



Verizon Annual Report 2011: The shapelessness of things to come?

The 2011 combined report from Verizon is neither one thing nor the other

Verizon Communications is one of the world's largest providers of broadband and other communications services, with revenues of more than \$110bn and 194,000 employees. It is a seasoned corporate responsibility reporter and has for years published a dedicated corporate responsibility report of 60-plus pages of good quality (though never in accordance with GRI guidelines and never verified by an external third party).

Verizon has made a change with the publication of an annual report for 2011 "which contains highlights of financial performance and Corporate Responsibility initiatives", billed as the company's "first combined annual and corporate responsibility report".

Interestingly, Verizon's press releases on this subject did not use the magic word "integrated" to describe the new reporting style. This is a good thing, as "combined" is more appropriate for this 88-page report, which contains eight pages of corporate responsibility narrative, two pages of values-related narrative and one page of corporate responsibility KPIs. In addition, Verizon intends to publish an annual report supplement which will contain additional material relating to 2011 corporate responsibility performance.

This report is an interesting hybrid model, which, arguably, gives an insight into where the dust will settle when most companies

realise that fully fledged integrated reporting is beyond their reach. It will be of little interest to any stakeholders other than those with a financial interest in Verizon. The supplemental data will be of no interest to those who hold shares in Verizon, or would like to.

Mere glimpses

By adopting this reporting approach, Verizon offers shareholders and financial analysts a glimpse of its corporate responsibility approach and a limited look at performance, without changing the reporting model in any significant way. It's like having your cake and eating it. The publication of the report was bolstered with the announcement of Verizon's intention to cut carbon intensity by half by 2020 (using 2009 as a baseline), which reinforces the message that sustainability is important.

However, the likely financial impact of such an achievement is not discussed. This is the pivotal difference between this type of combined reporting and a more causative, linked connection between business and sustainability in what integrated reporting should be.

The corporate responsibility information Verizon has selected to include is primarily narrative, covering five core themes. Following the "transformation" of the company positioning, in which Verizon has refocused on its new "shareholder-value strategy" and "shared success", the corporate responsibility section is all about "sharing", another magic word of sustainability, and a "truer connection between business and social needs".

Verizon says its products are the "glue for the relationships that make society possible". Whatever your views on this statement, the basic role of Verizon in society is positioned to reflect the ICT sector's undisputed role, and of course Verizon's prominent position within the sector. Verizon commits to developing measures to track both the business and social value of its activities.

Verizon tells this story consistently in this combined report. The core elements are communicated under the banner of three broad "Shared Success" strategies: "Shared Solutions" (using networks and technology to create long-term business value while addressing social needs in smart energy and healthcare); "Shared Service" (strategic philanthropy to support community needs) and "Shared Sustainability" (minimising the environmental impacts of Verizon's operations and supply chain).

Verizon reports on the company's advanced ventures in each of these three areas. For example, Verizon Wireless is working with health insurance provider WellPoint to change the model for delivering patient services through enabling WellPoint subscribers to connect remotely with care-providers via smartphones.

Other examples relate to the use of Verizon's networks which support tablet use in schools to create more efficient educational experiences and remote access. The Verizon Foundation gave \$66m in grants and 674,000 volunteer hours in 2011 funding, for example, telehealth projects and telemedicine services. Verizon also reports improved environmental performance with a carbon efficiency reduction of 30% in two years, an increase in alternative fuel vehicles and greater numbers of phone sets collected for recycling.

Despite all of this, this report remains first and foremost an annual report. The corporate responsibility section whets the appetite but no more. Information anticipated in the supplementary report would be better now, rather than later. As it stands, the selected corporate responsibility highlights are upbeat, good news and very high level, presenting an almost saintly picture of Verizon. The corporate responsibility data is not externally verified and there are so many aspects of corporate responsibility policy and performance that are not included that even calling this a "combined" report is a bit of a stretch.

Snapshot:

Follows GRI?	No
Assured?	No
Materiality analysis? Goals?	No
Targets?	No – except for one long-term carbon efficiency target.
Stakeholder input?	No
Seeks feedback?	No
Key strengths?	Puts CR on the map in financial reporting

Chief weakness? No explanatory narrative relating to CR KPIs.

Pleasant surprise? There wasn't one. This "combined" report is a disappointment.

[Elaine Cohen](#) is a sustainability consultant and reporter at [Beyond Business](#) and a [corporate responsibility blogger](#).