The purpose of the auditing framework is designed to improve accountability and performance by learning through stakeholder engagement (AccountAbility, 1999). Hence, from the AccountAbility perspective, auditing is a process for the management of organisational social performance in which providing an account is one of a number of significant features.

The use of AA1000 in Australia

According to the AccountAbility (2004), of the 78 organisations listed as users of AA1000, 37 are listed in the category of company. The other 41 organisations are listed as academia, NGO's, government departments, assurors, trainers, etc. Many of these organisations are interlinked, in some cases the assurors have verified other listed organisations' audits and then in turn been verified by others on the list. Of the 78 users, 5 are identifiable as Australian organisations these are: The Australian Department of Environment and Heritage (government), the Australian Institute of Corporate Citizenship (assuror), City West Water (listed as company but is fully owned by the Victorian State Government), Newmont Mining Corporation (company) and Westpac Banking (company). The director of the assuror organisation, the Australia Institute of Corporate Citizenship, Richard Boele, was the auditor for both the reports produced by Newmont Mining Corporation (then Normandy Gold Mining) and Westpac Banking. He is also a Council Member of AccountAbility.

The selection of The Body Shop Australia the subject of the research into AA1000 was made for two reasons. One is that TBS represented (and still represents) 'best practice' auditing in Australia. The second is that it was the only company (and is still one of the few companies) in Australia that was undertaking auditing using any of the guidelines being developed internationally. At the time this research was commenced there was negligible activity in social auditing in Australia. Indeed there was little activity in social auditing outside the U.K and Northern Europe (Zadek & Hummels, 1998). In 1999, the Institute for Social and Ethical Accounting (ISEA at the time) named TBS as the only company in Australia actively pursuing their auditing model (private communication with AccountAbility Senior Research Manager, John Sabapathy 1999). Despite this, TBS received international accolade for it first report by being ranked 13 in the top 50 reports examined by the Sustainability/UNEP partnership. Neither BSI nor TBS are listed as users of AA1000. This is despite the fact that AccountAbility (then ISEA) has influenced both BSI (BSI, 2003) and TBS (TBS, 1998, 2000), and its standards have been used as guidelines by both companies. BSI has signalled their intent to use the AA1000 Assurance Standard in the next cycle of reporting (BSI, 2003).

Social auditing at The Body Shop

Company background

The Body Shop Australia is a privately held company. In 2003, there were 71 shops in Australia out of 1968 shops in 48 countries worldwide. All 71 shops are franchises (not Body Shop International owned). Of these 71, 64 are franchises are held by a private company called the Adidem Group. This is a private company with a single owner/ director, Graeme Wise. The Adidem Group runs two other businesses: Manchester Lane, a city bar and restaurant, and the Australian franchises for Accessorize which is a UK based fashion retail business.

In 1982, Graeme Wise and colleague Barrie Thomas were working for the franchise division of the retail giant Myer, investigating possible ventures for Myer Australia including The Body Shop. When Myer decided against The Body Shop, the two applied for the franchise themselves by visiting the owners, Anita and Gordon Roddick. They were successful in acquiring the franchise and named their company Adidem, a legal term meaning "in agreement". In July 1983, The Body Shop opened in Melbourne, Australia, in Sportsgirl Court. In 1999 Graeme and Barry dissolved their partnership with Barry taking the New Zealand stores and Graeme retaining Adidem and the Australian head franchise. In 2003 there were 71 stores in Australia and 18 stores in New Zealand.

In Australia there are two sub-franchisees, one has 2 stores in ACT and the other has 5 stores South Australia.

The audit reports

The Body Shop Australia produced its first social audit in 1998 and has produced two audits subsequently in 2000 and 2002. The first report (TBS, 1998) was included in a 76 page hard copy booklet that included sections called ‘Environmental Statement’, ‘Animal Protection’ and company information. The booklet had some colour and comprised text, tables and graphs. The report itself included a verifier’s report, a section on ‘methodology’, summaries of the results organised by stakeholder group and by themes (Body Shop values, Body Shop internal culture which included employment conditions, Body Shop vision and doing business with the Body Shop), and seventeen targets for the year 2000. The availability of detailed results was noted at the beginning of the results summary. The social report was later scanned and is available on the website (though the targets are not available). The booklet was made available to all employees, customers and participants in the audit.

The 2000 (TBS, 2000) and 2002 (TBS, 2002) reports were not produced in hard copy but made available on the company’s website as downloadable pdf documents. Initially the 2000 report was also available online page by page. All three reports are still available on the website as pdf documents. Leaflets summarising the 2000 and 2002 reports (thus a summary of the summary report) were made available to all employees, customers and participants in the 2000 and 2002 audits. Table 2 provides a comparison of the three audit reports against a number of descriptors.

Insert table 2 here

The audit process

The decision to commence social auditing was taken by the directors in 1997. They had been “impressed” by BSI’s 1997 Values Report (TBS, 1998: 16). Senior executives had visited BSI and spoken with both internal and external people involved in their social auditing. In October 1997, TBS brought David Wheeler from BSI to Australia and held a workshop with senior TBS managers on social auditing and the AccountAbility (then ISEA) framework. A number of key decisions were made at this time:

- auditing would be an ongoing and continuous process
- the first cycle would be of a preliminary pilot nature pilot
- not all stakeholder groups could be comprehensively audited initially
- employees and customers were the major focus of the first audit

The BSI surveys were used as a template for the TBS surveys but they were changed significantly. Some key measures were be duplicated but further measures were developed in “the hidden aspects of organisational culture that relate to fairness, trust, openness to new ideas and the capacity to resolve conflict.” (TBS, 1998: 16)

According to the company, the process of the audit “was designed to provide evidence about The Body Shop’s performance on a wide range of objectives and from the point of view of a number of stakeholder group” (TBS, 1998: 16). The aim of the audit was “to see, and be able to demonstrate to others, how it was performing in terms of its internal culture and its reciprocal relationship with staff.” (TBS, 1998: 16)

The process of the audit follows a number of steps over a two year cycle including: commitment by senior managers, policy review, determination of audit scope and stakeholder inclusion, agreement of indicators to measure social performance, stakeholder consultation (interviews, focus groups), stakeholder survey (anonymous and confidential), internal audit, preparation of accounts and internal reports, verification by an independent qualified person, publication of statement, stakeholder dialogue (TBS, 2000: 30).

Applying AA1000

The analysis of The Body Shop three social audits (TBS, 1998, 2000, 2002) against the AA1000 framework (AccountAbility, 1999: 22) is provided in appendices A, B, C, and D. The framework details principles in the area of the ‘inclusivity’ of the audit (Appendix A), the scope and nature of the process (Appendix B), the meaningfulness of the information (Appendix C), and the management of the process on an ongoing basis (Appendix D). The basic principles underlying these principles correspond with requirements for good social reporting put forward by Gray (2001: 14); clarity of objectives, a systematic approach, quality of evidence, completeness, integrity and independence.

The analysis provided is based on an extensive reading of the reports, both hard copy and web-based, and including both summary documents and 'further detail' documents (see earlier section on 'Audit reports'). Whilst this analysis is based on the reports it is, at least partly, an analysis of the audit process as a whole. In keeping with the understanding that a social audit is not just a report, but on ongoing comprehensive process, the report produced in a social audit must 'capture' the process as a whole. For many stakeholders, their only access to the audit process will be via the report. As such, it is fair to access the process from the report itself bearing in mind any limitations in doing so.

Discussion and future research

Inclusion (exclusion) of stakeholders

The questions of who is considered a stakeholder in an organisation and how stakeholders are defined and classified have been the subject of much debate. Kaler (2002) suggests that stakeholders can be classified as 'influencers' on the organisation or by 'claimants' on the organisation. It is only the later of these classifications that has a moral implication. The definition of stakeholders provided by AA1000 is an 'influencer' definition. The Body Shop has included employee groups and customers in preference to other stakeholders. 'Voiceless' stakeholders are given no consideration in TBS social audit (the environment is dealt with in environmental audits that are not the subject of this research). It would be important to both our understanding of the audit process and the principles of AA1000 to determine whether the company sees stakeholders in terms of influencers or claimants.

The extent and nature of stakeholder engagement

The extent and nature of stakeholder engagement is another significant area of concern, despite it having received inconsistent attention in the literature. The philosophic and practical arguments about stakeholder inclusion in decision making are scattered. It is most often suggested that for stakeholders to be considered in the activities of an organisation they must have access to decision making mechanisms and participate in governance in the organisation (Arnstein, 1969; Freeman, 1984). In contrast, it has been argued that moral responsibility towards stakeholders can be fulfilled without their participation in decision making (Paas, 1996). Also contrary, is the idea that participation in organisational activities by stakeholders does not necessarily ensure that the interests of these stakeholders are met (Greenwood, 2003). Thus we have the concerns as to what is meant by the notion of 'stakeholder engagement' (as used by AA1000 and by TBS), how engagement can ensure that the interests of stakeholders are met, and what are the implications for corporate governance.

External verification

Concern that external verification of audits assists the managerial or professional 'capture' of the audit process rather than enhancing the transparency of the process or the empowerment of stakeholders has been raised in the debate on environmental audits (Owen, Ball, & Gray, 2000)Power). Owen, Ball and Gray (2000)p3 suggest that the extent to which a verification process ensures transparency can be gauged by responses to the following questions:

- Do the verification reports specify whom they are intended to reassure?
- Is the verification independent of corporate management?
- What degree of rigour is applied to the verification process? For example, what standards are brought to bear? Is data validated in any way? Are site visits undertaken?

The TBS audit verification statement declares neither for whom it is written nor the exact details of the relationship between the verifier and the organisation. The question of auditor independence is of relevance for financial, environmental and social audits. In the social audit model the role of the verifier is to represent the absent stakeholders in order to ensure those stakeholders that process that has been claimed to be undertaken, has indeed been undertaken and that the report represents a true and fair summation of the results of the process. As long as the auditor is appointed, 'provides advice' and is paid by the management this role may be considered to be compromised.

Use of the report

In defining social auditing earlier, it was suggested that the purpose of the audit, and thus of the report, was to gain input from the stakeholders or to provide an account to the stakeholders, or a combination of these. The use of the report will of course depend on its purpose. Accessibility to the report by the stakeholders, as detailed in the AA1000 principles, is only important to the company if it wishes to provide an account to the stakeholders; otherwise the documentation is primarily for internal use. Further, the shift to providing the reports on line would impact accessibility. Accessibility may vary across and within stakeholder groups. The lack of data collection by TBS regarding the use of their reports indicates that the purpose of the audit is for internal use. It would be of value to determine the rationale of the company for undertaking the audit, how the company uses the results of the audit, and how these factors impact on the audit process. Further, it would be of value to determine how the stakeholders perceive to purpose of the audit and if/ how they use the reports.

Quality of the report

A number of concerns relating to the quality report have been raised in this analysis. These include: There is a potential conflict between the need for comparability between cycles and the need to design and continuously improve 'measures' to get them 'right'. There is a potential conflict between the 'understandability' of the data that may be enhanced through graphics, summaries, text and the 'reliability' of the data that requires it to be presented in as close to raw ('true') form as possible. It is essential that negative performance be reported as well as positive performance however the use of token reporting of adverse impacts merely to enhance the credibility of the report is possible. The type of measure will greatly impact comparability. A 'soft' measure of perception would be much more difficult to compare, particularly between organisations, than a hard 'measure'

Conclusion

This paper has reported on a case of 'best practice' social auditing by analysing the audit reports against the AA1000 principles. In doing so it has raised issues about the practice of social auditing and the principles themselves: First, what is the purpose of social auditing? Is it to engage stakeholders in the activities of an organisation, or is it to provide accountability to stakeholders, or some combination of these. Second, why do organisations and/or why should organisations undertake social auditing? Will social auditing advance the interests of the stakeholders? Hence, areas for further research have been clearly identified. The importance of exploring beyond the written report is manifest as many of the questions raised cannot be answered by the documents alone. As suggested by Gray (2001), it may be what is *not* reported that tell us about a company's social performance.

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Table 1: Forms of social reporting based on Gray (1996: 91)

	Report compiled by	
Intended audience	Internal participants	External participants
Internal participants	Performance measurement Programme evaluation Market research Employee surveys Internal communications - reports - newsletter	consultants
External participants*	Advertising Mission statement Vision statement Websites Annual report Environmental audit Social audit	Media reports - investigative journalism - business features Investment analysis Ethical investment analysis Lobby groups Consumer activists Environmental activists Productivity commission Affirmative Action Agency ACCC EPA Academic research

* That a report is prepared for external participants does not preclude it being used for internal participants

Table 2: Characteristics of TBS Social Audit Reports 1998, 2000, 2002

TBS Report	1998	2000	2002
Mode of delivery	Hard copy, now available on line	Online	Online
Length of summary social report (excluding	26 pages	39 pages	46 pages
Length of summary leaflet	nil	6 pages	8 pages
Summary report appearance	3 colour, several tables and figures	2 colour, few tables or figures, no table of contents	Multi colour, tables, figures, graphics and photographs
Feedback sheet	One page hard copy form return reply paid post. Not available on pdf document	When report was online, one page form return via email (no longer available). Not available on pdf document	Not available on pdf document
Further details availability	Page 19 and 36 states Available from head office for $A15	When report was online request online did not work. Not available on pdf document	Not available on pdf document
Stakeholder groups included	Employees, customers, suppliers, community	Employees, customers, community	Employees, customers, community
Targets developed	17 targets	5 targets	Not included
Verification details	First item in report, 2+ pages Verification panel: 6/7 members gave 'unqualified endorsement'	2nd last item, 2+ pages Verification panel: 4/7 members gave 'explicit approval'	2nd last item, 1+ page No verification panel

Appendix A Application of AA1000 Principles - Inclusivity

The principle of inclusivity (AccountAbility, 1999: 22)	*Analysis of The Body Shop Social Audit Reports 1998, 2000, 2002*
Inclusivity - concerns the reflection at all stages of the social and ethical accounting, auditing and reporting process over time of the aspirations and needs of all stakeholder groups - those groups who affect and / or are affected by the organisation and its activities.	The Body Shop has prioritised its focus on two stakeholder groups, employees and customers. The decision to do this was taken overtly in the first audit as a preliminary step, however the 2000 and 2002 audit has not seen an increase in the types of stakeholder groups covered by the audit, but rather a decrease (from 4 to 3). Of those two groups, employees have received an increasing amount of attention. There has been an increase in the types of employee groups covered by the audit since 1998 (from 1 to 3). There has also been an increase in the types of community groups covered by the audit (from 1 to 2).
Stakeholder views are obtained through an engagement process that allows them to be expressed without fear or restriction.	Initially stakeholder engagement tended to take one of two forms: ad-hoc focus groups and ongoing cross-sectional committees. For the 1998 audit, stakeholder engagement occurred at several points in the audit process. This included identification of objectives, design of the questionnaire, interpretation of the survey results and setting of targets, target achievement and monitoring, target evaluation and audit verification. For the 2000 and 2002 audits stakeholder engagement occurred at fewer stages of the process. The main engagement was at the interpretation and setting of targets, and verification stages. Most engagement took place through focus groups.
Inclusivity requires the consideration of 'voiceless' stakeholders including future generations and the environment.	Stakeholder engagement was almost exclusively with employees and did not include any other stakeholder groups. The audit has not involved stakeholder groups other than employees, customers, community and suppliers. An environmental audit is undertaken separately to the social audit.

Appendix B Application of AA1000 Principles – Scope and nature of the process

Principles relating to the scope and nature of the organisation's process (AccountAbility, 1999: 22)	*Analysis of The Body Shop Social Audit Reports 1998, 2000, 2002*
2. Completeness - concerns the unbiased inclusion in the accounting processes over time of all appropriate areas of activity relating to the organisation's social and ethical performance. In addition, there is clear externally audited disclosure of what is included and what is excluded and the reasons for any such exclusion. The organisation should be prudent in ensuring that adverse impacts of its activities are not downplayed, and that uncertain impacts are not prematurely documented and reported as certain.	Given the focus on employees, and customers to some extent, it is likely that areas relating to other stakeholders' concerns have been overlooked. Some areas of activity identified in the 1998 audit have been omitted form the subsequent audits. For all the audits, the questionnaire items cover a much greater range of areas than the specific areas targeted for action as an outcome of the audits. The documentation (reports and verification statements) clearly identifies which stakeholders have been audited and reasons for this (?). The documentation does/ does not clearly identify areas that have been excluded and reasons for this exclusion. As the audit reports are presented as summary documents the areas of activity selected as 'highlights' or 'targets', and the text describing the results, are generated by the company. The 'highlights' are the aspects of positive performance on which the company has chosen. The 'targets' are areas of performance that the company deems of greatest need of attention/action. The 2002 verification report also notes that the company has not responded to significant areas of concern, such as lack of employee diversity, perceived unethical behaviour and fair handling of grievances, despite the fact that these issues were raised in the audit by the employees.
3. Materiality - concerns the need to include significant information that is likely to affect one or more stakeholder groups and their assessment of the	It is difficult to determine whether all the issues material to the stakeholders have been included from the reports themselves. This is because it is issues that are not reported that could be material. There are however of issues and events clearly omitted from the report, or mentioned without adequate explanation, that could be material to the

organisation's social and ethical performance. The complexity of defining materiality for social and ethical issues demands inclusive processes of stakeholder engagement (including an analysis of stakeholder needs) to assess the significance of information.	stakeholders. These include: Verifier's fee and omission of the verification panel in 2002 Restructure of the organisation both 1999, 2003 Financial data Difficulties at BSI including the absence of social auditing between 1998 and 2003. Significant turnover of senior staff including the creation and removal of the position of General Manager Omission of any hard data related to the 'performance measures' e.g. pay, OHS turnover, etc
4. Regularity and Timeliness - concerns the need for regular, systematic and timely action of the social and ethical accounting, auditing and reporting process to support the decision making of the organisation and its stakeholders. The process is a repeated one, but does not have to be an annual exercise, or if annual it need not follow existing reporting cycles.	TBS has undertaken three audits on two yearly cycles. They have developed and adhered to a timetable that allowed this to occur. This included reporting on the actions taken with respect to identified targets from the previous audit. Actions on certain targets have not been complete or have been rushed to meet these time requirements possibly resulting in premature reporting potentially compromising the audit's 'completeness'.

Appendix C Application of AA1000 Principles – Meaningfulness of information

Principles relating to the meaningfulness of information (AccountAbility, 1999: 23)	*Analysis of The Body Shop Social Audit Reports 1998, 2000, 2002*
5. Quality assurance - concerns the audit of an organisation's process by an independent and competent third party (auditor) or parties. The audit is concerned with building credibility (and providing assurance) in the process with all stakeholder groups, and hence developing meaningful stakeholder engagement. The audit process(es) may include a variety of methods, but must always consider the accuracy / validity of the organisation's reporting and its supporting information systems, the organisation's compliance with legislation and other standards, and the inclusivity and completeness of the process.	All three audits (1998, 2000, 2002) have been verified by the same external verifier. The verifier is known as a social activist and skilled social scientist. In her own words, she has "a background in evaluation of programs and advocacy for the disadvantaged, and a reasonable public profile". For the verification of the first audit she used a panel to "assess the completeness of the verification process. Her role also included "offering advice data collection and analysis". She gives a declaration as to the veracity of the process and data. She identifies areas of weakness and omission and gives specific recommendations as to how these should be addressed. These issues relate to inclusivity and completeness of the process. The verifier does not explicitly report what process she used to come to these conclusions, or how the verification panel was selected or involved. The report notes that one of the panel members offered only 'qualified' support for the audit. The verifier has not declared what fee (if any) she received for her work. Whilst there are various references to forms of data collection other than the surveys, these data do not appear in the report.
6. Accessibility - concerns appropriate and effective communication to the organisation's stakeholders of its social and ethical accounting, auditing and reporting process and its performance. The organisation communicates through social and ethical report(s), including written and verbal communications, and externally prepared audit report(s). Accessibility implies that each stakeholder group can easily and cheaply access the material communicated.	A lengthy summary of the 1998 report was produced hard copy and provided to each employee, it was also made available in stores. The company did not keep a record of how many customers looked at or took a copy of the summary report. The further details report could be purchased for $15 by writing, or coming in person, to head office. Less than five copies were requested (and one of those was by this researcher!). The 2000 was summary document was made available online. Initially it was in a page by page format as well as a downloadable pdf. The former format had a feedback form for the reader to complete and return. There were less than 15 responses to this form. A 'further details' document was available via an electronic link. This link, however, took the user to The Body Shop Online area of the website with no listing for the report under 'products' and no mention of it anywhere on the page. A six page hard copy summary was provided to every employee and available in shops. Again, there is no record available of the number of customers who read or took a copy of this document. The 2002 report was produced as a pdf available for download.

	Currently all three social reports (and all 3 environmental reports) are available as pdf to be downloaded. The company has reported that the website has no mechanism to count the number of 'hits' on the social and environmental audit page nor the number of downloads. As in 2000, a six page hard copy summary was provided to every employee and available in shops. Again, there is no record available of the number of customers who read or took a copy of this document. Other forms of communication about the audit were also undertaken. These were directed primarily at the employees. However, as information on these activities is not available through the reports, they are beyond the scope of this analysis.
7. Information Quality	
a) Comparability - concerns the ability to compare information on the organisation's performance with previous periods, performance targets, or external benchmarks drawn from other organisations, statutory regulation or non-statutory norms. External benchmarks are selected for their accuracy, relevance and legitimacy to the organisation and to different stakeholder groups. If the indicators chosen (to measure performance) by an organisation and its stakeholders are unique to the organisation, comparability of performance with other organisations may not be possible or necessary.	The second and third audits are "partly comparable" (Verifiers (sic) Report TBS 2002) to earlier rounds. Comparability between time periods is limited by changes to actual questions asked and areas covered, and by change to the manner in which the questions are asked. The main form of comparability comes from performance targets that are set from each audit and reported against in the subsequent audit. Of particular significance is the change in scale on the questionnaire between the 1998 audit and the 2000 audit. The effect of this change on comparability especially on the reporting of performance against targets set in 1998 is largely ignored by in the reports. There is no attempt to benchmark against other organisations. Given the highly customised nature of the audit, due to the idiosyncratic design of the questionnaire, the specific make up of the employee groups, the specific structure of the organisation, etc, comparisons with external organisations would be almost impossible. The possibility of some comparison with BSI is greater though there is no evidence of this being attempted. There is no comment on the results of the audit as compared with statutory or non-statutory norms (for example EEO legislation of Affirmative Action guidelines).
b) Reliability - concerns the characteristic that allows the organisation and its stakeholders to depend on the information provided by the social and ethical accounting and reporting to be free from significant error or bias. To ensure reliability, information should be presented in accordance with the reality of the information and not just its legal form. In addition,	The reports produced for all three audits are summaries of the data rather than complete set of raw statistics. The summaries are a selection of results presented thematically and embedded into prose written by the company. In general both positive and negative results are presented and the text is fairly detached and circumspect. There are some exceptions to this in sensitive areas (for example the text 'explaining' the results of the question on ethical corruption in TBS 2000: 11). The data summaries are preceded (or followed) variously by statements from the director/s, statements from the Social Accounting Manager, overviews of the company and the social audit process, 'highlights' of the results and respondent's comments and interpretations

information should be presented neutrally, and the organisation should be prudent in the inclusion of information and the description of the organisation's position.	of he company's achievements against the set targets. This preceding material is overwhelmingly positive. In 2002 photographs (of employees, products and shops) and graphics were used in addition to text. The photographs are of employees mainly slim young white females (one male, one dark-skinned woman) wearing t-shirts with a quotation attributed to Mahatma Ghandi[2], holding their arms around each other, smiling and waving. The summary leaflets of the 2000 and 2002 audits produced for public distribution presented the results in a similar fashion to their web-based counterparts. However, significant difference was that the reported almost no data but only the included the company statements and text and the company assessed target achievements. As access to the 'further results' documents (that presented the data in close to raw form) was so limited (see item 6. Accessibility), analysis of these documents is immaterial.
c) Relevance - concerns the usefulness of information to the organisation and its stakeholders as a means of building knowledge and forming opinions, and as assistance to decision making. Engagement with stakeholders is an essential part of identifying the relevance of information	TBS has no mechanism to glean data on the usefulness of the information to the stakeholders. As previously mentioned, there are (currently) no feedback mechanisms provided as part of the social audit reports including no measurement of frequency of access of the reports online. The only question on the audit that refers to the audit itself asks if the respondent has completed a survey before. Hence toe only way of identifying the relevance of the information is through consideration of the engagement process. As already mentioned, the reports provide little information about the engagement process.
d) Understandability - concerns the comprehensibility of information to the organisation and its stakeholders, including issues of language, style and format. Technical and scientific terms should be explained within organisation's reporting.	The use of prose, graphics and diagrams to present the information in the summary reports (as described earlier) is likely to increase the comprehensibility of the information (as compared with the raw data) for the employees, customers and other stakeholders. However, it also increases the likelihood of subjectivity on behalf of the authors of these reports as they select and shape the 'information' for the stakeholders. The 1998 and 2000 reports included a glossary of terms that was omitted from the 2002 report. The summary leaflets contain almost no data or summaries of data and therefore should be considered low on comprehensibility.

[2] The t-shirt has the following printed on the front '"Be the change you wish to see in the world" –Mahatma Ghandi'

Appendix D Application of AA1000 Principles – Management of the process

Principles relating to the management of the process on an ongoing basis (AccountAbility, 1999: 24)	*Analysis of The Body Shop Social Audit Reports 1998, 2000, 2002*
8. Embeddedness – or systems integration, concerns making the social and ethical accounting, auditing and reporting processes part of the organisation's operations, systems and policy making, and not treated as a one-off exercise to produce a social and ethical report. Together with the principle of continuous improvement, embeddedness is concerned with the knowledge and learning of the organisation, in terms of individuals within the organisation and the organisation's systems.	Comments about the embeddedness of the audit process are made in the director's statements and background information provided in the reports for 2000 and 2002. In addition, the progress of audit targets (as reported) would imply some integration of the audit into the activities of the company. However, actual evidence of the seriousness with which the company takes the audit process can be gleaned from the company's adherence to a two yearly cycle, from the resources (employee time, senior manager involvement, financial expenditure) given to the processes, continuous updating of the questionnaire.
9. Continuous improvement - concerns recognised and externally audited steps taken to improve performance in response to the results of the social and ethical accounting, auditing and reporting process. It is a process that assesses progress, reports performance, and sets targets for the future. The principle of continuous improvement also refers to the need for continual development of the accounting, auditing and reporting process itself within	Between audit cycles, there have been ongoing changes to the process of the audit and the questionnaire itself. Some of these have been noted: a decrease in the stakeholder types audited (suppliers no longer audited), an increase in the number of employee groups and community groups audited, a change in the questionnaire structure (change from a 5 point to a 4 point Likert scale), changes in questions asked and areas covered, a change in the role of the external verifier (a decrease in her advisory capacity), a change in the verification process (the omission of a verification panel), the verifier's report has been moved from the front of the report to the back of the report, a change in the presentation of the reports (from hard copy to web-based and an increase in photographs/graphics), a change from provided employees and other stakeholders with hard copy summary reports to providing them 6-8 page leaflets, a change in the title of

the organisation. Together with the principle of embeddedness, continuous improvement is concerned with the knowledge and learning of the organisation, in terms of individuals within the organisation and the organisation's systems.	the senior managers in charge of the audit from 'Manager Stakeholder Development' to ' Social Accounting Manager', The 2000 and 2002 reports report favourably on progress against targets set in the preceding reports. The external verifier's 2000 and 2002 reports comment favourably about a number of improvements in the audit process and in the company itself. It does however raise a number of concerns some of which have not been attended to from one cycle to the next. These include lack of financial transparency and the monitoring of the high staff turnover. The 2002 verification report also notes that the company has not responded to significant areas of concern, such as lack of employee diversity, perceived unethical behaviour and fair handling of grievances, despite the fact that these issues were raised in the audit by the employees.