

Reporting matters

Communicating on the Sustainable Development Goals
WBCSD 2016 REPORT



In partnership with
radley yeldar.

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1 INTRODUCTION



1

76% of companies have improved their overall score in our benchmark compared to baseline year 2013; 40% of companies have improved their materiality disclosures.

4

The Global Reporting Initiative (GRI) guidelines are still the most widely used, with 80% of reporters in our research using the G4 guidelines.

2

28% of companies in our research combined their financial and non-financial reporting into annual reports or self-declared integrated reports.

5

Just over 50 companies communicate on the Sustainable Development Goals (SDGs) in their report and 10 companies state that they use the SDG Compass.

3

Four integrated reports are ranked among the top 10 reports, indicating the effectiveness and quality of integrated reports when done well.

6

42% of organizations take a “digital first” approach to reporting by locating comprehensive sustainability information on the company’s website or a stand-alone microsite linked from the main website.

Welcome to our fourth report

In 2015, the world saw the unanimous adoption of a new global development framework through the Sustainable Development Goals (SDGs).



As we complete the fourth edition of *Reporting matters*, we see that 2016 has been about companies exploring how to communicate and disclose information within the new SDG framework. In reviewing each submission, we have also seen emerging good practice examples that will help inspire more companies to report effectively.

Non-financial reporting has reached a critical turning point and is now heading towards the mainstream. From the European Union's consultation on non-financial reporting guidelines to the Global Reporting Initiative and the Sustainability Accounting Standards Board consultations on their respective standards, 2016 has been a watershed for the collection of feedback from the business community. The global launch of the Natural Capital Protocol has added an important building block towards the meaningful disclosure of non-financial impacts and benefits. WBCSD is proud to have provided feedback from the business community, ensuring that the voice of business has truly been taken into account in each of these developments.

But our work is far from finished. As more companies realize the benefits of corporate reporting, we continue to hear about the need for consistent, comparable reporting frameworks that drive change and support informed decision-making.

WBCSD provides much needed clarification on the corporate reporting landscape through the Reporting Exchange. This free online platform – available at www.reportingexchange.com – identifies the international and national reporting regulations

and guidance that make up the reporting landscape as it evolves over time.

As the push to mainstream non-financial reporting continues to gain momentum, the call for capital markets to reward businesses that address sustainability challenges will grow louder. The Task Force on Climate Related Financial Disclosure initiated by the Financial Stability Board and the US Security and Exchange Commission's Concept Release on Business and Financial Disclosure for S-K Regulations signal that key regulatory and industry bodies have understood this call and are preparing their answers.

We maintain that understanding *what* to report and *how* to report will bring business a long way towards achieving sustainable development as an output of daily operations. Ultimately, this will help make more sustainable companies more successful.

Reporting matters aims to provide companies with clear non-financial reporting guidance as it develops at an increasingly fast pace.

We look forward to continued dialogue, to engaging with you to make reporting useful in understanding corporate contributions to the new global development framework, and to receiving your feedback.

Sincerely,

Peter Bakker
President and CEO



Foreword

Reporting on value, standing the test of time.

I am a late convert to the subject of sustainability. Throughout my career, sustainability was high on the agenda but promoted and acted upon by other credible experts. It was a “sideshow”, a minor activity relative to the core financial results we worked on. To me, sustainability remained one of those intellectually stimulating but theoretical and often politically correct topics.

For years, I was content with trusting regulators to tell us what to do. Some people would challenge me, saying “investors expect more”. But I didn’t buy that because 95% of real-life interactions with investors and analysts were focused on short- to mid-term financials.

That was then. Two things have since made me change my outlook.

Firstly, I took note that our stakeholders – employees and key customers in particular – expect more from us. They want to see demonstrable progress in sustainability, so I can no longer be passive. This means that I have to do my bit to translate theoretical concepts into action, improve decision-making, assess performance and enhance Solvay’s positive impact.

Secondly, I realized that real value creation needs to stand the test of time if it is to be meaningful. In general, pension schemes and savers ultimately own a significant proportion of public company shares and thus have a vested interest in ensuring that long-term success is not undermined by short-term priorities. It dawned on me that value can no longer be just about earnings, cash and returns. Reporting needs to evolve and encompass the right extra-financial indicators.

So what is different now? At Solvay, we have ambitious sustainability targets that cascade down to business units. Finance teams are now working with others to broaden our reach beyond financials. We are extending our reporting dashboards, adding extra-financial indicators, helping to clarify and standardize definitions, and monitoring actions. Fundamentally, we are starting to generate new insights and to ask better questions. We have changed our governance and have integrated critical elements into important decisions. Is this working? Yes, when it comes to key decisions; less so in terms of assessing performance, because progress is not always easy to measure over the short term.

In parallel, we increasingly speak with investors, using the language of both financial and extra-financial measures. In this context, **reporting truly matters**. We are taking steps, and while we don’t have all the answers, we are determined to improve and make a difference.

Karim Hajjar
Chief Financial Officer and Member of the Executive Committee, Solvay



Ceres interview

Mindy Lubbes, Ceres President, provides insights into the investor community and shares her views on the evolution of corporate reporting in the future.

Q. WBCSD and Ceres are collaborating on the Moore Foundation's Conservation and Financial Markets Initiative. What is Ceres's role and to what extent is this initiative instrumental in driving systemic change?

Ceres has spent the last five years working on transparency, disclosures and benchmarks, integrating sustainability issues into capital markets, making sure they value material issues. Capital markets start with reporting, which is why Ceres launched the Global Reporting Initiative. Transparency and disclosure are important to building sustainable change, and sustainability reporting provides a great vehicle. Promoting enhanced alignment and integration between the multiple data systems available is important because having too many competing systems is not helpful. We work with WBCSD and the Gordon and Betty Moore Foundation to make sure we provide clarity to the marketplace.

Q. With the formation of the Task Force on Climate-related Financial Disclosures following the Paris climate change conference, there is momentum for improved climate risk disclosures. How do investors get involved and react to this?

Investors are very involved in a number of ways and interest existed well before Paris because it informs their investment decisions.

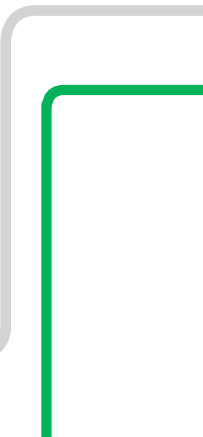
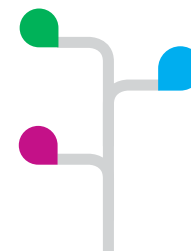
However, Paris showed that we need to move to a non-fossil fuel future. Climate change is driving a new economy and it is important for companies and investors to understand how this impacts them in a 2-degree world. We work with 117 investors who see disclosures as crucial to this transition. For example, over 100 investor members sought resolutions on climate risks, asking the largest fossil fuel companies what a 2-degree world looks like in their scenario.

Q. In light of the recent developments and your knowledge of the investor community, how do you see corporate reporting evolving in the future?

Reporting needs to be tighter, more metrics-driven and designed in a way that allows better use by the financial industry. The US Securities and Exchange Commission (SEC) and stock exchanges worldwide will likely do more on corporate reporting. Mandatory reporting will increase the number of reporters exponentially, whereas the voluntary reporting standards will remain important and will inform the design of mandatory standards. We'll see more integrated reporting; that is clearly a goal because we don't want sustainability reports and corporate reports to be seen as two different things: they are all about the financial strength of an enterprise so they ought to be integrated.

In terms of reporting quality, there are two ways to avoid boilerplate reporting: through mandatory reporting reviewed by the SEC and through investors using the data more regularly, calling on companies to be more precise. For example, with carbon asset risks, investors want to know what the Paris agreement means to the shareholder value of the company.

We've reached critical mass in affirming the importance of value and the need to have clear sustainability standards for reporting and have them integrated with financial reporting.



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BACKGROUND & GENERAL FINDINGS

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Why does reporting matter? Three years on



Company reporting on the SDGs is still to be explored.

A year into the adoption of the Sustainable Development Goals (SDGs) and several months after the Paris climate change conference (COP21), the formation of the Task Force on Climate-related Financial Disclosures (TCFD) and the many calls for business to contribute to the development of standards and guidelines through public consultation have certainly kept business alert and ready to move towards better reporting.

The Sustainable Development Goals and reporting

The adoption of the SDGs has generated interest from multiple actors, including business. The post-2015 development agenda, which retains the momentum of the Millennium Development Goals, has become a reference framework and provides a new lens through which business can identify new opportunities and communicate on its contributions to society. While the SDGs are well-known, some companies do not yet understand how to implement the framework, while others have taken the lead and started communicating. And more companies will be doing so in the future. However, company reporting on the SDGs is still to be explored as data remains a critical aspect of the reporting debate and there is a need to ensure alignment between company and government data.

In the wake of COP21

While COP21 built momentum on climate change around the world, the establishment of the Task Force on Climate-related Financial Disclosures (TCFD) was announced in the midst of long negotiations aiming at an agreement between 192 States.

Mark Carney, Chair of the Financial Stability Board (FSB), made a memorable speech in September 2015 when he declared that “The FSB is asking the Task Force on Climate-related Financial Disclosures to make recommendations for consistent company disclosures that will help financial market participants understand their climate-related risks. Access to high quality financial information will allow market participants and policy-makers to understand and better manage those risks, which are likely to grow with time”.

Thus the formation of the Task Force has set the tone for 2016 and has marked the beginning of a new era where climate change is not merely assimilated into corporate social responsibility but is fully recognized as a risk and a driver of financial impact.

Comprised of data users, data preparers and experts, the TCFD will develop “recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear and efficient and provide decision-useful information to lenders, insurers and investors”. The Task Force will be instrumental in strengthening reporting and responding to investor needs in order to facilitate the transition towards a low-carbon economy.



The European Union calls for non-financial disclosure

Following on the adoption of the European Union (EU) Directive on disclosure of non-financial and diversity information in September 2014, during the first quarter of 2016 the EU prepared non-binding guidelines on methodology for reporting non-financial information and launched a public consultation. Aiming to improve the transparency of large EU companies and enhance the consistency and comparability of non-financial information, the guidelines will provide companies with a tool that can help them report on non-financial issues. Member states have until the end of 2016 to transpose the Directive into national legislation. Those companies covered by the legislation will have to comply with the reporting requirements for accounting periods commencing on or after 1 January 2017. These developments will give further impetus to non-financial reporting and those companies that have already started reporting according to the Directive's requirements will be better equipped to fulfill the legislative requirements.

Upcoming challenges: data, stock exchange requirements and human rights

Yet even with the EU's efforts, challenges remain, notably those surrounding data. Participants at the Global Reporting Initiative's Global Conference have fed into the reporting debate in 2016. While the GRI standards were an important part of the Conference, discussions were focused on reporting on the SDGs and the need for consistent and comparable data.

Additionally, stock exchanges are increasingly putting forth their own demands in terms of sustainability reporting. According to Ceres, "the list of governments and stock exchanges around the world requiring or encouraging corporate sustainability disclosure continues to grow – at last count there were 180 laws and regulatory standards in 45 countries calling for some aspect of corporate sustainability reporting". The latest example is the Singapore Stock Exchange, which officially introduced sustainability reporting for companies on a "comply or explain" basis starting from mid-July 2016.

But beyond the financial issues come the human issues. With the UK Modern Slavery Act coming into effect in 2016 and increasing investor interest in human rights issues, reporting is moving to another level of disclosure on human rights. A new development that will likely have an effect on corporate reporting is the Corporate Human Rights Benchmark, which is currently going through a pilot benchmark process. Once published, the benchmark will be a powerful tool that will use market mechanisms to ensure all companies are using best practices.

Thus companies have an interest in starting, continuing and improving their non-financial reporting. Each step and each improvement along the way bring benefits now and in the future.

Stock exchanges are increasingly putting forth their own demands in terms of sustainability reporting.

What we found in 2016

Report characteristics

Characteristics have been identified by looking at company reports reviewed only in 2016 – 163 reports in total.

48%

of reports are titled sustainability report
(2013: 57%)

13%

of reports are self-declared integrated reports
(2013: 8%)

4.5

Average of months between reporting period and publication
(2013: 6)

99

pages is the average report length for sustainability reports
(2013: 98)

87%

of reporters use the GRI guidelines
(2013: 75%)

80%

of reporters use the GRI G4 guidelines
(2013: N/A; 2014: 25%)

77%

of companies have their report externally assured
(2013: 64%)

9%

of those externally assured reports are assured to a reasonable level
(2013: 3%)

Trends over time

Trends have been identified by looking at company reports reviewed in 2013, 2014, 2015 and 2016. Due to companies leaving or joining WBCSD or not reporting annually, this represents a sample of 113 reports (trends are based on the 2013 baseline).

13.9%
improvement in overall score

13.6%
improvement in overall content score

14.6%
improvement in overall experience score

76%
of companies improved their overall score

40%
of companies improved their materiality disclosures

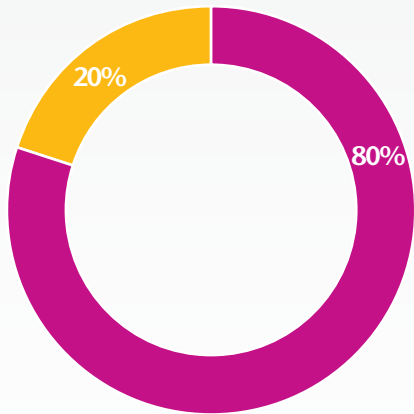
19.5%
increase in the sustainability governance average score is the biggest content-related improvement across the criteria

22.4%
increase in the line of sight average score is the biggest experience-related improvement across the criteria

What we found in 2016 continued

By analyzing 163 reports, ranging from stand-alone sustainability reports to self-declared integrated reports and combined reports, we have identified some interesting trends that show the state of reporting within the WBCSD membership in comparison with the 2013 baseline.

DISCLOSURE OF A MATERIALITY PROCESS



● Disclosed process ● Non-disclosed process

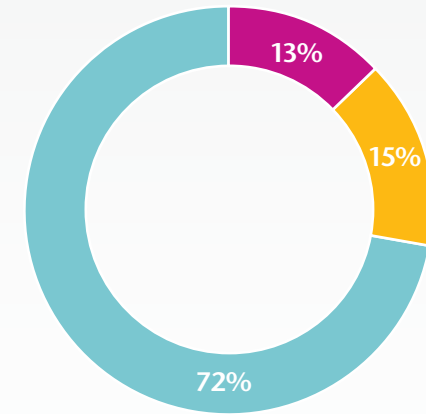
What is material?

- The majority of WBCSD members disclose the use of a materiality process (80%), and often publish a matrix within their report. This represents a significant increase from our baseline year (2013: 57%).
- 37% of WBCSD members focus their reporting on those issues considered to be material to their business despite disclosing a materiality assessment. While still a relatively small percentage of companies, this is a notable increase since our baseline year (2013:12%) and is reflective of the number of WBCSD companies (40%) that have improved their reporting of materiality since 2013.

What is the status of integrated reporting?

- The majority of WBCSD members (72%) produce a stand-alone sustainability report – that is the fullest source of sustainability information separate from any other report. 25 companies (15%) disclose environmental, social and governance matters in their annual report or produce a combined report, and 22 companies (13%) issue a report they define as “integrated”.
- Whether it is called an annual or combined report, or defined as an integrated report, we see four of these types of reports in the top 10 reporters, with 10 in the top quartile. Self-declared integrated reports score higher on average than both stand-alone sustainability reports and combined reports against our principles and content criteria, and even on two of our experience criteria.

REPORT DISTRIBUTION

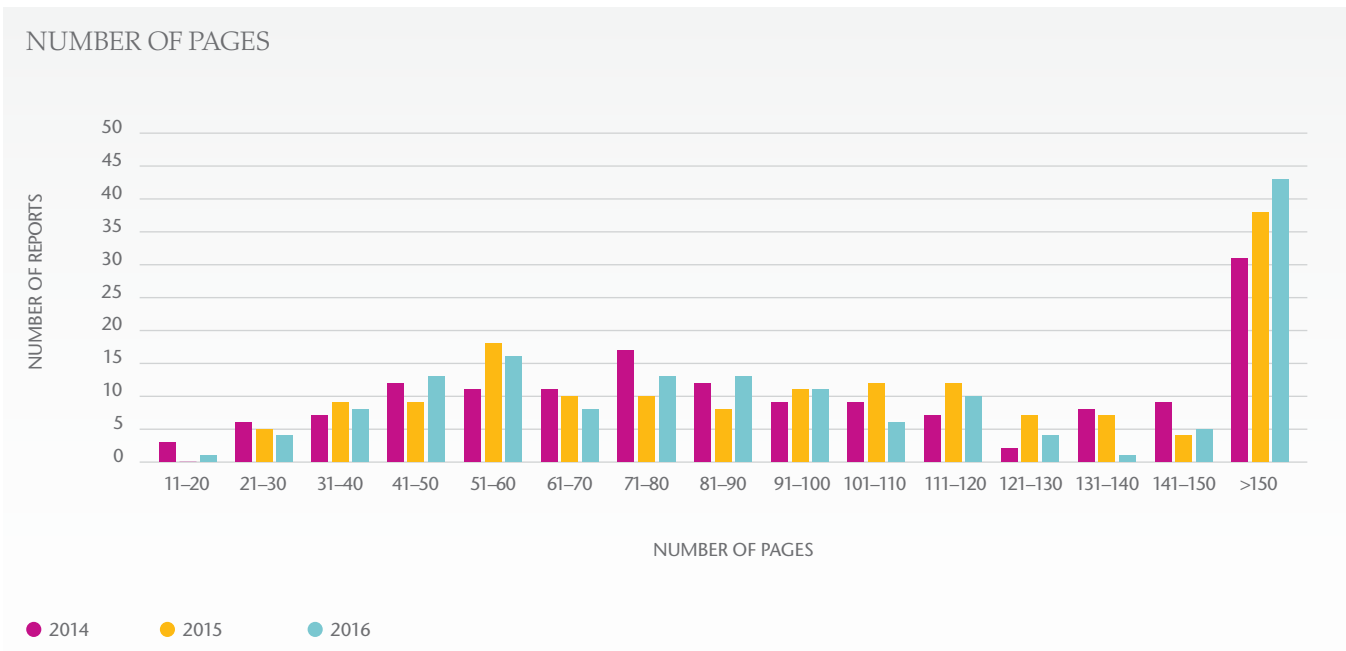


● Self-declared integrated reports¹ ● Combined reports
● Sustainability reports

¹ Self-declared integrated reports include those that are entitled “Integrated Report” and those that refer to the <IR> Framework developed by the International Integrated Reporting Committee (IIRC).



How much is enough?

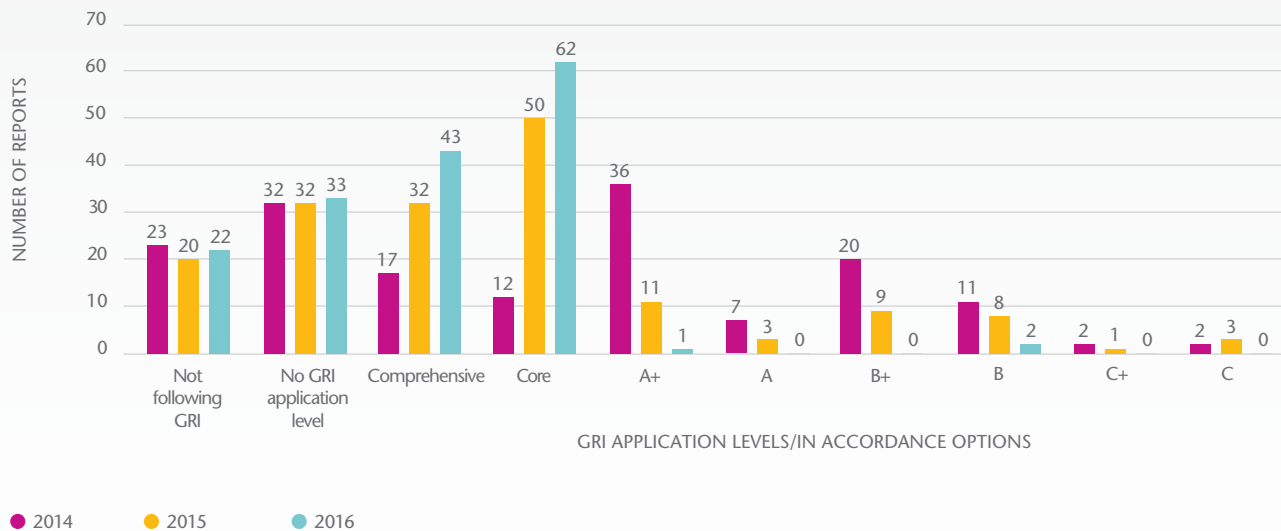


- Due to a slight increase in the number of self-declared integrated reports and combined reports reviewed, the analysis shows a clear increase for the range above 150 pages. However, it is important to note that not all integrated or combined reports are over 100 pages and that we saw a couple of those reports presented in a concise manner.
- When presented in an annual report format, the amount of sustainability content disclosed is generally less than a stand-alone report, although additional information is often referred to and can be found on the company's website.
- There is no significant correlation between report length and sector, region or maturity of reporting, suggesting that conciseness is a universal challenge faced by companies.
- Stand-alone sustainability PDF reports vary significantly in length, with the average being 99 pages (2013: 98). The shortest report we reviewed was 11 pages, while the longest was 603 pages. This wide range of report lengths is perhaps reflective of the differing functions and expectations of sustainability reporting at the organizational level.

What we found in 2016 continued

How are the GRI guidelines being used?

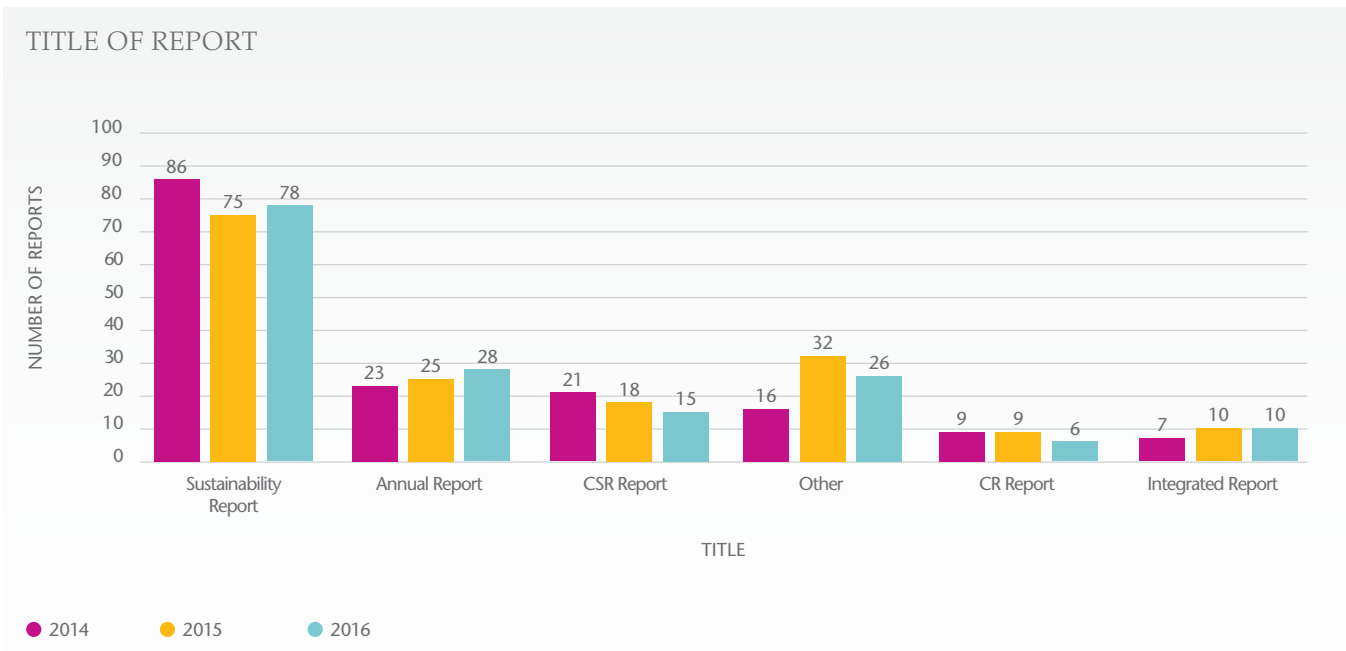
GRI APPLICATION LEVELS/IN ACCORDANCE OPTIONS



- 87% of the reports reviewed follow the GRI reporting guidelines, with 130 companies using the latest version of the guidelines (GRI G4) and 11 companies reporting against the GRI G3.1 guidelines. The proportion of companies not disclosing the GRI application level or in accordance option has remained the same over the years.
- The chemicals sector is the most frequent user of the GRI guidelines, with nearly all reports (14 out of 16) from the sector using them. With regard to the GRI G4 guidelines, the chemicals sector is again one of the most frequent users. The cement and the forest and paper products sectors are close behind.
- Companies using the GRI guidelines perform better overall against our criteria. Our analysis shows a relationship between the use of the GRI guidelines and the materiality score, illustrated by the fact that companies that do not use the GRI guidelines never score above average on this criterion. Moreover, the companies that use the GRI G4 guidelines score better on materiality and slightly better overall than those that use the GRI G3 guidelines.
- Use of the GRI G4 guidelines also shows that companies that report in accordance with the comprehensive option score slightly better overall and across all categories (principles, content and experience) than companies that report in accordance with the core option.



What are companies calling their reports?

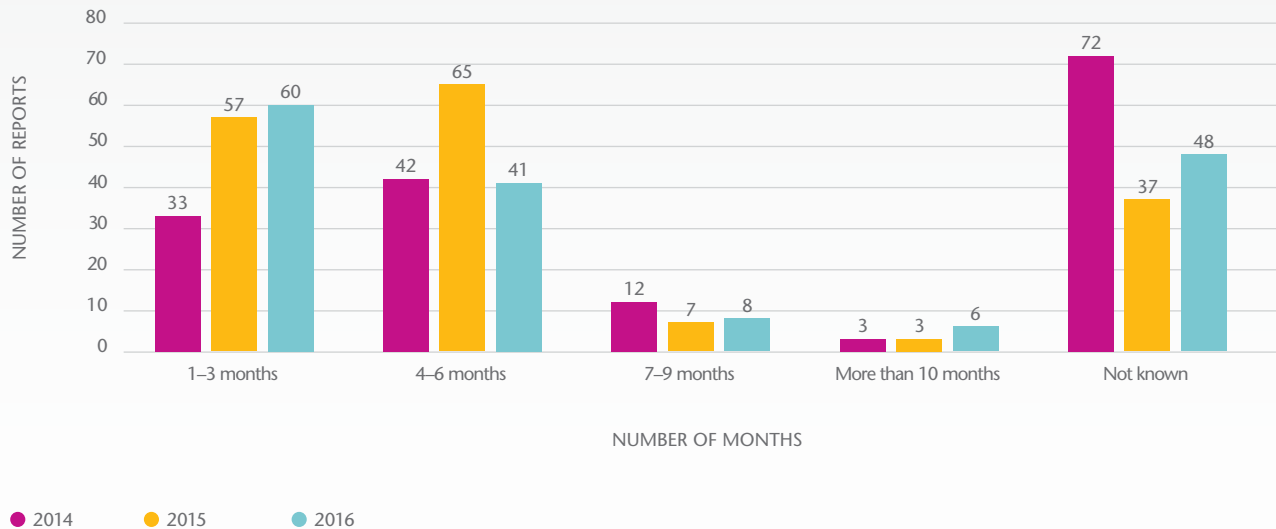


- Since the early 1990s, the titles of sustainability reports have evolved to reflect the increasing sophistication of companies' approaches to non-financial reporting. The majority of reports researched are titled "Sustainability" with "Annual Reports", "CSR" and others making up the rest. European businesses use the term "Sustainability" or "Sustainable Development" most frequently in their titles (22%), followed by Asian businesses (11%). Interestingly, CSR is used more by Asia-based businesses than those from other regions, with 80% of all CSR-titled reports reviewed coming from Asia this year.
- As outlined above, the majority of companies that combine their financial and non-financial reporting do so under the term "Annual Report". A reasonably small number of companies use "Integrated Report" as their title.

What we found in 2016 continued

How quickly are reports being published?

TIME BETWEEN REPORTING PERIOD AND PUBLICATION

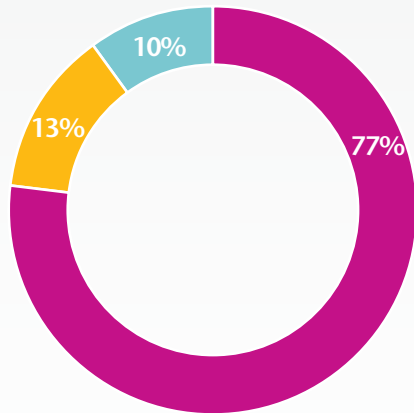


- Of all the reports reviewed, 71% specify a publication date (2013: 60%). Based on this, the average time period between year-end and the publication date is 4.5 months (2013: 6 months).
- Of the companies that disclose their publication date, the fastest to report are those producing a combined report, taking an average of only 3.5 months.
- Interestingly, the companies that produce a sustainability report publish on average within 3.4 months from the date of publication of financial statements.



Who is validating performance?

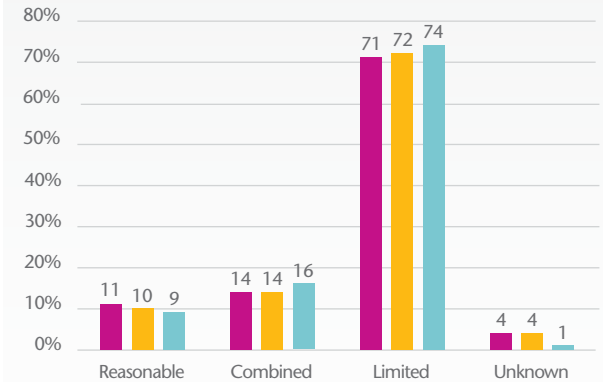
ASSURANCE



● External assurance ● Internal audit assurance ● No assurance

- 90% (2013: 86%) of reports reviewed have some form of assurance on their sustainability disclosures, through external assurance or internal audit assurance.
- 13% of companies do not engage external assurance providers but use their internal audit function for assurance purposes. This proportion has decreased since 2013 (2013: 22%). Only 10% of WBCSD companies do not use any assurance provision at all, which is a positive development compared to 2013 (14%).
- The dominant form of external assurance is to a limited level, with only about 9% of companies seeking reasonable assurance (recognized as the most extensive form). However, the proportion of companies using reasonable assurance has increased since 2013 (3%), suggesting a growing preference for more comprehensive validation.
- About 16% of reports use a combination of reasonable and limited assurance and a very small percentage confirm that they use external assurance (1%) but do not disclose any details about the level of assurance.

LEVELS OF EXTERNAL ASSURANCE



● 2014 ● 2015 ● 2016



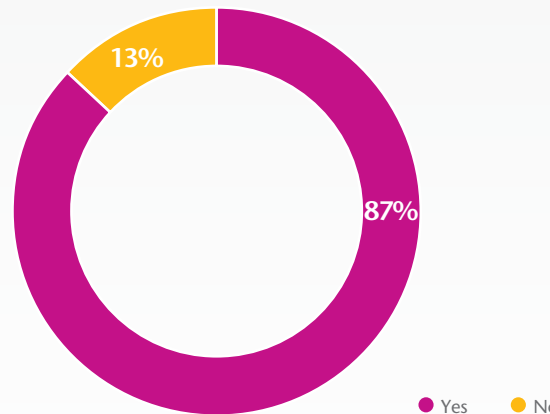
Spotlight on human rights

2016 marks five years since the UN Human Rights Council endorsed the Guiding Principles on Business and Human Rights (UNGPs), establishing an authoritative global standard on the respective roles of businesses and governments in helping ensure that companies respect human rights in their own operations and through their business relationships.

Through its Action2020 platform, the WBCSD has been advocating for companies within its membership and beyond to embed the UNGPs in their operations and to clearly track progress. Furthermore, the Council continues to emphasize that meeting the corporate responsibility to respect human rights is a key contribution to and vehicle through which business can help achieve the broader vision of peaceful and inclusive societies embraced by the Sustainable Development Goals (SDGs).

Against this backdrop, and in recognition of the crucial role played by robust and transparent human rights reporting in the operationalization of the UNGPs, in 2016 the WBCSD has integrated disclosures regarding human rights into its *Reporting matters* analysis, with a view to assessing current trends and levels of performance among its membership. There is clear and encouraging evidence from this analysis that members are embracing human rights responsibilities at the policy level, with 87% publicly committing to respect human rights in their reporting. There is also substantial evidence that these commitments are being embedded operationally, with 58% disclosing that they hold regular internal human rights training sessions.

DOES THE COMPANY PUBLICLY COMMIT TO RESPECTING INTERNATIONALLY RECOGNIZED HUMAN RIGHTS?



The analysis also points to discernible recognition by companies of their responsibility to address human rights impacts linked to their operations through their supply chain. Some 76% of WBCSD members note that they are communicating their position on human rights to suppliers, while 56% disclose details of specific processes that they have in place to identify and assess adverse human rights risks along their supply chains.

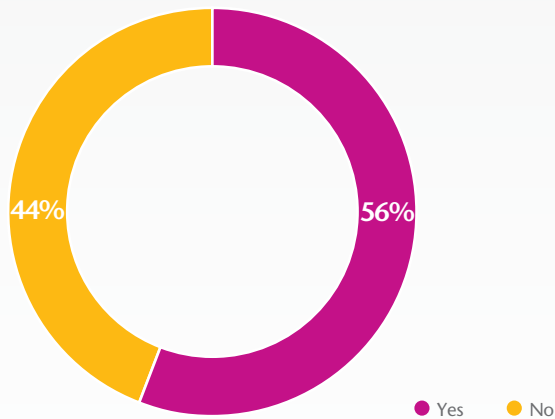
Despite these encouraging signals, however, there also appear to be a number of pervading gaps with regard to the roll-out of comprehensive human rights due diligence systems. Only 33% of companies identify processes to integrate and act upon the findings of human rights assessments, while just 23% commit to tracking the effectiveness of their responses to human rights impacts.

“Good human rights reporting is not about painting some perfect picture, discussing philanthropic projects or churning out audit data. Good reporting is frank about the challenges of addressing risks to human rights. It offers a way to give stakeholders confidence that the company is grappling honestly and sincerely with the issues.

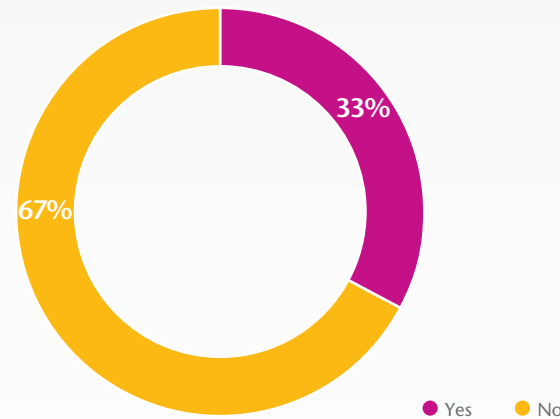
“This is the kind of reporting that we now see from leading companies – and it makes sense given the evolving expectations of their stakeholders as well as regulators. Moreover, this kind of reporting supports good human rights due diligence. That is the philosophy behind the UN Guiding Principles Reporting Framework, which offers a set of questions to which companies need to have answers if they are to manage risks to people effectively. Using reporting to drive improved performance makes sense for companies that want to positively impact the world by making respect for people part of how business gets done.”

Caroline Rees, President, Shift

DOES THE COMPANY HAVE PROCESSES IN PLACE TO IDENTIFY AND ASSESS ADVERSE HUMAN RIGHTS RISKS AND IMPACTS ARISING IN ITS SUPPLY CHAIN?



DOES THE COMPANY PROVIDE DETAILS ON HOW IT INTEGRATES THE FINDINGS OF ASSESSMENTS OF HUMAN RIGHTS RISKS AND IMPACTS INTO ACTIONS TO PREVENT AND MITIGATE ISSUES IDENTIFIED?



There are also limitations in terms of transparency: 26% of member companies currently choose to disclose details of adverse human rights impacts that they have identified and just 12% provide specific examples of human rights-related grievances raised by stakeholders.

The work of embedding the UNGPs into practice is picking up speed, with many companies having policy commitments, training and risk assessments well underway. But as some of the results show, companies are still encountering challenges as they implement the UNGPs, particularly in the next steps: taking action on the risk assessment findings and tracking the effectiveness of management systems. The WBCSD is taking these findings into account as it continues to focus on scaling up action on the UNGPs and enhancing companies’ capacity to make a significant contribution to the SDGs by advancing respect for human rights.

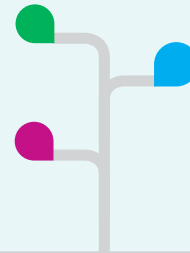
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DETAILED FINDINGS

This section delves into key recommendations, offers a selection of good practice examples for each principle and content criterion and includes a section about the digital revolution in non-financial reporting. This year we have introduced interviews with member companies who communicate on the Sustainable Development Goals (SDGs) in their report.

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PRINCIPLES

Overarching concepts that guide the application of the content criteria in the report



Completeness

→ See page 22 for more information



Materiality

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Stakeholder engagement

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External environment

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Reliability

→ See page 26 for more information



Balance

→ See page 27 for more information



Conciseness

→ See page 28 for more information

CONTENT CRITERIA

Elements that guide what is included as content in the report



Governance & accountability

→ See page 31 for more information



Strategy

→ See page 32 for more information



Targets & commitments

→ See page 33 for more information



Management approach

→ See page 34 for more information



Performance

→ See page 35 for more information



Evidence of activities

→ See page 36 for more information



Strategic partnerships & collaborations

→ See page 37 for more information

BT and the Global Goals

Richard Marsh, Director of Sustainable Business Reporting and Insight at BT, shares his vision for contributing to the Global Goals¹ and BT's processes for exploring impacts on the goals.

Q. What motivates BT's approach to contributing to the Global Goals?

A globalized world means globalized challenges. And businesses all over the world have a responsibility to meet those challenges, a responsibility to employees and customers and the communities they live and work in, and a responsibility to shareholders. A business can only thrive if the society it operates in is thriving. That's why at BT we're responding to these global challenges and contributing to the Global Goals.

Q. BT has conducted research to better understand the SDG agenda. Have new opportunities arisen from this research?

The goals provide an important lens through which we can view our material issues. For example, the progress of a country and its ability to meet the goals will, in turn, have a clear and consequential impact on our future business success in that geography. This may represent a threat but can also be perceived as an opportunity. The information and communications technology (ICT) industry has the potential to make a huge difference in meeting the SDGs, playing a crucial role in enabling every one of the goals to be achieved. Put simply, without the progressive use of ICT in support of the goals, they are unlikely to be met. And at BT we know investing in digital solutions generates shared value – value for society and value for business.

We've used guidance from the World Summit on the Information Society to see where the ICT industry can have the greatest influence on the goals and mapped this to our own 2020 ambitions. This has allowed us to see where we are already having an impact through our business and the role that ICT can play in support of each goal. We're also working with other members of the ICT industry, through our membership in the Global e-Sustainability Initiative, to identify areas where ICT can be most effective in support of the goals.

¹ Where WBCSD uses the term Sustainable Development Goals (SDGs), BT uses Global Goals.

Q. BT has used the SDG Compass. What insights did the Compass bring to BT's analysis and what is BT's next step for reporting on the SDGs?

As our understanding grows, so do the opportunities for our business. Tools like the SDG Compass help a business to explore its impacts on the goals. Exploring our impacts helps us understand and shape our future strategy towards the goals. We should all be open and transparent in reporting about this in a consistent way. We'll continue to report the impacts of our business and where these help us contribute to the goals. More standardized measurement sets will be needed in the future to show an organization's true and relative contribution towards the SDGs. We'll also continue to work with other businesses, industry bodies, governments and NGOs to help make reporting on the goals clearer.

You can read more about the work we're doing in our *Delivering our Purpose Report* (www.btplc.com/Purposefulbusiness/Deliveringourpurpose/index.htm).





Principles: Completeness

Completeness describes the report’s scope and boundaries and the reporting of performance and targets for material issues within them. It requires an understanding of the company’s value chain, in particular the material impacts that go beyond the company’s direct operations.



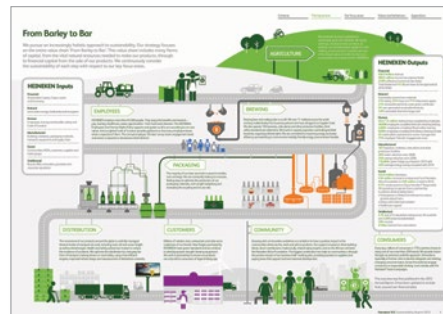
Key recommendations

- Describe the reporting scope and organizational boundaries
- Report on all material impacts regardless of where they occur in the value chain
- Discuss material impacts beyond direct operations (while the majority of companies discuss impacts within direct operations, some fail to go beyond)

Leading lights

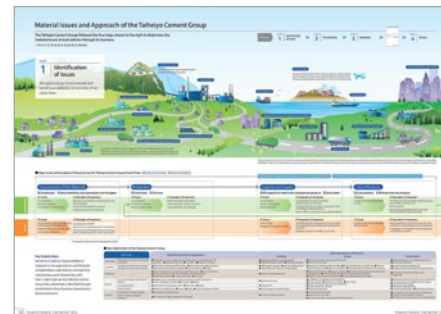
Heineken N.V.

Heineken’s value chain is nicely and smartly illustrated through the “Barley to Bar” graphical representation, which describes every stage of the value chain and the associated impacts. The illustration also includes elements of the business model that are inputs and outputs, which are viewed from a “capital” perspective. Heineken succeeds in communicating its business model and value creation through a sophisticated yet effective illustration.



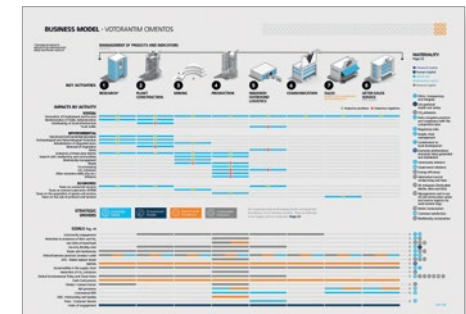
Taiheiyo Cement Corporation

Taiheiyo Cement’s business operations are well described and followed by an excellent infographic that depicts the company’s activities along with major issues and comprehensive examples of responses for each stage of the value chain. The infographic also indicates that this overview of the value chain contributes to identifying issues as a first step in their materiality process.



Votorantim Cimentos

Votorantim Cimentos provides a complete overview of its value chain through the lens of different factors: value proposition, main resources, impacts by activities and goals. The latter are linked to material issues and the strategic drivers that constitute the foundations of business activities, whereas impacts by activities presents both positive and negative impacts associated with the key activities throughout the value chain.





Principles: Materiality

A materiality process is used to identify and prioritize the most significant environmental, social and economic risks and opportunities – from the perspective of the company and its key stakeholders. It is an essential component of any report and if used comprehensively it can help focus a company’s strategic approach to sustainability and reporting. It can also guide investment and resource allocation decisions.

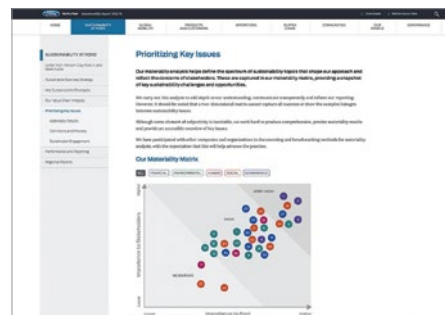
Key recommendations

- Explain the process used to identify material issues and publish the outcomes of the assessment
- Focus the report on the most material issues only
- Seek internal and external validation of the material analysis and outcomes to ensure the robustness of the process and relevance of the issues

Leading lights

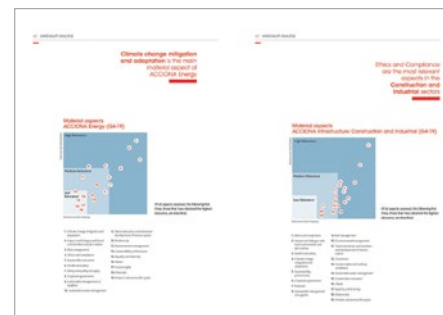
Ford Motor Company

Ford uses a three-step process of identification, prioritization and validation. The identification step groups potential issues into four different types of “capital” and governance. The company prioritizes issues via megatrend amplification: the more the issues intersect with megatrends, the higher their likely importance over time. Ford validates the materiality results internally and externally with a Ceres stakeholder committee prior to being published in the sustainability report.



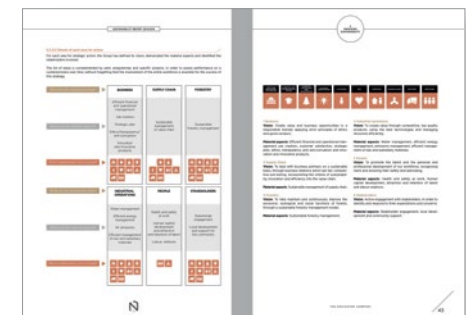
Acciona S.A.

The report includes a detailed description of how Acciona identifies and prioritizes material aspects that significantly matter to the company and stakeholders. In addition, Acciona discloses a materiality matrix for each line of business along with specific examples to support the analysis, and discusses why the selected material issues are important to the business. For review and validation, the materiality analysis is submitted both internally and externally.



The Navigator Company

The Navigator Company engages with its most critical stakeholders (e.g. suppliers, employees and customers) and provides insight into the material aspects identified by each stakeholder group. Material issues are then presented in the context of the operational areas for strategic action, which are all supported by a vision. The report is also transparent about the opportunities for improvement that came out of the engagement process with stakeholders.





Principles: Stakeholder engagement

Stakeholder engagement is an open dialogue process with those people or groups who actively participate in the company's activities and are influenced or impacted by a company's activities, now and in the future. Engagement can take various forms, from day-to-day, business-as-usual engagement to more strategic and planned engagements, such as surveys, forums and other stakeholder dialogues.



Key recommendations

- Report on the outcomes of stakeholder engagement activities and how this led to improved decision-making
- Use stakeholders' quotes and perspectives to show their concerns and interests
- Provide examples of activities or processes put in place to respond to stakeholder feedback resulting from engagement during the year

Leading lights

Grupo Argos

Grupo Argos clearly describes the process used to select major stakeholders and discloses their main expectations. The report conveys the importance of this topic by providing insights into the guidelines for stakeholder relations in subsidiaries and the Stakeholder Dialog Systems in place. The company also has a very specific engagement mechanism – the Synergy Roundtables for Sustainability and Communications – which drives stakeholder engagement actions.



ENGIE

Based on feedback received through a consultation process, ENGIE has adopted a new approach to reporting to make it more accessible and understandable. The new integrated report reflects stakeholders' expectations and perceptions of the previous report. In its engagement with stakeholders, ENGIE uses a structured dialogue system. While the system is defined at the group level, it gives business units the flexibility to adapt to specific local characteristics.



SCG

SCG's stakeholder engagement strategy shows how the company creates value for the enterprise and society by integrating corporate strategies into engagement activities. Through an opinion panel process, the company provides a platform to collect information, advice and criticisms from stakeholders. The panel is an unusual engagement mechanism that enables the company to respond to stakeholders' concerns and needs and implement concrete plans for future business.





Principles: External environment

The external environment refers to actual and potential changes to a company's operating environment that could impact its strategy and performance. It can include social, environmental and regulatory risks and opportunities. Anticipating and responding to external trends can drive resilience and competitiveness and helps set the direction for a long-term sustainability vision.

Key recommendations

- Discuss forward-looking information on trends and prospects and explain how strategy and performance are envisioned in a new environment and context
- Make connections between trends and prospects and the future direction of business

Leading lights

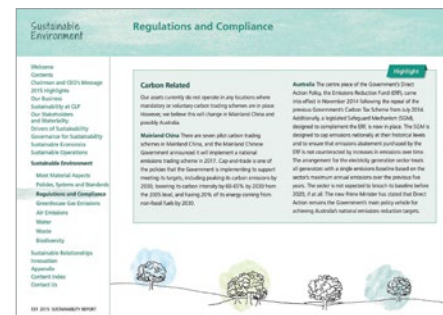
Suez Environnement

Suez's report includes a comprehensive discussion on trends and prospects and particularly on four key trends that are defined as "shaking up traditional business models". Those mega trends are evidenced by figures sourced from leading organizations for current and future scenarios (e.g. water scarcity, urbanization). The trends shape corporate strategy by bringing a new focus on circular economy and smart solutions. Interestingly, trends are cascaded from strategy to business opportunities, risks and indicators.



CLP Group

The report thoroughly discusses market trends and regulatory trends that may affect business operations in the future, providing insight into both international and regional regulations. It also openly discusses market trends, such as the future of coal-fired electricity and the shift to renewables. From a regulatory perspective, the Paris agreement provides additional context to the group's climate targets and strategy.



Norsk Hydro ASA

As a mining company, Norsk Hydro is well aware of how regulatory trends and market trends may affect its business operations and thus looks at the material adverse effects on the company's operational and financial results.





Principles: Reliability

Evidence of independent third-party assurance of key sustainability data and disclosures increases the credibility and reliability of the report for the reader. The disciplines and controls needed for assurance also contribute to the overall value that non-financial reporting provides to both the company and its stakeholders, thereby giving confidence to senior management that non-financial data can be used in the decision-making process.

In order to align our methodology with WBCSD's Assurance: Generating Value from External Assurance of Sustainability Reporting report published in February 2016, we have redefined the reliability criterion according to the Assurance Maturity Model outlined in the report (wbcsdpublications.org/project/generating-value-from-external-assurance-of-sustainability-reporting).



Key recommendations

- Engage an external independent assurance provider to a limited or reasonable level on the most material issues and publish the assurance statement in the report or on the website
- Explain how assured data is used for better decision-making

Leading lights

Fibra

Fibra has engaged external assurance at a reasonable level according to the requirements of the International Standard on Assurance Engagements (ISAE) Standards. The assurance statement uses simple, clear and accessible language. Assurance covers the method used to define material issues, traceability of the published data, reliability of the management systems, and verification of the data related to the 12 most significant material issues. Moreover, the technical report shows that Fibra followed recommendations made in previous statements and provides further recommendations for improvement.



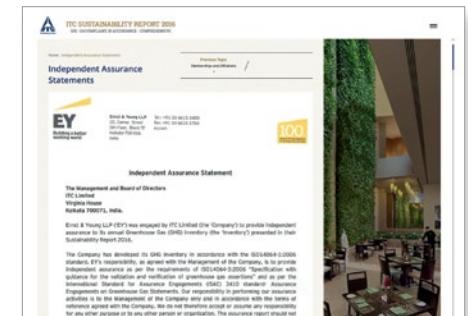
Pirelli Tyre S.p.A

Pirelli has sought comprehensive assurance on multiple aspects of the sustainability information included in the Integrated Report. The company has used Type 1 and Type 2 assurance of the application of principles and the reliability of information accounted for according to AccountAbility's AA1000 Assurance Standard 2008 and has used a reasonable level of assurance to review the information related to environmental, social and governance and to GRI supplier-related indicators.



ITC Limited

ITC has presented independent assurance statements at a reasonable level for its Greenhouse gas (GHG) inventory and sustainability report. The assurance for GHG inventory covers scopes 1, 2, 3 and biogenic emissions, as well as GHG removals in accordance with the ISO 14064-1: 2006 standard. Assurance of the sustainability report covers internal processes and controls for collection and collation of data on material aspects in accordance with ISAE 3000.





Principles: Balance

A balanced report is transparent about the risks, successes, failures, challenges and opportunities that a company faces now and in the future. A report must reflect positive as well as negative performance over the reporting period in order to enable a complete and unbiased assessment by the reader.

Key recommendations

- Report on the challenges encountered during the reporting year and provide explanations where performance is below expectations
- Discuss issues of public concern that are associated with the industry the company operates in
- Include criticism to bring in another perspective and enhance the credibility of the report

Leading lights

Stora Enso Oyj
The report includes balanced perspectives disseminated throughout, for every topic of discussion. Stora Enso is transparent about the targets that were not achieved and always provides explanatory narrative where performance did not meet expectations. An interesting and important feature of the report is the candid discussion on human rights and child labor and most importantly how Stora Enso is developing action plans to remedy these issues.



Vedanta Resources plc

The company's balanced report includes disclosure on summons and proceedings as well as detailed conversations on a few specific issues, such as human rights and communities. Vedanta Resources is also honest about whistleblower cases and community grievances recorded across the business.



Fibria

In view of improving its report, Fibria consulted external renowned specialists on sustainability and published and disclosed their opinions with objectivity. The opinions provide a critical perspective on Fibria's performance and approach to a number of topics, such as targets and collaboration. In addition, the company acknowledges issues and responses and provides details on fines and lawsuits.





Principles: Conciseness

Conciseness implies focusing only on the most material information and prioritizing quality disclosure over quantity. It is one of the most challenging criteria to get right. If a report can be drafted in a concise manner, it can avoid unnecessary disclosure and improve coherence while reducing information overload for readers.



Key recommendations

- Make sure essential aspects such as materiality, strategy, governance and targets and indicators are covered in the report
- Focus the content of the report on the most material issues
- Produce a summary document that provides a quick overview of performance and main activities

Leading lights

Titan Cement Group

Titan Cement's report is surprisingly short for an integrated report, yet effective and complete as it covers essential information. The company also produces a summary report that can be used to get a quick overview of performance and activities carried out during the reporting year.



International Flavors and Fragrances Inc. (IFF)

As a stand-alone sustainability report, IFF's report is of appropriate length and does not get lost in unnecessary examples and details. The narrative is to the point and the language is simple and clear. The company also offers a separate short and well-designed PDF document that provides a brief overview of the company's sustainability vision and strategy.



LafargeHolcim

LafargeHolcim has issued a short yet complete report that takes the reader through the company's sustainability journey. The report focuses on the material issues identified and is therefore concise while being truly informative on main activities and performance.



Enel and the Sustainable Development Goals

Andrea Valcalda, Head of Sustainability at Enel, explains the company's journey to integrating the Sustainable Development Goals (SDGs) into the company's strategy and how it prioritized four of the 17 goals adopted last year.

Being committed to promoting affordable, sustainable and modern energy via its ENabling ELelectricity initiative, which will benefit 3 million people, mainly in Africa, Asia and Latin America.

Supporting education activities for 400,000 people by 2020 through projects similar to those already launched, such as Powering Education in Kenya, Ubuntu in South Africa and scholarship programs in Latin America.



Adopting initiatives aimed at combating climate change, with the goal of achieving carbon neutrality by 2050.

Promoting employment and sustained, inclusive and sustainable economic growth for 500,000 people.

Q. How is Enel's approach and commitment to the SDGs integrated into the strategy of the company?

Enel believes that the 17 SDGs and an ambitious long-term vision are fundamental to sustainable development globally and to the company's strategy, which is why Enel has decided to put sustainability at the core of its corporate culture. Sustainability is seen as a strategic driver guiding the group's growth. We have designed, tested and spread our sustainability model throughout our entire value chain, from business development to operations. This translates the group's strategy into concrete actions reflected in a precise, challenging and agreed Sustainability Plan. The whole plan was developed taking into account references, direct or indirect, to the SDGs, which are also integrated into the group's Strategic Plan. With this approach, we have publicly committed to the 17 Sustainable Development Goals adopted in September 2015 by the United Nations and have set clear and ambitious targets for four specific SDGs (4, 7, 8, 13) in order for our efforts to provide a significant contribution and make a difference.

Enel and the Sustainable Development Goals continued

The essential point in this approach is the introduction of environmental, social and governance sustainability indicators across the whole value chain, not only to report on performance at the end of the year but most importantly to manage performance during the year and to achieve better decision-making. We believe in strengthening a proactive attitude rather than a reactive one.

Finally, all the projects, activities, performances and main results, including progress against the SDGs, are presented in Enel's Sustainability Report (www.enel.com/en-gb/Documents/report2016/bds_2015en.pdf), in line with the SDG Compass (sdgcompass.org).

The journey to achieving the highest sustainability standards and the inclusion of SDG commitments in the Strategic Plan have been rewarded with the interest of socially responsible investment funds, which continue to grow.

Q. Enel states that it will contribute to achieving four of the 17 SDGs. What criteria did Enel use to prioritize those four SDGs?

Since 2012, Enel has conducted materiality assessments to identify priorities for stakeholders and for the company. Last year, SDG-related criteria were integrated into the materiality analysis. As a result of this analysis, climate strategy and responsible relations with communities where Enel operates emerged as priorities. The group developed its sustainability strategy based on the results of the assessment and the main global trends: the world's population growth and the increase in global energy demand. In a scenario of increasingly limited natural resources, characterized by the need to combat ongoing climate change, Enel is well aware that the traditional models are evolving quickly and that the roles and responsibilities of companies must change accordingly.

In light of this scenario and the two priorities, Enel decided to announce its contribution to the four SDGs that are linked to its core business and to the new sustainable growth approach Enel aims to pursue. Enel views these goals as a business opportunity that will deliver long-term value for its stakeholders.

Moreover, beyond the four goals that Enel publicly committed to, the company also contributes to other SDGs through all its processes. Specific relevant targets have been set in the Sustainability Plan, while key performance indicators (KPIs) for sustainability linked with each goal enable Enel to drive and monitor progress against the SDGs and communicate the results in its annual *Sustainability Report*.



Content criteria: Governance and accountability

Governance and accountability focus on how a company defines its management responsibility and oversight for sustainability activities and performance. Sustainability governance is an integral part of the overall corporate governance structure and supports the further integration of sustainability into business decision-making.



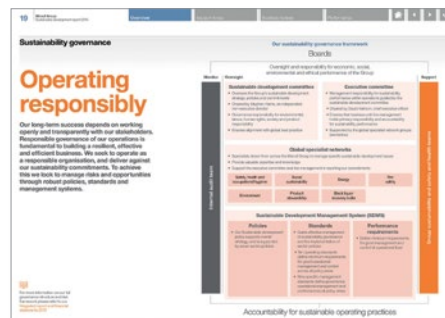
Key recommendations

- Explain how sustainability is governed at group level and regional level, where relevant
- Move away from boilerplate reporting and provide insight into governance activities and key decisions or actions undertaken during the reporting period
- Integrate non-financial criteria into board and executive remuneration

Leading lights

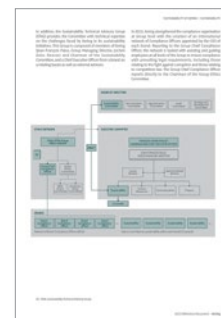
Mondi Group

While Mondi's sustainable development committee has clear responsibilities and oversight over the sustainable development strategy, policies and commitments, it is supported by the group executive committee, the group sustainable development team and seven global specialist network groups. The report refers to the integrated report, which provides an in-depth account of the meetings and topics discussed throughout the year.



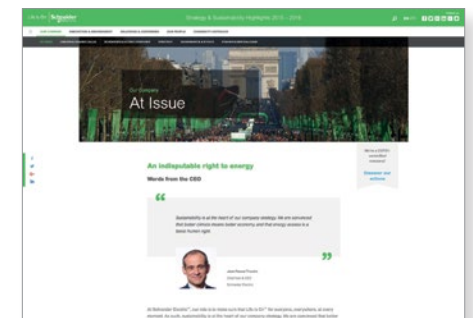
Kering

The board-level sustainability committee guides the group's Sustainability Strategy. The company has put in place dedicated sustainability teams for each group brand in order to further support the group's sustainability governance.



Schneider Electric

Executive directors are remunerated based on a sophisticated scheme adopted by the board of directors. 30% of the remuneration criteria encompasses criteria that are in line with the *Schneider is On* company program and CSR-related topics. In addition, the level of achievement on the new Planet and Society Barometer accounted for 15% of the long-term incentives plan for 2015.





Content criteria: Strategy

A strategic approach to sustainability clearly articulates how a company addresses material environmental, social and governance risks and opportunities. It links to the overall vision and mission of the company and supports the delivery of sustainable outcomes through targets and commitments.



Key recommendations

- Explain the strategy or strategic approach to sustainability and how it fits into the corporate strategy
- Discuss the connection between sustainability and financial performance
- Describe how the strategy will be delivered

Leading lights

The Dow Chemical Company

Supported by its vision to redefine the role of business in society, Dow provides a sharp explanation of past ten-year plans and how the latter and the SDGs have led to the development of the newly launched 2025 Sustainability Goals “Blueprint”. Contributions to the bottom line and the creation of holistic value are indicated as drivers of the new strategy.



Solvay S.A

The “Asking more from chemistry” motto places sustainability at the heart of the company’s strategy. Through the Solvay Way and the Sustainable Portfolio Management tool, Solvay demonstrates how sustainability is embedded in the business model and corporate strategy. Solvay’s targets and systems, such as Solvay Way Network and Solvay Way Champions, ensure the delivery of the strategy.



Sompo Japan Nipponkoa Insurance Inc.

Sompo clearly states its CSR vision and accompanies it with a narrative on how sustainability is integrated into strategy by providing solutions aimed at social challenges through its core products and services. Material issues and KPIs are aligned with business strategy and Sompo’s core products.





Content criteria: Targets and commitments

Targets and commitments are specific and measurable performance goals or management actions that a company aims to achieve over a given period, ideally for each material issue. They are critical to delivering a company's strategy and enable annual reporting on progress. They are increasingly combined with more aspirational, long-term objectives and stretch targets.

Key recommendations

- Develop targets that span short-, medium- and long-term timelines and ensure that targets are specific and measurable
- Disclose progress against targets and future plans to achieve targets

Leading lights

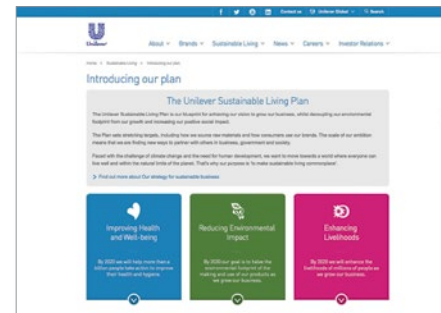
Masisa

Using WBCSD's Vision 2050 as a starting point, Masisa is focusing on three areas – human development, materials and forests – for which it has defined six objectives and targets to be achieved by 2025. Interim targets for 2017–2020 complement the six objectives and targets. Masisa then translates the targets into programs and action plans and monitors them twice a year in order to manage and support their implementation.



Unilever

The company has developed overarching goals for the three focus areas of its Sustainable Living Plan and set more specific goals for each issue within the focus areas. While goals span a wide timeline (e.g. 2020–2030), each year Unilever uses traffic light color coding to disclose progress against the goals. Goals are disclosed in a comprehensive and clear manner.



Bayer

The company has developed targets for direct material impacts and for indirect material impacts along the value chain. For example, Bayer has set targets for its suppliers. Each target is specific and measurable, and is aligned with specific material issues relevant to upstream and downstream parts of the chain.





Content criteria: Management approach

Management approach describes the systems, controls and processes in place across the organization to manage and monitor material issues. It can include the use of frameworks, guidelines, tools, internationally recognized management systems and certifications, as well as the stakeholder engagement activities focused on facilitating implementation by employees, suppliers and customers.



Key recommendations

- Describe the management systems and processes in place to manage the most significant issues and explain how data is collected
- Explain how the company engages with employees, suppliers and customers to address material impacts along the value chain

Leading lights

Metsä Group

Metsä Group’s report includes comprehensive discussion on the certification systems used to sustainably manage forests and ensure traceability of wood. Upstream material impacts are addressed through close partnerships with raw material and service suppliers, whereas downstream impacts are addressed through collaboration with logistics providers. The report provides examples of engagement with suppliers (Code of Conduct for suppliers, audits, etc.). Metsä Group’s individual business unit management systems are listed at the end of the report in a useful table.



3M

3M has a strong approach to management implementation through employee and customer engagement. Case studies illustrate how engagement is conducted and demonstrate local success stories. Through the “Taking action” sections, the report also provides insight into how specific operational departments are implementing sustainability.



CLP Group

Ranging from policies to management plans and certification schemes, CLP has a variety of systems and processes in place to manage material issues. The report also demonstrates robust reporting by including thorough descriptions of the internal systems and standards used to calculate and collect data.





Content criteria: Performance

Measuring and monitoring performance is critical to demonstrating progress. It is important to develop and report specific and measurable key performance indicators (KPIs) for all material issues. KPIs help to increase comparability with competitors over time and provide accountability so that performance trends can be monitored and corrective actions taken when required.

Key recommendations

- Provide context to the data presented in the report and explain performance trends to facilitate interpretation of the data
- Include more granular data to provide insight into performance at the regional level or specific sites where operations can be threatened by local factors

Leading lights

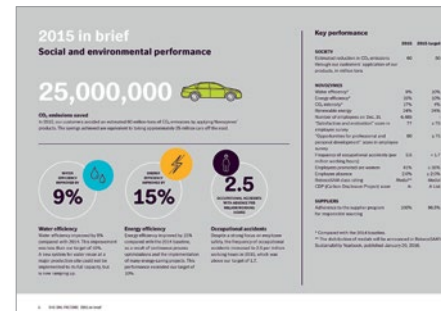
Enel

Enel's report presents data and context throughout, including a table summarizing all data in the appendix. Data is presented at Group-level but also summarized by region, providing additional insight into performance.



Novozymes A/S

While the Novozymes integrated report features key data, site data is available online in a supplementary report. The report prominently presents the key performance indicators and an accompanying narrative providing history and context to the numbers.



CEMEX

The report clearly presents CEMEX's key performance indicators (KPIs), along with their respective 2020 and annual targets, aligning them with the material issues identified at the beginning of the report. The "Performance in detail" section at the back of the report presents additional indicators that nicely complement the KPIs presented earlier.





Content criteria: Evidence of activities

Evidence of activities involves reporting on sustainability activities such as strategic programs and initiatives that occurred during the reporting year or progress against existing sustainability activities. It helps link management approaches to actions and performance and can substantiate statements and claims.



Key recommendations

- Provide examples of sustainability-related activities and include the historical context of those activities where appropriate
- Develop case studies that are material and outcome-driven to illustrate sustainability in action

Leading lights

Bank of America

Sustainability-related activities carried out by Bank of America are genuinely linked to its business operations and material issues. Case studies that are material, outcome-driven and linked to the bank's Responsible Growth practices support this approach and provide further insights into research and programs that create value for the company.



Yara International ASA

The report presents case studies that comprehensively describe the activities that Yara undertakes to overcome environmental challenges such as strict regulations faced by the agriculture sector. The report clearly explains how advanced technology and digital agriculture are solutions to the issues.



PwC

PwC's report provides a great presentation of case studies on sustainability activities relevant to responsible business, workplace and diversity, environment and community involvement. Each case study provides good examples of engagement with different stakeholders and excellent illustrations of PwC's activities toward achieving sustainability targets and delivering on its sustainability strategy.





Content criteria: Strategic partnerships and collaborations

Strategic partnerships and collaborations can help accelerate action and scale up solutions by combining expertise, resources and networks across key stakeholders who share a common goal. They focus on addressing a company's material issues and support the implementation of strategy.

Key recommendations

- Partner and collaborate with non-governmental organizations, communities, governments and cross-industry organizations and get a deeper understanding of material-specific issues and how they advance the sustainability agenda
- Describe the objectives and outcomes of the partnerships and collaborations and report on their wider economic impact

Leading lights

Eni S.p.A.

Eni's report outlines collaboration with non-governmental agencies, the local community, and inter-governmental and cross-industry sectors to address climate change and other material issues and to find practical solutions for a clean environment and sustainable development in communities. The report also provides specific examples of partnerships with other organizations to promote joint action for sustainability.



SNCF

The report includes cohesive examples of SNCF's strategic partnerships with leading NGOs, academic institutions and industrial organizations to reduce CO2 emissions, tackle social challenges in the communities where it operates, and promote an innovation and research program on energy-efficiency in mobility.



Yes Bank

Yes Bank's report clearly presents and describes partnerships with non-profits, local and national governments, and likeminded industry members to mobilize community action on priorities such as climate change, natural capital and inclusive development. The report highlights Yes Bank's strategic relationships with Indian and international multilaterals, industry associations and coalitions to develop and advance the global sustainability agenda.



SABMiller and the Sustainable Development Goals

Anna Swaithes, Director of Sustainable Development at SABMiller, talks about effectively communicating SABMiller’s approach to the Sustainable Development Goals (SDGs) and the power of digital channels.

Q. How and when did SABMiller come up with the idea of developing an interactive online tool to communicate its approach to the SDGs?

Our approach to communicating the SDGs was evolutionary. We started thinking about the SDGs when we were developing Prosper, our sustainable development strategy, which launched in 2014. We were involved in SDG development discussions at various points and knew that our new strategy would need to have a clear link to key goals. So they had been front of mind for quite some time.

As the September 2015 launch approached, we had already mapped our Shared Imperatives against the SDGs and wanted to find a simple but effective way to demonstrate the links – something that was accessible to everyone, from the brewery through to government stakeholders.

The first step was to develop the infographic “wheel”. As soon as we saw it, making it interactive was an obvious next step. It allowed us to link through to specific case studies, showing how Prosper in action is supporting individual goals in tangible ways.

THE GLOBAL GOALS For Sustainable Development



Q. The tool clearly demonstrates how the SDGs are integrated into the strategy. How do you see the tool evolving?

We made a conscious choice to align Prosper with the SDGs and with our commercial objectives, and we have now chosen to report externally on our progress in the same way, using the SDGs. The tool is a common framework that everyone has signed up to and that everyone understands. We are currently working on the next iteration, which will enable any organization to analyze the SDGs against their own operations, which we think is a very exciting development.

Q. The online tool, including its interactive features, is an effective format to communicate SABMiller's approach in a simple and engaging way. Have you received any feedback on the tool?

We've had some great feedback; people seem most impressed by the clarity of the tool and the way in which it can be adapted. It has proven particularly useful in stakeholder discussions, providing a powerful stimulus and framework for discussions of SDG implementation.

Our latest sustainable development report uses the wheel to demonstrate how specific projects relate to different goals. And we have been honest with ourselves about what we can and cannot influence. For example, the Eagle lager initiative (the Thriving World case study mentioned in our 2016 Sustainable Development report) addresses 10 of the goals, while our Latin American road safety initiative addresses two. That candor has also been well-received.

Q. When it comes to reporting, companies carefully prepare the content of the report but often leave aside the experience part of it. What are SABMiller's motivations for its digital approach to reporting? Can you tell us about the benefits you've gained from adopting this approach?

We have been using digital channels to support sustainability communications for several years now. Because of the strong communities of interest around sustainable development, it's a natural place to have conversations and interactions. We have a great working relationship with the communications team here at SABMiller and we like to explore and challenge ourselves to deliver the best end-user experience. The delivery method is often as important as the message itself if you want to make an impact. Digital assets are brilliant because they are easy to share and, if you make them compelling and useful enough, people will use them and share them further – and that's a great result.

The digital revolution

The results of this year's benchmark show that 42% of organizations take a "digital first"¹ approach to sustainability reporting. The overwhelming majority of these organizations also publish a PDF report, but the trend (54%) towards only producing a PDF report remains.

This section was produced by our partner Radley Yeldar.

Q. What's the state of play in digital sustainability reporting this year?

The days when phones were just used to make calls are a distant memory. Mobile phones are changing lives all over the world, from taxi ownership models to banking without infrastructure.

Corporate sustainability has undoubtedly benefitted from this digital revolution. Data collection systems have transformed the accuracy and reliability of non-financial data, social media platforms are helping to mainstream the communication of sustainability issues, and crowdsourcing of innovative sustainable solutions to corporate challenges has become more commonplace.

But despite the rapid development of new technologies and constant innovation in the digital space, reporting hasn't been keeping up. It's not that the ambition isn't there. Businesses know that stakeholders increasingly engage online. They know that transparency and regular communication are key. And they see the potential of digital platforms in helping to integrate financial and non-financial information to tell one consistent and connected story. Yet the same hurdles still exist.

Q. What are those hurdles?

Budget constraints or excessive costs. The budget required to set up a digital first approach to sustainability reporting is sometimes seen as prohibitive. Coupled with this, the sustainability and communications teams responsible for producing sustainability reports often have a smaller budget allocated to them than their colleagues in other departments. As a result, the reporting process tends to stick to a known formula – print or PDF.

Accommodating assurance needs is more difficult in a real-time environment. Most sustainability professionals recognize the value of assurance and its role in improving the reliability and accuracy of sustainability reports. But questions still exist about the application of assurance to reports created in real-time, in a dynamic digital space. We recommend including your assurance provider in your discussions about online reporting; and we are excited to see how the process develops to address these challenges.

The audience remains highly diverse, which makes it difficult to meet different user needs through a one-size-fits-all approach. Many users, like investors for example, prefer to read a PDF report that summarizes a company's strategy, performance and

management approach in a single, linear document, with clear signposting to cross-reference against the numerous technical standards and frameworks. Whereas for less technical users, learning about a company's sustainability story online by embarking on their own unique journey through a company's web pages can be a richer, more fulfilling experience. In addition, some jurisdictions prescribe the format to be used if combined with other mainstream reports and many also need to be available in print medium.

Q. In what ways has the digital revolution changed the way businesses communicate sustainability in the last four years since *Reporting matters* began?

Despite such hurdles, there are some great examples of digital sustainability reporting.

Connectivity has really strengthened. The last four years have seen a real shift towards the recognition that sustainability outcomes and performance must be more embedded within core business; and digital tools have certainly helped to facilitate this. Both interactivity and sharing via social media help to connect different content platforms and tell a consistent story.

¹ The company's website or stand-alone microsite linked from the main website includes comprehensive sustainability information.

This new level of digital connectivity presents a considerable opportunity for the communication of companies' approaches to the Sustainable Development Goals (SDGs). SABMiller's approach (see page 38) showcases such potential. By connecting the SDGs to the organization's sustainability strategy using an interactive graphic, SABMiller directs users to relevant content elsewhere on the site.

Sustainability content is coming to life. Sustainability is about the way a business operates and the impact it has on society and the environment around it. It's an umbrella term for a myriad of living, breathing issues that have long been crying out for an injection of life into the way they are communicated, in order to ensure the messages resonate with audiences far beyond the traditional sustainability practitioner. Those organizations that have taken sustainability content out of the traditional parameters of a PDF report and into the dynamic digital space have noted that sustainability content has become "interesting" content to a much broader range of audiences.

Q. What advice would you give companies that are transitioning to a digital approach?

It's important to make sure that your digital functionality is meaningful. With so many options to play with, companies often fall into the trap of using widgets and devices for the sake of it, rather than because they significantly enhance the user's experience. We recommend a simple test: if you're expecting a user to click on something, ask yourself whether the information they're rewarded with is useful.

Arguably, it's also even more important to organize your content in a logical way online. Just as you would prepare a pagination plan before embarking on a printed report, make sure that you plan the user's journey through your content, ensuring it is joined up and accessible. Avoid dead ends and make sure your links direct readers to relevant information.

Q. How do you foresee the future evolution of digital sustainability reporting?

Market forces will dictate how the reporting process works and the means by which reports are created. But as more companies transition towards digital reporting, the hurdles will become easier to overcome and the quality of digital reporting will improve.

It's inevitable that at some point digital skills and the appetite for digital content will become more commonplace, to the point where "digital communications" simply become "communications".

Partnering for progress

Since our first baseline report in 2013, the reporting landscape has seen significant growth in standards, frameworks, guidelines, legislation and stock exchange requirements. Our members continue to tell us that it is both complex and confusing. In response, WBCSD has been working with a number of partners to bring clarity to the landscape and has or will soon launch projects to support businesses in their reporting journey.

The Reporting Exchange

Since its launch in 2014, the Reporting Exchange project has been progressing in alignment with our ambitions and planning. Now half way through the three-year timeline, the pioneering cloud-based knowledge platform is becoming a reality. The first pilot project covering six countries took place at the beginning of 2016 and the beta platform, which will cover 40 countries, is planned for December 2016. The Reporting Exchange will enable all companies to understand and navigate the sustainability reporting landscape at a national and international level by exploring reporting requirements and supporting resources that are relevant to them. It will be freely available and will use a crowdsourcing model to capture the global reporting landscape as it evolves over time.

The platform is being developed by WBCSD in collaboration with the Climate Disclosure Standards Board (CDSB) and technology specialists Ecodesk. WBCSD members and others can register for the beta launch at www.reportingexchange.com. The project team is also actively seeking reporting experts to join the moderator network. For terms and conditions, please email hello@reportingexchange.com.

Conservation and Financial Markets Initiative (CFMI)

WBCSD is proud to be a collaborating partner of the Conservation and Financial Markets Initiative (CFMI). CFMI in its broadest scope is an initiative funded by the Gordon and Betty Moore Foundation that seeks to bring mainstream financial markets in line with conservation-minded approaches to feeding a hungry planet. It brings together Ceres, WWF and WBCSD as core implementation partners. WBCSD will lead the work on corporate reporting and on risk management, disclosure and decision-making. The work complements the wider Redefining Value program and will help advance corporate reporting over the next five years.



4

APPENDIX

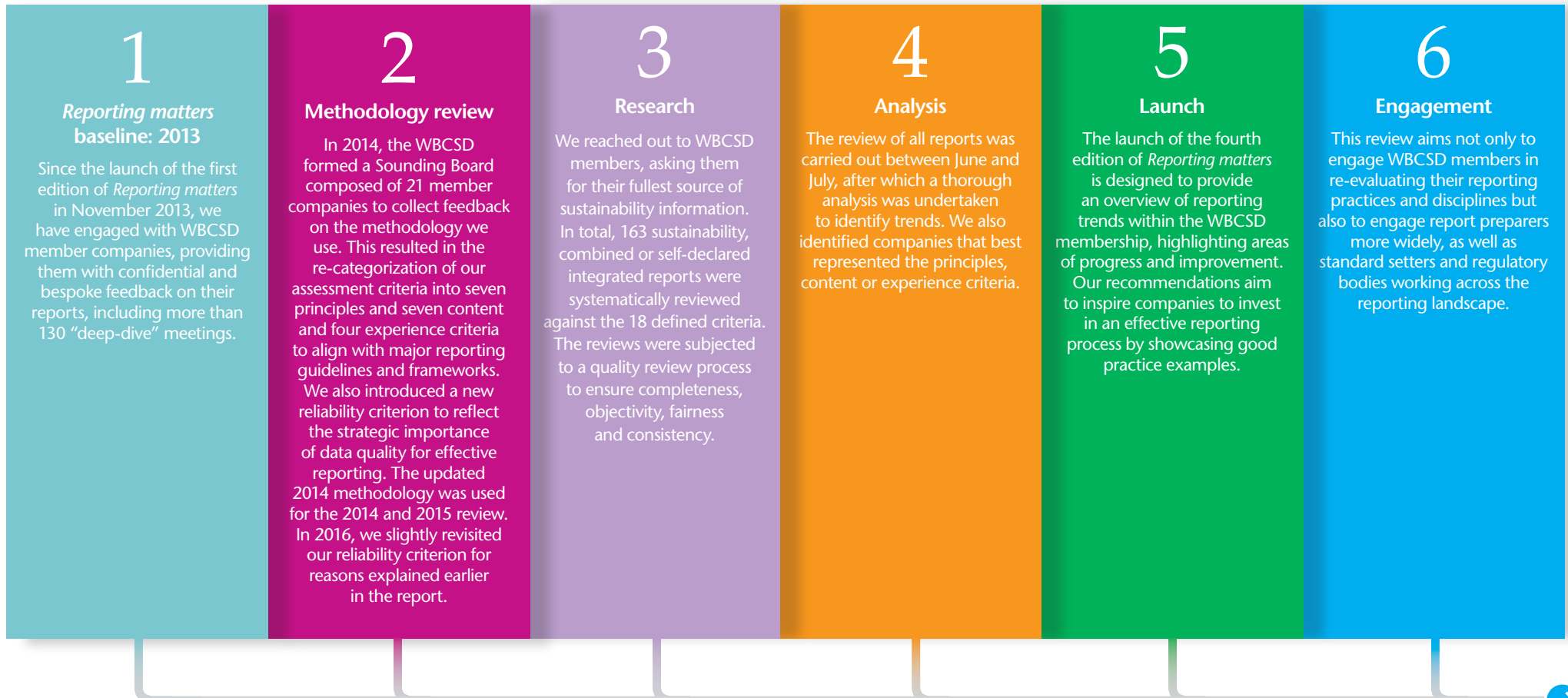


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What we did in 2016

Reporting matters 2016 is the outcome of the fourth review of WBCSD member reports – including sustainability, combined and self-declared integrated reports – and covering 163 companies from more than 20 sectors and 35 countries. It aims to benefit both WBCSD members and the wider corporate community. Below is a summary of how we conducted this annual review.



Key findings

Completeness

- The most effective reporters are those who clearly state their reporting scope and boundaries.
- They also describe and include a graphical representation of the company's value chain.
- While the majority of companies discuss impacts within direct operations, some fail to discuss material impacts beyond direct operations.

Materiality

- The most effective reporters provide a clear description of the materiality process and present the outcomes of the analysis.
- They also state to whom these are presented within the company and how these are integrated into the strategy.
- Some reports present industry-specific issues and provide geographical and operational context on material issues, for instance human rights or regional water scarcity.

Stakeholder engagement

- The most effective reporters identify major stakeholder groups along with engagement channels and explain how stakeholder engagement is used in strategic processes.
- They also have a clear strategy in place for meaningful stakeholder engagement.
- While most reporters include a section on stakeholder engagement in their reports, many fail to provide stakeholders' perspectives and evidence that stakeholders' concerns and interests are acted upon.

External environment

- The most effective reports discuss relevant trends and prospects and demonstrate an understanding of how these might impact the business model by creating risks or market opportunities.
- Some reporters, however, do not provide a forward-looking analysis of trends and prospects and instead focus exclusively on the past and the present.
- While companies are generally strong on their awareness of changing marketplace conditions, they often only partially discuss how megatrends and regulations could impact, either positively or negatively, company strategy and performance.

Reliability

- The most effective reporters publish an assurance statement that is easily accessible and provides details on the objective and scope of the assurance, including boundaries and the applied standard or regulation.
- The majority of assurance statements indicate the level of assurance obtained (limited or reasonable).
- Some companies use assurance when it is required by law (greenhouse gas emissions) but do not extend it to other material issues.
- Very few companies indicate why and how assurance findings are subsequently used within the company.

Balance

- The most effective reporters discuss the challenges encountered during the reporting year and civil or public concerns in a transparent and open manner.
- Effective and credible reports are balanced in the way they disclose progress on performance.
- Few companies include criticism in their report.

Conciseness

- The most effective reports contain just the right amount of material information while being succinct and focused.
- Few reporters offer a summary document and those who do sometimes make it too long or focus only on highlights without providing information on material issues and strategy.
- Often, despite their length, reports do not provide sufficient information on material issues and other critical aspects of effective reporting, such as strategy and targets.

Governance

- The most effective reporters demonstrate how the company has integrated sustainability governance into the overall corporate governance structure.
- They also include specific details on the governance activities of the board committee.
- Few reporters provide details on how the board or senior executives are remunerated or incentivized upon the achievement of sustainability goals or targets.

Key findings continued

Strategy

- The most effective reporters describe how their business model depends and impacts on resources beyond finance, for instance natural and social capital.
- Visually or through narrative, they also articulate how risks and opportunities have been integrated into the corporate business strategy.
- Many reporters still do not make connections between sustainability and financial performance – either quantitatively or qualitatively – and miss an opportunity to show how sustainability supports broader business objectives.

Targets and commitments

- The most effective reporters set ambitious, overarching, aspirational goals for each material issue, which are then supported by specific and measurable targets.
- They also use interim targets to support the achievement of longer term goals.
- Some companies, however, still have only a short-term focus, typically one to two years, and set generic targets. They also do not disclose the level of achievement against past targets.

Management approach

- The most effective reporters describe in sufficient, but not unnecessary, detail the systems and processes put in place to manage material issues and how engagement with employers, suppliers and customers supports implementation.
- While some companies explain their management approach, there is often limited disclosure of the systems, processes and controls over reporting.
- Very few companies describe their internal reporting and data collection processes and frequency.

Performance

- The most effective reports have KPIs in place for all material issues and supporting indicators. Data is usually presented over at least a two-year time scale and a description of the performance trend is given for context.
- Some reporters do not provide KPIs, which can either be explained by the absence of a materiality process or the large quantity of material issues defined, which makes it difficult to provide a comprehensive set of KPIs.
- Some companies disclose data at a corporate level only, which can hide significant regional and segmental variations.

Evidence of activities

- The most effective reports focus on strategic sustainability activities that address material issues during the reporting year and demonstrate the organization's management approach in action.
- While some reports include relevant and compelling case studies that bring sustainability activities to life and illustrate actions and outcomes, the majority do not use case studies to their full potential and rely on anecdotal examples.

Strategic partnerships and collaboration

- The most effective reporters highlight strategic partnerships and collaborations that address material issues and help to implement the company's sustainability strategy.
- The most engaging reports provide details on the expected benefits of partnerships and collaborations for the business and for relevant stakeholders.
- Companies do not always consistently focus on establishing partnerships that are aligned with their sustainability strategy. For instance, partnerships with communities remain largely philanthropic.

Resources

The following resources can help companies achieve the good practice benchmark against the *Reporting matters* criteria. The list is not exhaustive and many more insights on a range of topics can be found on the websites of think tanks, non-profit organizations and consultancies that regularly produce research materials.



Completeness

- Business for Social Responsibility (2010). *The Business Case for Supply Chain Sustainability: A Brief for Business Leaders*.
- Climate Disclosure Standards Board (2014). *Proposals for boundary setting in mainstream reports*.
- United Nations Global Compact and Business for Social Responsibility (2010). *Supply Chain Sustainability: A Practical Guide for Continuous Improvement*.
- United Nations Global Compact and Business for Social Responsibility (2014). *A Guide to Traceability: A Practical Approach to Advance Sustainability in Global Supply Chains*.



Materiality

- AccountAbility (2013). *Redefining Materiality II: Why it Matters, Who's involved and What It Means for Corporate Leaders and Boards*.
- Global Reporting Initiative and RobeccoSAM (2015). *Defining Materiality: What Matters to Reporters and Investors*.
- Global Reporting Initiative (2013). *Sustainability Topics for Sectors: What do stakeholders want to know?*
- Sustainability Accounting Standards Board (no date). *Less is More: Materiality and Why it Matters*.
- World Business Council for Sustainable Development (2014). *Journey to Materiality: A guide to achieve corporate goals by applying materiality to environmental, social and governance issues*. Future Leaders Program 2014.



Stakeholder engagement

- Business for Social Responsibility (2012). *Back to Basics: How to Make Stakeholder Engagement Meaningful for Your Company*.
- Krick, Thomas, Maya Forstater, Philip Monaghan, Maria Sillanpaa (2006). *The Stakeholder Engagement Manual: The Practitioners' Handbook on Stakeholder Engagement*, Vol. 2. Stakeholder Research Associates, United Nations Environment Programme, AccountAbility.
- Stakeholder Research Associates (2005). *The Stakeholder Engagement Manual: The Guide to Practitioners' Perspectives on Stakeholder Engagement*, Vol. 1. Stakeholder Research Associates, United Nations Environment Programme, AccountAbility.



External environment

- DNV GL, United Nations Global Compact, Monday Morning Global Institute and Sustainia (2015). *Global Opportunity Report 2015*.
- Global Reporting Initiative (2015). *Sustainability and Reporting Trends in 2025: Preparing for the Future*.

Resources continued



Reliability

- Global Reporting Initiative (2013). *The external assurance of sustainability reporting*.
- Institute of Chartered Accountants in England and Wales (2012). *Assurance Sourcebook: A Guide to Assurance Services*.
- International Integrated Reporting Council (2015). *Assurance on <IR>: Overview of feedback and call to action*.



Governance and accountability

- Global Compact LEAD and Business for Social Responsibility (2011). "Board Adoption and Oversight of Corporate Responsibility" Discussion Paper.



Strategy and drivers

- SustainAbility (2014). *See Change: How Transparency Drives Performance*.
- SustainAbility (2015). *Model Behavior II: Strategies to Rewire Business*.



Management approach

- Accenture and World Business Council for Sustainable Development (2014). *Integrated Performance Management: Better decisions today, better impact tomorrow*. Future Leaders Program 2014.
- Business for Social Responsibility (2012). *Sustainability and Leadership Competencies for Business Leaders*.



Targets and commitments

- AccountAbility (2013). *Growing into Your Sustainability Commitments: A Roadmap for Impact and Value Creation*. AccountAbility and United Nations Global Compact.
- Carbon Disclosure Project, United Nations Global Compact, World Wide Fund for Nature and World Resources Institute (forthcoming, 2016). *Science-based Target Setting Manual*.
- Kendall, Geoff and Bob Willard (2016). *Future-Fit Business Benchmark*. The Future-Fit Foundation.



Performance

- Lydenberg, Steve, Jean Rogers, David Wood (2010). *From Transparency to Performance: Industry-Based Sustainability Reporting on Key Issues*. The Hauser Center for Nonprofit Organizations at Harvard University and Initiative for Responsible Investment.



Strategic partnerships and collaboration

- Gray, Barbara and Jenna P. Stites (2013). *Sustainability through Partnerships: Capitalizing on Collaboration*. Network for Business Sustainability.

Websites on which you can find useful resources:

- Accounting for Sustainability Project: www.accountingforsustainability.org
- Climate Disclosure Standards Boards: www.cdsb.net
- International Integrated Reporting Council (IIRC): integratedreporting.org
- Natural Capital Coalition: www.naturalcapitalcoalition.org/
- SDG Business Hub: www.wbcsd.org/sdghub.aspx

List of reports reviewed

Company name	HQ location	WBCSD sector
3M	United States	Consumer Goods
ABB Asea Brown Boveri Ltd.	Switzerland	Engineering
Accenture Plc	Ireland	Services
Acciona S.A.	Spain	Construction & Real Estate
Acer Group	Taiwan, Republic of China	IT & Telecoms
Aditya Birla Group*	India	Conglomerate
AECOM*	United States	Services
AkzoNobel N.V.	Netherlands	Chemicals
Andritz AG*	Austria	Forest & Paper Products
Apple Inc.*	United States	IT & Telecoms
APRIL*	Indonesia	Forest & Paper Products
ARCADIS*	Netherlands	Engineering
ArcelorMittal S.A.	Luxembourg	Mining & Metals
Bank of America	United States	Banks & Insurance
BASF SE	Germany	Chemicals
Bayer A.G.	Germany	Chemicals
BMW AG	Germany	Auto
Borealis AG	Austria	Chemicals
BP International	United Kingdom	Oil & Gas
Bridgestone Corporation	Japan	Tires
Brisa Auto-Estradas de Portugal S.A.	Portugal	Auto
British Telecommunications plc*	United Kingdom	IT & Telecoms
Canon Inc.	Japan	IT & Telecoms
CEMEX	Mexico	Cement
CH2M	United States	Engineering
Charoen Pokphand Group (C.P. Group)*	Thailand	Conglomerate
China National Building Material Company Limited (CNBM)*	China	Cement
China National Petroleum Corporation (CNPC)*	China	Oil & Gas

Company name	HQ location	WBCSD sector
China Petrochemical & Chemical Corporation (Sinopec)*	China	Oil & Gas
CLP Group	Hong Kong	Utilities & Power
Continental AG	Germany	Tires
CRH plc	Ireland	Cement
Daimler AG	Germany	Auto
Deloitte Touche Tohmatsu Limited	United States	Services
DENSO Corporation	Japan	Auto
Deutsche Bank AG	Germany	Banks & Insurance
DNV GL	Norway	Services
DSM N.V.	Netherlands	Chemicals
DuPont	United States	Chemicals
E.ON SE	Germany	Utilities & Power
Eastman Chemical Company	United States	Chemicals
Eaton Corporation	United States	Engineering
EDF Group	France	Utilities & Power
EDP – Energias de Portugal S.A.	Portugal	Utilities & Power
Empresas CMPC S.A.	Chile	Forest & Paper Products
Enel*	Italy	Utilities & Power
ENGIE	France	Utilities & Power
Eni S.p.A	Italy	Oil & Gas
Ernst & Young (EY) LLP	United Kingdom	Services
Eskom Holdings Limited	South Africa	Utilities & Power
Evonik Industries AG	Germany	Chemicals
F. Hoffmann-La Roche AG	Switzerland	Healthcare
Fibria	Brazil	Forest & Paper Products
Firmenich SA*	Switzerland	Chemicals
First Solar*	United States	Utilities & Power
Ford Motor Company	United States	Auto

* Companies not included in the 2013, 2014 or 2015 review

List of reports reviewed continued

Company name	HQ location	WBCSD sector
Godrej Group*	India	Conglomerate
Greif Inc.	United States	Forest & Paper Products
Grupo Argos	Colombia	Cement
GS Caltex Corporation	Korea (South), Republic of	Oil & Gas
Hankook Tire Co. Ltd.	Korea (South), Republic of	Tires
HeidelbergCement AG*	Germany	Cement
Heineken N.V.*	Netherlands	Food & Beverages, Agriculture
Henkel AG & Co. KGaA	Germany	Consumer Goods
Honda Motor Co. Ltd.	Japan	Auto
Iberdrola SA*	Spain	Utilities & Power
IKEA*	Sweden	Retail
Infosys Limited	India	IT & Telecoms
InterCement*	Brazil	Cement
International Flavors & Fragrances Inc.*	United States	Chemicals
International Paper Company	United States	Forest & Paper Products
Italcementi Group	Italy	Cement
ITC Limited	India	Conglomerate
JPMorgan Chase & Co.*	United States	Banks & Insurance
Kering	France	Consumer Goods
Komatsu Ltd	Japan	Construction & Real Estate
KONE Oyj	Finland	Engineering
KPMG	Netherlands	Services
Kumho Tire Co. Inc.*	Korea (South), Republic of	Tires
LafargeHolcim*	Switzerland	Cement
L'Oréal	France	Consumer Goods
Masisa	Chile	Construction & Real Estate
Metsä Group	Finland	Forest & Paper Products
Michelin	France	Tires
Mitsubishi Chemical Holdings Corporation	Japan	Chemicals
Mitsubishi Corporation	Japan	Trading

Company name	HQ location	WBCSD sector
Mondi Group	United Kingdom	Forest & Paper Products
Monsanto Company*	United States	Food & Beverages, Agriculture
Natura Cosméticos S.A.	Brazil	Consumer Goods
Nestlé S.A.	Switzerland	Food & Beverages, Agriculture
Norsk Hydro ASA	Norway	Mining & Metals
Novartis	Switzerland	Healthcare
Novozymes A/S	Denmark	Healthcare
NRG Energy Inc.*	United States	Utilities & Power
Olam International Ltd.*	Singapore	Food & Beverages, Agriculture
Old Mutual*	United Kingdom	Banks & Insurance
PepsiCo Inc.*	United States	Food & Beverages, Agriculture
Philip Morris Int'l SA*	Switzerland	Consumer Goods
Pirelli Tyre S.p.A.	Italy	Tires
PTT Public Company Limited	Thailand	Oil & Gas
Public Power Corporation S.A.	Greece	Utilities & Power
PwC	United States	Services
Renault-Nissan Alliance*	Switzerland	Auto
Royal Dutch Shell plc.	Netherlands	Oil & Gas
Royal FrieslandCampina*	Netherlands	Food & Beverages, Agriculture
Royal Philips N.V.	Netherlands	Consumer Goods
RWE AG*	Germany	Utilities & Power
S.C. Johnson & Son Inc.	United States	Consumer Goods
SABMiller plc	United Kingdom	Food & Beverages, Agriculture
Salesforce*	United States	IT & Telecoms
Santander Group*	Spain	Banks & Insurance
Saudi Basic Industries Corp. (SABIC)	Saudi Arabia	Chemicals
SCG	Thailand	Cement
Schneider Electric	France	Engineering
SGS S.A.	Switzerland	Services
Shanghai Baosteel Group Corporation	China	Mining & Metals

* Companies not included in the 2013, 2014 or 2015 review

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REPORTING MATTERS

Company name	HQ location	WBCSD sector
Siemens AG	Germany	Engineering
Sika Group*	Switzerland	Chemicals
Sime Darby Berhad*	Malaysia	Conglomerate
Skanska AB	Sweden	Construction & Real Estate
Smurfit Kappa Group*	Ireland	Forest & Paper Products
SNCF*	France	Transport & Logistics
Solvay S.A.	Belgium	Chemicals
Sompo Japan Nipponkoa Insurance Inc.	Japan	Banks & Insurance
Sonae SGPS SA	Portugal	Retail
Starbucks Coffee Company*	United States	Food & Beverages, Agriculture
Statkraft AS	Norway	Utilities & Power
Statoil	Norway	Oil & Gas
Stora Enso Oyj	Finland	Forest & Paper Products
Suez Environnement	France	Water Services
Sumitomo Chemical Company Ltd.	Japan	Tires
Sumitomo Rubber Industries Ltd.	Japan	Chemicals
Suncor Energy Inc.	Canada	Oil & Gas
Suzano Papel e Celulose SA*	Brazil	Forest & Paper Products
Sweco Sweden AB	Sweden	Engineering
Syngenta International AG	Switzerland	Food & Beverages, Agriculture
Taiheiyo Cement Corporation	Japan	Cement
Tata Group*	India	Conglomerate
The Coca-Cola Company	United States	Food & Beverages, Agriculture
The Dow Chemical Company	United States	Chemicals
The Navigator Company*	Portugal	Forest & Paper Products
The Procter & Gamble Company	United States	Consumer Goods
The Yokohama Rubber Co. Ltd.	Japan	Tires
Titan Cement Group	Greece	Cement
TNT Express	Netherlands	Transport & Logistics
Toshiba Corporation	Japan	Engineering

Company name	HQ location	WBCSD sector
TOTAL*	France	Oil & Gas
Toyo Tire & Rubber Co. Ltd.	Japan	Tires
Toyota Motor Corporation	Japan	Auto
Trafigura Pte Ltd.*	Switzerland	Trading
Tyson Foods Inc.*	United States	Food & Beverages, Agriculture
Unilever	Netherlands	Consumer Goods
United Technologies Corporation	United States	Engineering
UPL Limited*	India	Food & Beverages, Agriculture
UPS	United States	Transport & Logistics
Vale	Brazil	Mining & Metals
Vedanta Resources plc	United Kingdom	Mining & Metals
Veolia Environnement VE SA	France	Water Services
Votorantim Cimentos	Brazil	Cement
Wal-Mart Stores Inc.*	United States	Retail
Weyerhaeuser Company	United States	Forest & Paper Products
Yara International ASA*	Norway	Food & Beverages, Agriculture
Yes Bank*	India	Banks & Insurance

* Companies not included in the 2013, 2014 or 2015 review

Glossary of terms

Assurance

Assurance usually describes the methods and processes employed by an assurance provider to evaluate an organization's public disclosures about its performance as well as underlying systems, data and processes against suitable criteria and standards in order to increase the credibility of public disclosure. Assurance includes the communication of the results of the assurance process in an assurance statement.

Reasonable assurance: Reasonable assurance is a concept relating to accumulating the evidence necessary for the practitioner to conclude, in relation to the subject matter, information taken as a whole. To be in a position to express a conclusion in the positive form required in a reasonable assurance engagement, it is necessary for the practitioner to obtain sufficient appropriate evidence as part of an iterative, systematic engagement process.

Limited assurance: The nature, timing and extent of procedures for gathering sufficient appropriate evidence in a limited assurance engagement are deliberately limited relative to a reasonable assurance engagement.

External assurance: Assurance performed by a person from an organization independent of the company.

Case Study

A case study in the context of a sustainability report is a narrative description (which may be supported by quantified evidence) of an aspect of the sustainability strategy in action in order to allow the reader to understand the impacts and effects of the strategy. Case studies must be balanced and add value to the reader's understanding of the business's strategy.

Combined report

A combined report merges the contents of a sustainability report (i.e. environmental and social disclosure) with a traditional annual report (i.e. financial disclosure); sustainability information is generally only included in a designated chapter of the combined report.

Disclosure

Over-disclosure: Extensive amount of information on the material issues identified and/or irrelevant information that is not related to the company's material issues.

Under-disclosure: Significant lack of information on the material issues identified.

Enterprise risk management (ERM)

Enterprise risk management (ERM) is the consideration of risk from the overall organizational perspective. With ERM, all types of uncertainty are considered from all parts of the organization. The objective of consolidating information on risks is to allow consistent decision-making across all risk categories. Regulators are increasingly expecting organizations to take an integrated approach to governance, risk and compliance.

Financial capital

Financial capital is the pool of funding that is 1) available to an organization for use in the production of goods or the provision of services; 2) obtained through financing, such as debt, equity or grants, or generated through operations or investments.

GRI Guidelines

GRI G3: The G3 Guidelines are made up of two parts. Part 1 – Reporting Principles and Guidance features guidance on how to report. Part 2 – Standard Disclosures features guidance on what should be reported, in the form of disclosures on management approach and performance indicators.

Application levels: Indicate the extent to which the G3 or G3.1 Guidelines have been applied in sustainability reporting. They communicate which parts of the framework have been addressed and which set of disclosures. Application levels aim to reflect the degree of transparency against the GRI Guidelines in reporting.

GRI G4: The most up-to-date version of the GRI Guidelines was launched in April 2013. The main differences with the G3.1 version include: a greater focus on materiality and supply chain impacts; the replacement of application levels (ABC) by two "in accordance" levels ("core" and "comprehensive"); the introduction of new standard disclosures on governance; and the requirement to describe the process used to define the boundary of impact for each material issue.

In accordance options:

- Core: For each identified material aspect, the organization discloses the generic disclosure on management approach (DMA) and at least one indicator.
- Comprehensive: For each identified material aspect, the organization discloses the generic DMA and all indicators related to the material aspect.

Governance

Internal governance: The existence of robust governance arrangements, including a clear organizational structure, well-defined lines of responsibility, effective risk management processes, control mechanisms and remuneration policies.

External governance: External stakeholders play an important role in ensuring proper corporate governance processes in a business organization. Some of the key external corporate governance controls include government regulations, media exposure, market competition, takeover activities, public release, and assessment of financial statements.

Human capital

Human capital refers to people's competencies, capabilities and experience, and their motivations to innovate.

Impacts

Direct impacts result from business activities that are owned or controlled by the company.

Indirect impacts are impacts on the environment and society from upstream and downstream activities that are not a direct result of the company's project/operations; they are sometimes referred to as second- or third-level impacts.

Integrated report

An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term. An integrated report is prepared in accordance with the International Integrated Reporting Council's Framework.

Internal auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Natural capital

Natural capital refers to the stock of renewable and non-renewable natural resources (e.g. plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people¹.

Manufactured capital

Manufactured capital refers to manufactured physical objects (as distinct from natural physical objects) that are available to an organization for use in the production of goods or the provision of services (e.g. buildings, equipment, infrastructure).

Material key performance indicator (KPI)

A material key performance indicator (KPI) is a quantifiable indicator that a company uses to measure and compare its performance on the identified material issues in terms of meeting specific targets and goals.

Scope and boundaries

Scope: The range of sustainability topics addressed in a report.

Boundary: The range of entities (e.g. subsidiaries, joint ventures, sub-contracted operations, etc.) whose performance is represented by the report. In setting the boundary for its report, an organization must consider the range of entities over which it exercises control (often referred to as the "organizational boundary", and usually linked to definitions used in financial reporting) and over which it exercises influence (often called the "operational boundary").

Scope levels

Scope 1: All direct GHG emissions.

Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam.

Scope 3: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. transmission and distribution losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

Social capital

Social capital refers to the institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being.

Stretch targets

A stretch target is one that the organization cannot achieve simply by working a little harder or a little smarter. To achieve a stretch target, people have to invent new strategies, new incentives – entirely new ways of achieving their purpose.

Sustainable value chain approach

A sustainable value chain approach is the methodology employed by a business to describe how it has scoped, documented and assessed the impact of its value chain on its sustainability performance. It enables both business and society to better understand and address the environmental and social challenges associated with the life cycle of products and services.

Value chain

Value chain is the terminology used to describe the upstream and downstream life cycle of a product, process or service, including material sourcing, production, consumption and disposal/recycling processes.

Upstream activities include operations that relate to the initial stages of producing a good or service, i.e. material sourcing, material processing, supplier activities.

Downstream activities include operations that relate to processing the materials into a finished product and delivering it to the end user, i.e. transportation, distribution and consumption.

¹ Adapted from Atkinson, G. and D. Pearce. 1995. "Measuring sustainable development". In: Bromley, D. W., (ed.) Handbook of Environmental Economics. Blackwell, Oxford, UK, pp. 166–182. And Jansson, A., M. Hammer, C. Folke, and R. Costanza (eds.) 1994. Investing in Natural Capital: The Ecological Economics Approach To Sustainability. Island Press: Washington, DC.

Acronyms

AA	AccountAbility
CDSB	Climate Disclosure Standards Board
COP	Conference of the Parties to the United Nations Framework Convention on Climate Change
DMA	disclosure on management approach
ERM	enterprise risk management
EU	European Union
FSB	Financial Stability Board
GHG	greenhouse gas
GRI	Global Reporting Initiative
ICT	information and communications technology
IIRC	International Integrated Reporting Council
ISAE	International Standard on Assurance Engagements
KPI	key performance indicator
NGO	non-governmental organization
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals
SEC	United States Securities and Exchange Commission
TCFD	Task Force on Climate-related Financial Disclosures
UN	United Nations
UNGPs	United Nations Guiding Principles on Business and Human Rights
WBCSD	World Business Council for Sustainable Development
WWF	World Wide Fund for Nature

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This project is a joint collaboration between WBCSD and Radley Yeldar

About the World Business Council for Sustainable Development (WBCSD)

WBCSD is a global, CEO-led organization of over 200 leading businesses and partners working together to accelerate the transition to a sustainable world. We help make our member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies.

Our member companies come from all business sectors and all major economies, representing a combined revenue of more than \$8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. WBCSD is uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability: united by our vision of a world where more than 9 billion people are all living well and within the boundaries of our planet, by 2050.

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