



# Reporting matters

Navigating the landscape: a path forward  
for sustainability reporting  
WBCSD 2019 Report



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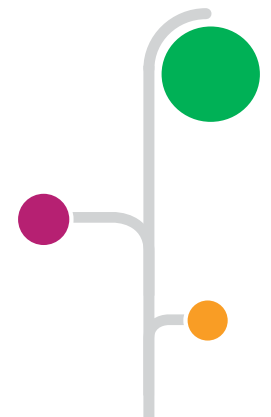
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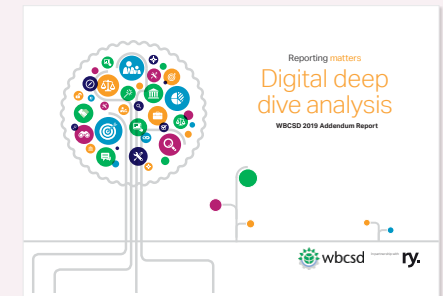
# Navigating the landscape: a path forward for sustainability reporting

The current convergence of public pressure, government regulation and investor scrutiny has led to an explosion of information requests and reporting approaches to satisfy stakeholder needs. While this has made sustainability reporting an imperative for business, it has created a significant burden for reporters.

Good reporting enables companies to show how they have integrated sustainability into their business and to communicate the value of their work. This year, *Reporting matters* presents the evolution in reporting that WBCSD and its members want to see in response to the increasing complexity of the reporting landscape.

In the main report, we provide insights that aim to help companies navigate the new context through the lens of materiality, judgement and visual language. The three addendum reports explore distinct aspects of reporting:

- The role of risk and governance in internal decision-making and external disclosure;
- How sustainability strategy and target-setting is evolving as we approach 2020; and
- The future of digital reporting and emerging technologies.





# The need to transform sustainability reporting

Corporate reporting is the language that will bridge the trust gap between business and society and allow the market to allocate capital where solutions have the most material impact.



Peter Bakker

As it increases in complexity, our global economic system is at a crossroad. In the political landscape we see a move away from global collaboration, a rise in tensions over trade issues and multi-lateral solutions being challenged. Environmental pressures are rising to a level of urgency that we have not experienced before. And, if this urgency is not enough, we are seeing rapid movements expressing tensions in society. Concerns about inequality and climate change are rising and there is increasing fear among the workforce as technology marches on.

Capitalism itself is being questioned by ever-louder voices. At the same time business is under intense scrutiny. It must show it is ready to lead the transformation of economic systems that is needed if it is to keep its license to operate. Demand for integrated solutions to the challenges will only grow louder, be they from shareholders, regulators, consumers or wider society.

In some ways, the system of sustainability reporting is also in need of transformation. Research shows continued expansion of reporting frameworks, standards, requirements and voluntary initiatives. People who prepare and use environmental, social and governance (ESG) information are finding the current reporting landscape complex and challenging.

WBCSD's Redefining Value Program is focused on transforming the financial system to reward the most sustainable companies. Disclosing reliable, high quality, comparable ESG information is a cornerstone of this approach as better information helps investors make more informed decisions on capital allocation.

Our Reporting Exchange research shows there is unity, agreement and synergy between the aims and goals of various reporting initiatives and requirements but, for many, these synergies amount to redundancies and fragmentation.

During the development of the ESG Disclosure Handbook, companies told us this makes their jobs increasingly difficult.

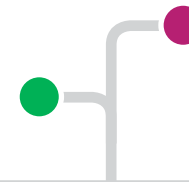
In this year's edition of *Reporting matters*, interviews with WBCSD members and Radley Yeldar, our project partner, provide insights to help companies navigate the reporting context through the lens of materiality, judgement and visual language.

Building on last year's report, the addendum reports explore three key topics in more detail. This year, we focus on the role of risk and governance in internal decision-making and external disclosure, how sustainability strategy and target setting is evolving as we approach 2020 and the future of digital reporting.

But these resources address the symptoms – rather than the underlying issues – and work is needed to create more alignment across the reporting landscape. In the main report, we present underlying research and a clear call to action that defines the change we want to see, alongside perspectives from leading external voices.

We call on our members to get involved with this work as they navigate the current landscape and to engage with Corporate Reporting Dialogue's Better Alignment Project to help tackle the underlying issues.

**Peter Bakker**  
President and CEO,  
WBCSD





# Foreword

Our planet is at a crucial turning point. At this time of sociopolitical turmoil, erosion of public trust in national and international institutions is pushing the need for accountability on sustainability issues higher up the agenda than in recent memory.



Robert Swaak

Stark warnings from scientists have built a ground swell in public concern and brought the rapidly diminishing opportunities for humanity to avert a climate and ecological crisis into sharp focus. Given the positive and negative impacts of business models on our world, it is imperative that businesses consider and communicate their own specific impact as a means of building trust with their stakeholders and establishing personal and industry accountability around sustainability efforts.

Transparent and accessible reporting is vital for assessing the risks and opportunities posed by today's sustainability challenges to the value creation process of business models. Such reporting is powerful among stakeholders, providing impetus for meaningful and focused board-level conversations about business strategy and resilience.

Such discussions reach far beyond the sustainability community. For example, PwC's research has found that 83% of respondents to a 2019 survey of Private Equity firms are concerned about climate risks in their portfolios<sup>1</sup> as the investment community now views sustainability considerations to be fundamental to the viability of the businesses in which they invest. The influence of the Task Force on Climate-related Financial Disclosures (TCFD) stands out. Over 800 organizations globally – including companies with a combined market cap of over USD \$9.2 trillion and financial institutions responsible for assets of nearly USD \$118 trillion (over 50% of the value of global capital markets) – have signed up to support the TCFD recommendations.<sup>2</sup>

As 2020 looms, the turn of a new decade provides an opportune moment for businesses to rethink their role in creating a sustainable future. Communicating this role effectively among stakeholders is key and depends on a number of factors:

- Does corporate reporting adequately reflect how the organization creates value in the long term?
- Does it identify and focus transparently on issues that are material to a variety of stakeholders?
- Is it balanced across both the challenges and the successes?
- Is the data behind the narrative transparent and robust?

This 2019 edition of *Reporting matters* provides insights designed to help readers navigate the complex world of corporate reporting in an era of uncertainty. As an incoming member of the Redefining Value Program Board, I urge you to engage with it and consider how the insights it provides might create stimulus for your reporting and conversations with your stakeholder community, and beyond.

## Robert Swaak

Member, Redefining Value Program Board  
Global Relationship Partner, PwC Netherlands

<sup>1</sup><https://www.pwc.com/responsibleinvestment>

<sup>2</sup><https://www.fsb-tcfid.org/wp-content/uploads/2019/06/2019-TCFD-Status-Report-FINAL-053119.pdf> and <https://www.fsb-tcfid.org/tcfid-supporters/>



# An opportunity for alignment and harmonization

Corporate reporting is a powerful tool for understanding and communicating a company's value creation process and highlighting emerging risks and opportunities. However, in recent years, there have been calls by several organizations and coalitions for greater alignment and harmonization in sustainability reporting.

These organizations point to the confusing state of the reporting landscape – the multitude of reporting requirements, overlapping and conflicting frameworks and standards and a growing number of indexes and voluntary schemes. This has become a hindrance to creating a system that is efficient and effective in communicating businesses' holistic value creation and contributions to the Sustainable Development Goals (SDGs).

If more harmonization and better alignment in the sustainability reporting landscape is needed, where should the action start? In short, we need to begin with facts and analysis to understand the current state of ESG reporting. This can provide a solid basis for discussion and exploration of the potential for greater alignment and rationalization.

In recent years, WBCSD's Redefining Value Program has undertaken several projects to map out existing disclosure requirements and indicators for disclosing corporate performance on ESG issues. By combining this information with research from *Reporting matters* in 2017 and 2018, we have been able to identify the ESG topics and indicators around which reporting regulators, frameworks and corporate disclosures are converging.

Our findings show a degree of commonality and agreement between companies, regulators, standard setters and investors on the importance of monitoring, measuring and disclosing 40 ESG issues. Consolidating and aligning reporting requirements on these 40 issues could provide a positive starting point for greater comparability and decision-useful information for stakeholders and more effective corporate disclosure.

## Environmental issues remain in focus

The majority of ESG subjects in reporting frameworks and standards are environmental and include issues around natural resources, water, energy and biodiversity. There is greater focus on social issues among standard setters than regulators, with issues relating to employment conditions, policies and practices especially prominent.

## There is broad consensus around 30 ESG issues

There is a degree of consensus about what constitutes the most relevant and important 30 ESG issues across regulators and standard setters (see table 1). This can provide a starting point to help prioritize alignment improvements across the reporting environment.

## There is alignment between regulatory and material information

There is broad alignment between which ESG subjects are important among regulators and those that are deemed to be material by companies. Of the 30 issues, greenhouse gas (GHG) emissions (disclosure rate 63%) and employee health and safety (disclosure rate 58%) were most commonly disclosed by companies in the reports analyzed for *Reporting matters 2018*.

## There are 10 emerging ESG topics not covered in reporting frameworks

We found 10 emerging issues that are frequently disclosed by companies but not well represented in reporting frameworks or regulation (see table 2). This provides an opportunity for regulators and standard setters to consider whether there are gaps in their reporting requirements and standards that could be closed through closer collaboration with business.

## Clear alignment between the 40 ESG issues and investors' expectations

There is significant (>75%) alignment between these 40 ESG issues and those highlighted by investors or indexes as being key to understanding corporate sustainability performance.<sup>1</sup>

<sup>1</sup>We analyzed EFFAS KPIs for ESG (2009), CFA Institute ESG issues in investing (2016), FTSE Russell ESG Ratings (2019) and MSCI ESG Key Issue Hierarchy (2018)



Table 1: 30 key sustainability issues identified from analysis of the Reporting Exchange, ESG Indicator Library and material issues from *Reporting matters* reviews.<sup>2</sup>

Environment	Social
Biodiversity	Compensation and benefits
Efficiency	Employee health and safety
Energy use	Fair disclosure, marketing and advertising
GHG emissions	Health and safety
Pollution incidents	Other services and benefits
Other effluents	Recruitment and retention
Other emissions	Training and development
Renewables	
Resource use	Governance
Resource-reuse/recycling	Anti-corruption and bribery
Resource sourcing	Financial and business reporting
Treatment and discharge	Political contributions
Treatment, disposal and storage	Regulatory and legal challenges
Waste type	Risk management and internal control
Waste reuse/recycling	
Water quality	
Water reuse/recycling	
Water use	

Table 2: 10 further subject areas identified from sustainability information disclosed by member companies in 2017 and 2018.

Environmental	Social	Economic
Forests	Diversity	Business model and innovation
	Engagement	Supply chain
	Engagement and consultation	
	Human rights	
	Privacy and security	
	Quality	
	Satisfaction	

### Next steps

While the research has identified commonly requested, reported and investor-useful ESG issues, there remains room for further alignment on how that information is prepared and reported.

We encourage the different actors in the ESG reporting space to consider the following actions:

#### Reporting framework standard setters and regulators should work collaboratively to provide companies with:

- Comparable and representative reporting requirements that focus on the 30 key issues identified here as a starting point;
- Clearly aligned methodologies and metrics to best represent and serve the goals of sustainability;
- Consistency in the channel of disclosure and approach to company applicability; and
- Updated regulations and reporting frameworks that meet company and investor needs for the 10 emerging issues we have identified.

#### Companies should:

- Ensure that materiality is central to the reporting of sustainability information and data;
- Use reporting frameworks and standards as appropriate to efficiently and effectively meet the ambitions of disclosure; and
- Consider using existing aligned indicators from the **Indicator Library** to reduce duplication of indicators.

#### Investors should:

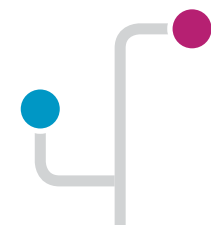
- Clearly communicate to companies and reporting stakeholders the information that is most valuable to your decision-making processes (e.g. which frameworks or standards, the usefulness of different indexes, what data and disclosures).

### Methodology

This research was completed jointly with the Climate Disclosure Standards Board (CDSB), building on our collaboration with **the Reporting Exchange**.

Our research examined:

- >1,000 reporting requirements on the Reporting Exchange;
- >1,000 indicators on the Reporting Exchange;
- ~2,500 issues disclosed in the 2017 and 2018 *Reporting matters* analysis; and
- Other research and methodologies (e.g. analysis by UNCTAD, ISAR and CFA Institute etc.).



<sup>2</sup>Definitions for each of the sustainability issues listed in Table 1 and Table 2 can be found on the Reporting Exchange [www.reportingexchange.com](http://www.reportingexchange.com)



# WBCSD's call to action

For many companies, reporting and disclosure has become too time consuming and confusing. If corporate reporting frameworks, codes and standards don't work together to add value, they won't be used and the work of the Corporate Reporting Dialogue (CRD) will be wasted.

WBCSD's goal of simplifying and aligning the corporate reporting landscape means that we support and encourage the work of the CRD's Better Alignment Project.

As well as eliminating duplication in key performance indicators (KPIs), the project should address two critical questions:

1. How will it help create a reporting framework that measures and communicates critical, material information needed by mainstream capital markets to progress solutions to the big questions of our time: climate change, loss of biodiversity and inequality?
2. When will we see the consolidation of frameworks and standards that business and capital markets are demanding?

1

As part of our shared commitment to finding the solutions, WBCSD has volunteered some provocative points to support the CRD in moving towards truly integrating ESG in mainstream corporate reporting.

## Firstly, put companies at the heart of the discussion

Business solutions that have the potential to transform economies for a better world will only scale fast enough if mainstream capital markets can identify them. Companies that do not transform can only be held accountable if reporting becomes mandatory. We call this the "inevitable policy change". The corporate reporting system must have as little friction as possible and operate under the lowest transaction costs to connect business to capital markets.

2

## Secondly, efforts should not reinvent the wheel

We strongly encourage all of you to consult resources like the Reporting Exchange, Indicator Library and our research presented on the previous pages to identify opportunities to simplify the current reporting landscape.

3

## Lastly, think big and act fast

We can no longer afford the noise around corporate reporting – we need to cut through it now. We cannot take three years to align reporting language when the world needs whole scale transformation in the next 10 years. In that sense, the Better Alignment Project is one that will determine the relevance for business.

We all likely agree that the time has come for companies to go beyond just financial optimization in their risk management, strategic target setting and decision-making. For corporate reporting, this means we need to disclose materiality-based, reliable, high quality and comparable ESG information.

This will provide a cornerstone for transforming the financial system to reward the most sustainable companies and allow their solutions to achieve the scale that society needs. The work of the Better Alignment Project can be a key enabler in moving this forward.

We look forward to working together to help members and standard setters lead, transform and succeed in simplifying corporate reporting to enable sustainable businesses to be more successful.







# External perspectives on progressing alignment

We presented our research, solutions and a call to action to leading voices from regulatory and voluntary reporting perspectives.

The **CRD** is a platform convened by the International Integrated Reporting Council (IIRC) to promote greater coherence, consistency and comparability between corporate reporting frameworks, standards and requirements. They are currently undertaking a two-year **Better Alignment Project** focused on driving better alignment in the corporate reporting landscape.

L'Autorité des Normes Comptables (ANC) is the main accounting standards regulator in France. Patrick de Cambourg, President of the ANC, submitted **an ambitious report** detailing a path forward for enhancing the relevance and reliability of non-financial corporate information in May 2019 to Bruno Le Maire, French Minister for the Economy and Finance.

Response to our call to action by  
**Ian Mackintosh, Chair of the CRD:**

"The CRD participants have heard this call from WBCSD and we have received many similar calls from investors, funders, regulators and other interested parties. The demands are very reasonable and, if you were to design a comprehensive reporting system – including for ESG reporting – from scratch, you would build one global framework.

The big question is whether the demands are feasible because the different participants serve many different purposes and stakeholders, making consolidation into a single framework extremely difficult.

The Better Alignment Project is going well but is only one step towards the results our constituents are asking for. Certainly, the project will not produce a rationalization as urgently as is wanted due to the varied structures and due processes of the different organizations involved, who have to respond to their individual stakeholders' needs.

Following a CRD strategic consultation meeting in May, many have been giving thought to the best way forward. I am pushing the CRD to take an active part in working out how best to proceed. My hope is that, with global support from key stakeholders including the WBCSD, the urgent solution requested for will gain quick momentum.

In the meantime, I encourage all interested parties to read our initial findings, published in September 2019. The report focuses on:

- Opportunities for better alignment in wider sustainability reporting;
- The current confusion and barriers to effective reporting on climate, with respect to the TCFD; and
- Insights on how to best integrate financial and non-financial reporting.

We continue to welcome feedback and the continued support of all stakeholders to develop an effective response."

Response to our call to action by  
**Patrick de Cambourg, President of the ANC:**

"I am convinced that a company's resilience is closely linked to the resilience of the environmental and social ecosystem in which its activities take place. Companies are therefore both parties to and drivers of change. In this context, extra-financial information of companies is crucial to assess, for themselves as well as for all the stakeholders, the way they manage their energy, ecological and social transitions. This has proven to be key in order to eventually make finance flows consistent with a pathway towards climate-resilient development.

There is strong momentum surrounding corporate extra-financial information, though it expresses itself as part of a proliferation of initiatives which lack both coordination and consistency. Making real progress means that a standardized approach must be formulated at all relevant levels (national, European Union and global) in order to achieve public legitimacy for principles and standards used in preparing extra-financial reporting.

We must take a four pillar approach consisting of:

- Quality principles and a general classification of extra-financial information (agreed upon at global level);
- A general framework of standards structured with several levels of requirements as well as additional sector-specific frameworks;
- A standardized presentation of extra-financial reporting which would prove essential for digitization; and
- A suitable governance, external control and supervision framework.

Implementation of such a project is underway and I believe it is an important part of a forward-looking European identity. It corresponds to a strong sensitivity expressed by all stakeholders – companies themselves, investors, public authorities, NGOs and citizens – with an eye to taking full advantage of ongoing transitions at all levels to provide long-term financing."





# Key findings in 2019

1

Reporting is improving

**88%** of member companies in our benchmark have improved their *Overall* scores since baseline year 2015; **38%** have improved their *Materiality* score in this timespan.

2

The state of SDG reporting

**95%** of reports reviewed acknowledge the SDGs in some way; **86%** prioritize specific SDGs and present some evidence of alignment and contribution.

3

The state of integrated reporting

**39%** of reports reviewed combine financial and non-financial information, up from **26%** of our sample in 2015; **20%** are self-declared integrated reports.

4

The state of GRI reporting

**87%** of reports reviewed reference the Global Reporting Initiative (GRI); of those, **77%** claim to be in accordance at Core or Comprehensive level.

5

Governance is strengthening

**37%** of the 123 companies in our sample with ESG data on Bloomberg Terminals link sustainability performance and executive remuneration, broadly aligned with **39%** in our 2018 sample.

6

The future is digital

**23%** of reports reviewed provide a digital-first experience; **64%** of members with an offline-first approach produce complementary online content (2017: **44%**).





# General findings

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# Trends over time since 2015

Trends over time are identified based on the 105 member companies included in both the 2015 and 2019 review cycles.

88%

of members have improved their *Overall* score\*

38%

of members have improved their *Materiality* score

15%

average improvement in the *Overall* score\*

20%

average improvement in the *Principles* score\*

14%

average improvement in the *Content* score

12%

average improvement in the *Experience* score\*\*



\*Excluding *External assurance* score which was realigned in 2016 and resulted in major score changes

\*\*The *Experience* criteria was revamped in 2017



# Report characteristics

Report characteristics are based on all 159 member company reports included in the 2019 review cycle, 169 reports reviewed in the 2015 review cycle and 158 reports reviewed in the 2018 cycle, respectively.

42%

of reports are titled sustainability reports  
(2015: 44%)

20%

of reports are self-declared integrated reports  
(2015: 12%)

4.1

average number of months between reporting period and publication  
(2015: 4.2)

102

average number of pages for stand-alone sustainability reports  
(2015: 97)

87%

of members cite GRI Guidelines or Standards  
(2015: 88%)

82%

of members have some portion of their report externally assured  
(2015: 78%)

23%

of members provide a digital-first experience  
(2018: 20%\*\*)

64%

of members with an offline-first approach produce significant online content\*  
(2018: 53%\*\*)

\*Significant online content includes microsites, webpage-based reports, multimedia or downloadable data

\*\*This data has been collected since 2018 only.



# What's material?

- The clear majority (97%) of members reviewed undertake a materiality assessment that considers stakeholder inputs. Most of these (86%) disclose an overview of the process and often publish a matrix of results within the report, continuing an upward trend (2015: 82%).
- Last year's publication overstated the percentage of companies that provided an overview of the materiality assessment process in the 2018 review cycle. We stated 89% (which is the percentage of companies that mention undertaking a materiality assessment). The correct figure for the percentage of reports that provided an overview of the process in 2018 was 82%. The graphic in this year's publication corrects that error.
- Nearly half (46%) of members reviewed this year have strong alignment between report content and materiality assessment outcomes, representing a significant upward trend (2015: 24%).
- We mapped out material issues and recategorized them into 12 topic categories. Climate change has increased in importance since last year, moving from the fourth most prevalent issue (60% of reports) to the third most prevalent issue (66% of reports). Economic and governance issues continue to play a large role in determinations around materiality for member companies.
- Asian- and European-headquartered companies in our sample cite labor practices and economic considerations at a higher rate than do American-headquartered companies. Asian-headquartered companies are the most likely to focus on issues related to product responsibility, non-renewable resource use and ecosystem services. American-headquartered companies are more likely to focus on governance and topics related to waste and effluents.

Figure 1: materiality process disclosure (% of reports)



Table 3: percentage of companies with priority material issues by topic in 2018/19

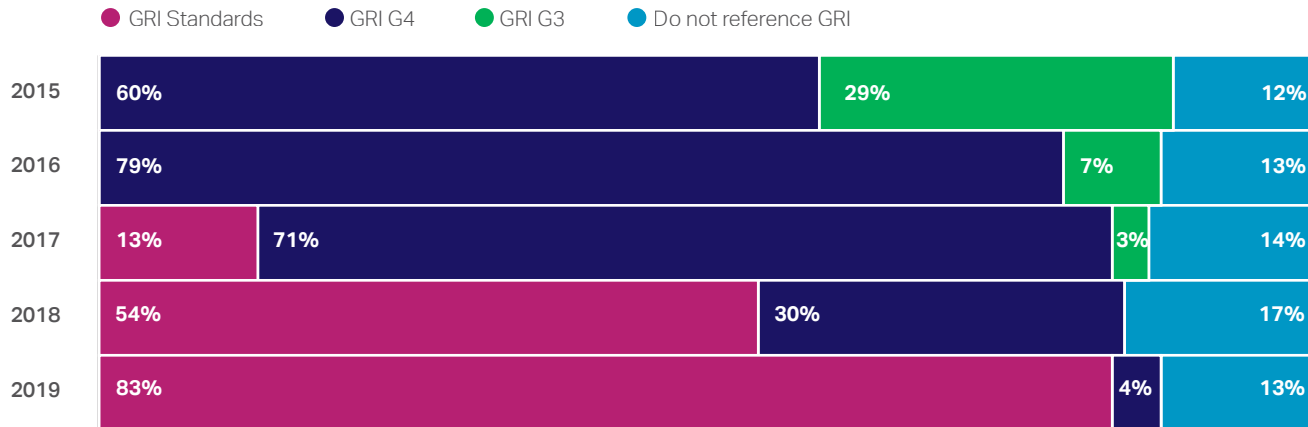
% of companies			% of companies		
2019	2018	Material issue topic	2019	2018	Material issue topic
83%	74%	Labor practices decent work	54%	56%	Society
80%	67%	Economic	48%	40%	Renewable resource use
74%	60%	Climate change	40%	35%	Supply chain practices
72%	66%	Governance	35%	27%	Waste and effluents
57%	49%	Human rights	34%	20%	Non-renewable resource use
57%	49%	Product responsibility	28%	18%	Ecosystem services





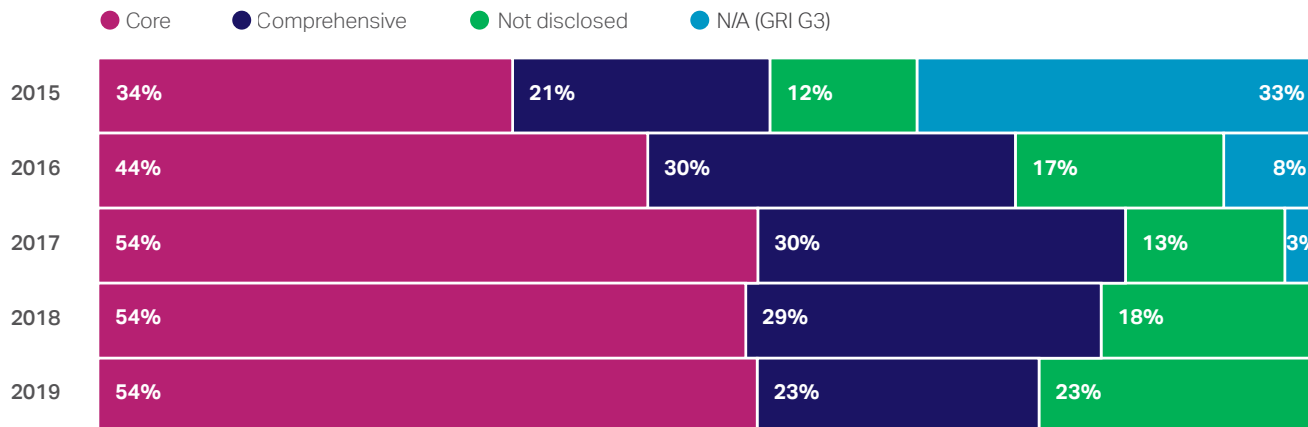
# What's the status of GRI reporting?

Figure 2: GRI Frameworks and Standards referenced (% of reports)\*



- The clear majority (87%) of reports reviewed reference the GRI, including 79% of combined and self-declared integrated reports. This is consistent across geographical headquarters.
- Of the reports that reference the GRI, 95% specifically mention the GRI Standards published in October 2016. Of the reports that reference GRI, 23% do not specify if they are “in accordance” with either the comprehensive or core options, continuing the upward trend (2015: 12%), while the majority (54%) of reports continue to disclose to the “core” in accordance option.
- Reports reviewed that disclose to a “comprehensive” level continue to outperform members that disclose to the “core” in accordance option against our *Content* (70% vs. 65%) and *Principles* (66% vs. 61%) categories.

Figure 3: GRI application levels and in-accordance options (% of reports)\*



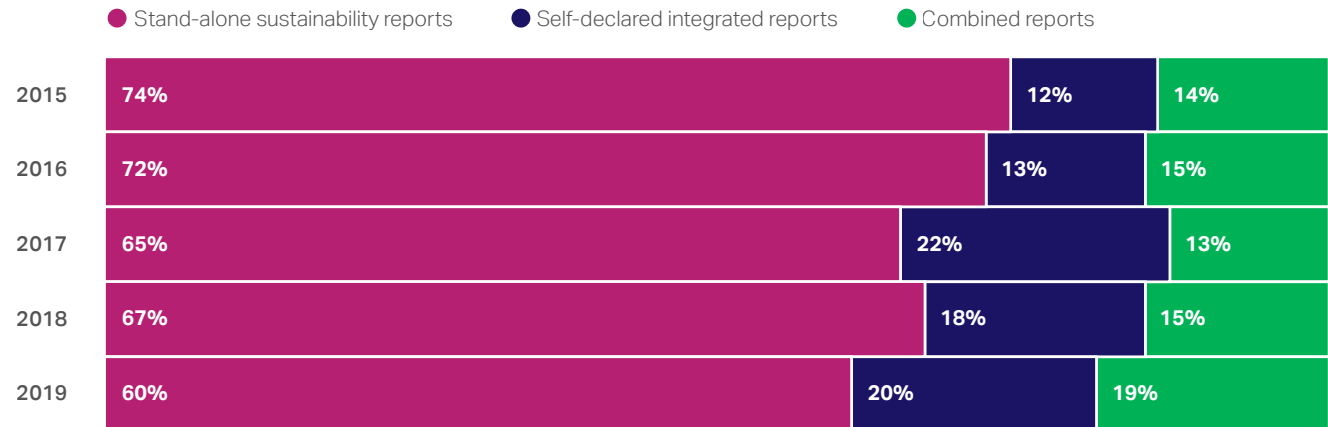
\*Due to rounding to whole numbers, some percentage data points may total 99 or 101



# What's the status of integrated reporting?

- The relative percentage of stand-alone sustainability reports within the review sample has dropped from 74% in 2015 to 60% in 2019. This is due to the increase in self-declared integrated reports and annual reports that combine sustainability and financial information.
- Self-declared integrated reporting continues to gain traction within WBCSD's membership, increasing from 12% of the review sample in 2015 to 20% in 2019. European-headquartered members are much likely than Asian- and American-headquartered information to combine sustainability and financial information into a single report (52% compared with 32% and 19%, respectively).
- Reports that combine financial and sustainability information make up five of our top 12 performers and nearly half (48%) of top quartile reports.
- Self-declared integrated reports continue to score better than other sub-populations, particularly in the *Principles* (63% vs. 57%) category.

Figure 4: state of integrated reporting (% of reports)\*



\*Due to rounding to whole numbers, some percentage data points may total 99 or 101







# How quickly are reports being published and what are members calling their reports?

Figure 5: time between end of reporting period and publication of report (% of reports)\*

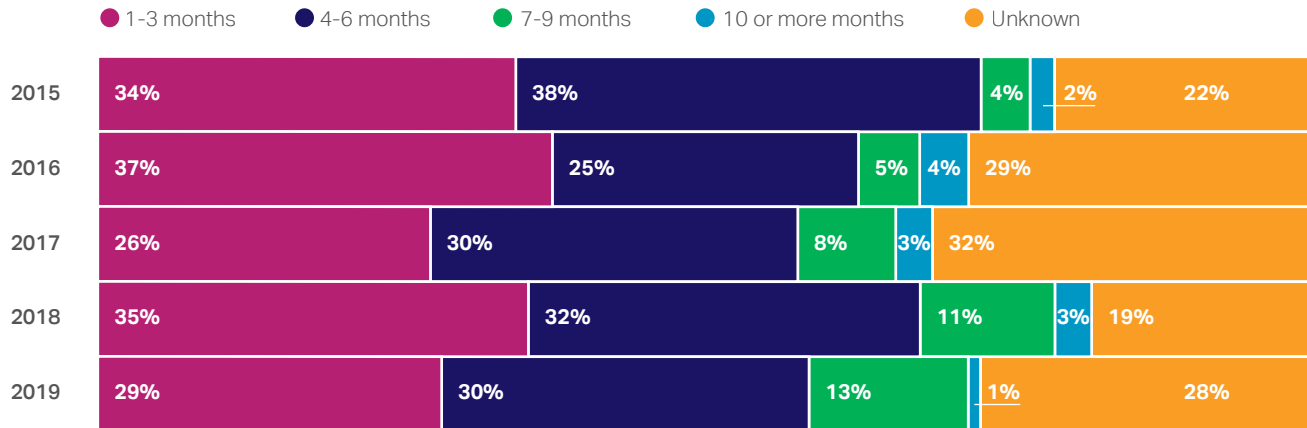
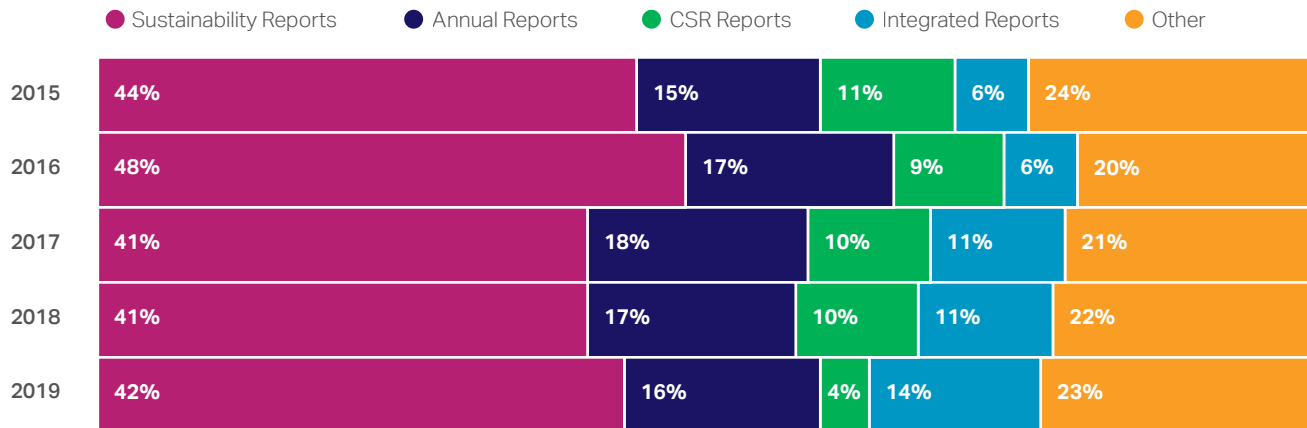


Figure 6: report titles (% of reports)\*



- The average time between the end of the reporting period and publication remains at around four months.
- Combined and self-declared integrated reports continue to be largely aligned with financial reporting expectations (typically three months after the end of the fiscal year).
- The overall average for stand-alone reports is 4.8 months and around 3.2 months for reports that combine financial and sustainability information. This varies significantly by geography. European-headquartered companies published stand-alone sustainability reports 3.6 months after the close of the fiscal year whereas Asian- and American-headquartered members have a much more noticeable time gap (4.8 months and 5.6 months, respectively).
- The most common report titles in our review sample continue to include the word “sustainability” (42%). This is largely aligned with results from 2015-2018. Other common titles include “annual” report (16%) and “integrated” report (14%). Use of “Corporate Social Responsibility” or “CSR” has dropped from 11% in 2015 to 4% in 2019.
- Keep in mind that several members produce a combination of annual, integrated and stand-alone reports to communicate sustainability information. Our data sample refers specifically to the fullest source we have been asked to review by each member company. That being said, this does give an indication of report titles that members feel provide the “fullest source” of sustainability information.

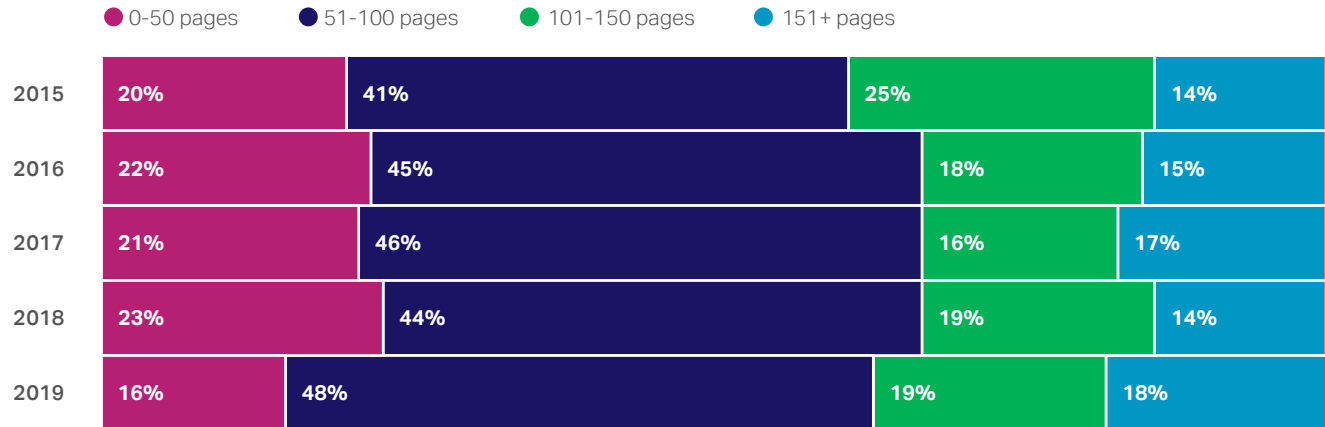
\*Due to rounding to whole numbers, some percentage data points may total 99 or 101



# How much is enough?

- The average length of stand-alone sustainability reports crept up from 97 pages in 2015 to 102 pages in 2019. The shortest stand-alone report we reviewed this year was nine pages and the longest was 429 pages.
- The average length of reports that combine sustainability and financial information was 246 pages. The shortest we reviewed was 14 pages while the longest was 769 pages.
- Since 2015, there has been a shift towards the 51-100 and 151+ page ranges for stand-alone sustainability reports, with fewer companies opting for short (less than 50 pages) or intermediate (between 101 and 150 pages) reports.
- Similar to last year, stand-alone reports continue to average 90-100 pages but external links and complementary online content is increasing. This means we have shorter documents but not necessarily less disclosure.
- The majority (64%) of companies that take a PDF-first approach to reporting produce significant complementary information about sustainability online. As reports move online and become more fractured in nature, it is becoming harder to track the volume of content.

Figure 7: number of pages for stand-alone sustainability reports (% of reports)\*



\*Due to rounding to whole numbers, some percentage data points may total 99 or 101



# Who is validating performance?

Figure 8: types of assurance (% of reports)\*

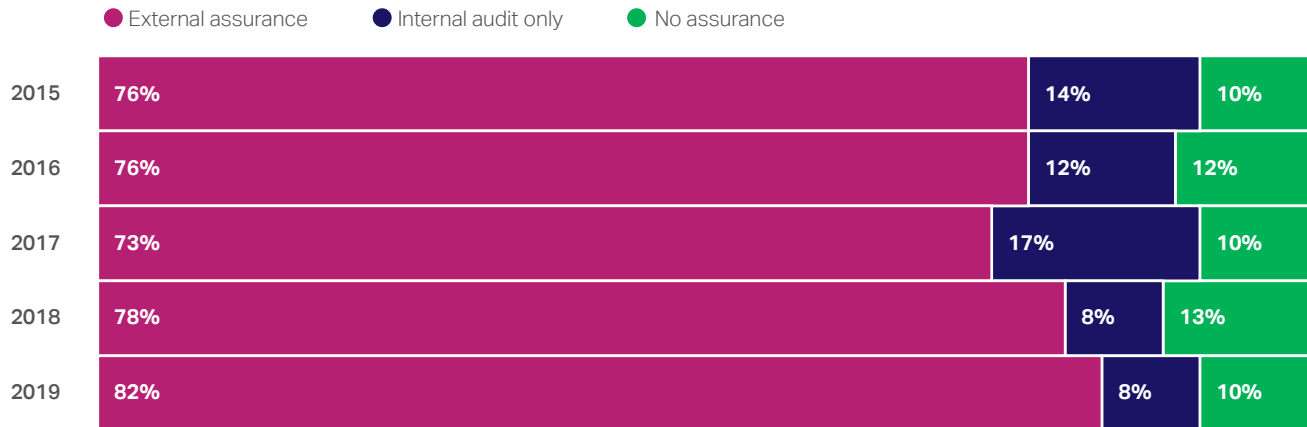


Figure 9: levels of external assurance (% of reports)\*



- Nearly all (90%) of reports reviewed have some form of assurance on their sustainability disclosures, be it through external assurance or internal audit assurance (2015: 90%).
- Compared with 2015, fewer companies in our 2019 sample relied on internal audit (8% vs. 14%) and more sought external assurance (82% vs. 76%).
- Of those obtaining external assurance, a limited level of assurance on a large range of indicators or the reporting process continues to be the norm (76% vs. 72% in 2015). A combination of limited and reasonable assurance (18%) and reasonable assurance on the whole report (5%) still see moderate use.
- European-headquartered companies (26%) are leading the way in terms of combined and reasonable assurance, with American- and Asian-headquartered companies trailing (14% and 11% respectively).
- Reports with a reasonable or combined level of assurance continue to score higher than the rest of the population on average, even after accounting for the contribution of the *External assurance* indicator to *Overall* scores.

\*Due to rounding to whole numbers, some percentage data points may total 99 or 101





# Spotlight on the SDGs

2019 represented an important year for taking stock of global SDG progress at the United Nations (UN) level and efforts to measure corporate progress in advancing this agenda. WBCSD is continuing to work with its members to help them navigate the SDGs, make them as actionable as possible for the private sector and advance robust SDG-related disclosure.

In July, countries from around the world gathered at the annual High-Level Political Forum on Sustainable Development (HLPF) to discuss progress on the SDGs. This year's meeting marked the end of a cycle that has seen all 17 SDGs explored in depth as part of discussions over the last four years.

In addition to the annual HLPF, the UN undertakes an additional SDG Summit every four years under the auspices of the UN General Assembly (UNGA). This seeks to review progress of the 2030 Agenda at the level of heads of state and government. In September 2019, world leaders assembled for the first SDG Summit since the Goals were launched in 2015.

The UN Secretary General also released a report exploring progress made on the SDGs over the course of the past four years. In this report, the Secretary General states that he is encouraged to see so many governments and institutions engaging strongly with the SDG agenda. 142 countries have submitted Voluntary National Reviews (VNRs) over the last four years, many cities are engaging strongly and the UN itself has undertaken substantial overhauls to make SDG delivery more efficient and effective. The report identifies areas where progress has been made across the goals – from efforts to improve access to energy to initiatives to enhance the number of marine protected areas. It also points to a number of more worrying trends, including a significant increase in the number of people facing malnutrition globally, a deterioration in the rate of progress towards tackling extreme poverty, continued increase in global emissions and the unabated threat posed to global biodiversity and ecosystems. Ultimately, the report underlines a clear imperative for all of us to act faster and to scale up our response.

## Enhanced scrutiny on business performance

While 2019 has been an important year in terms of taking stock of SDG progress, it has also seen enhanced scrutiny of private sector efforts to deliver the SDG agenda. A prominent example is the continued advancement of the **World Benchmarking Alliance (WBA)** and its ambitions to rank 2,000 companies on their SDG performance across a series of topical benchmarks. The first of these benchmarks will be released before the end of 2019.

## Emerging partnerships to drive achievement of the SDGs

Against this backdrop of a need for accelerated action it is imperative for businesses to come together and explore and advance pioneering new forms of partnerships to drive forward SDG progress. The transformative ambitions of the SDGs will not be achieved through business as usual or through the efforts of any one actor in isolation. The last 12 months have seen the emergence of several notable initiatives when it comes to building SDG-focused collaborations.

## Cooperation at the sector level

This year we continued to see the emergence of sector-level initiatives to advance the SDGs. Following the SDG Sector Roadmap that was published by the chemicals sector in 2018, in recent months we have seen the publication of the **Indian Cement Sector SDG Roadmap** and the **Forest Sector SDG Roadmap**, both of which set out a series of collective ambitions from these important industry groups on how they can come together to maximize and realize their potential to drive positive SDG impact on the road to 2030.





In April, IPIECA, the global oil and gas industry association for advancing environmental and social performance, and WBCSD agreed to collaborate to develop a similar SDG Sector Roadmap for the oil and gas industry. It will build on the SDG Atlas that the industry published in 2017. The final Roadmap will be jointly developed by IPIECA and WBCSD to be launched in the summer of 2020. It will draw from WBCSD's SDG Sector Roadmap Guidelines in terms of methodology.



### Cooperation at the systemic level

While sectors are continuing to articulate SDG roadmaps for their respective industries, we're also seeing a surge in ambitions around cross-sector initiatives that seek to tackle broader systemic issues. Recognizing that a brighter future depends on rapid changes to our food and land use systems, the **Food and Land Use Coalition (FOLU)** is accelerating a coordinated effort to provide healthy and affordable food for the growing number of people worldwide, build a more resilient, prosperous economy for rural populations, protect the planet's natural resources and absorb more greenhouse gases. FOLU released its **global consultation report** in September 2019.

June 2019 also saw the launch of a new **Business for Nature** coalition. It is calling for action to reverse nature loss and restore the planet's vital natural systems. One Planet Business for Biodiversity (OP2B) – an action-oriented coalition of businesses committed to preserving biodiversity with actions that deliver nature-based solutions to address climate change – also launched this past year. Finally, in recognition of the critical environmental threat posed by marine plastics, over 40 companies from across the plastics value chain have come together to form the **Alliance to End Plastic Waste (AEPW)**. These companies have pledged USD \$1.5 billion over the next over the next five years to develop cutting-edge solutions, and cross-sectoral partnerships to address this issue and eliminate plastic waste from our environment.

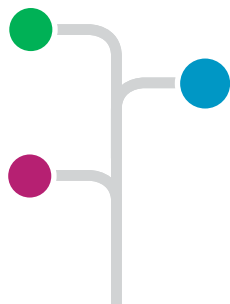
For more details on the latest trends regarding business and the SDGs, visit WBCSD's **SDG Business Hub**.

### How we factored the SDGs into this year's review cycle and what we found

WBCSD led two SDG integration and reporting workshops in London and New York in 2019, generously hosted by Mitsubishi Corporation and Baker McKenzie respectively. The aim was to provide WBCSD members with a forum to explore emerging SDG-related trends and engage in open and frank exchange around best practice with regard to SDG integration and disclosure.

We gathered feedback from members on key enablers and barriers to integrating the SDGs into their strategy and external disclosure as well as how they are currently attempting to report against the SDGs.

We came away from these workshops with a better understanding of the confusion and frustration in the marketplace. Based on this, we decided to continue to display the SDGs as a stand-alone indicator in the framework – one that does not directly factor into *Category* or *Overall* scores. We also decided to collect a range of detailed data during this year's review to enable us to make informed decisions heading into the 2020 review cycle.





### Detailed findings

The vast majority (84%) of members reference specific Goals in their report. Typically, six to 10 Goals are referenced (35% of reports). Less than a third of reports (29%) prioritize five or fewer Goals. For the third straight year, the most commonly referenced Goals were SDG 13 (87%), 12 (81%) and 8 (76%). Goals 14 (32%), 1 (34%), 16 (38%), 2 (41%) and 10 (41%) continue to be underrepresented, relative to the others.

European-headquartered companies were about twice as likely as Asian and American-headquartered companies to score three or four out of four on SDG reporting against our framework (26% of European companies vs. 13% of Asian companies and 11% of American companies).

Nearly all (96%) of reports reviewed reference the SDGs. Of those:

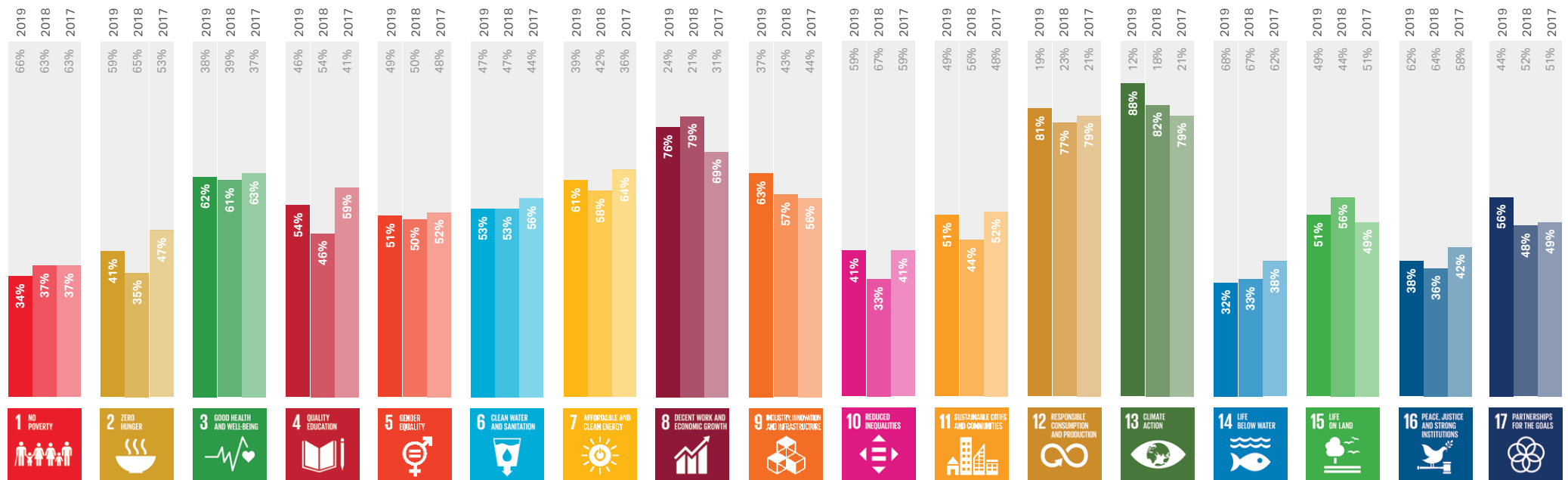
- About a fifth (20%) discuss Target-level SDG information, with the remainder of disclosures focusing on Goal-level information.
- Almost half (47%) include them in leadership statements, but only 20% of these leadership statements provide detailed discussion on the SDGs.
- About a quarter reference a prioritization process (26%), ties to strategy (25%) and ties to the materiality assessment process (24%).
- Reports rarely align key performance indicators (KPIs) (6%) and targets (15%) to the SDGs.
- Very few (1-2%) make reference to Enterprise Risk Management (ERM) and human rights in relation to the SDGs.

### Our plans moving forward

WBCSD provides a platform for member companies to contribute to a wide variety of SDGs by engaging with its multiple workstreams. Our **SDGs Program Area** will continue to focus on supporting companies as they look to strategically integrate and communicate around the SDG agenda.

As we head into our off-season (November 2019 through March 2020), the *Reporting matters* team will take a deeper dive into the data and we work with our project partners at RY to decide if, and how, we want to further integrate SDG considerations into the framework.

Figure 10: frequency of reference to specific SDGs (% of reports)





# SDGs indicator

The SDGs represent the global agenda for sustainable development. They can be used as a contextual framework against which companies can report on impacts – both positive and negative – that they have on the external environment.

## Key recommendations

- Prioritize specific SDGs for your company based on a thorough analysis of how your organization has the potential to contribute to the realization of this agenda both through enhancing positive impacts and mitigating negative impacts on people and planet;
- Align priority SDGs with strategy, materiality and value chain impacts – preferably at a target level;
- Use concise, outcome-driven case studies to demonstrate evidence of activities and collaboration;
- Demonstrate clear executive leadership in driving the SDG agenda; and
- Measure your concrete contribution to key SDGs using KPIs and specific, measurable, achievable, realistic and time-bound (SMART) targets.

## Methodology notes

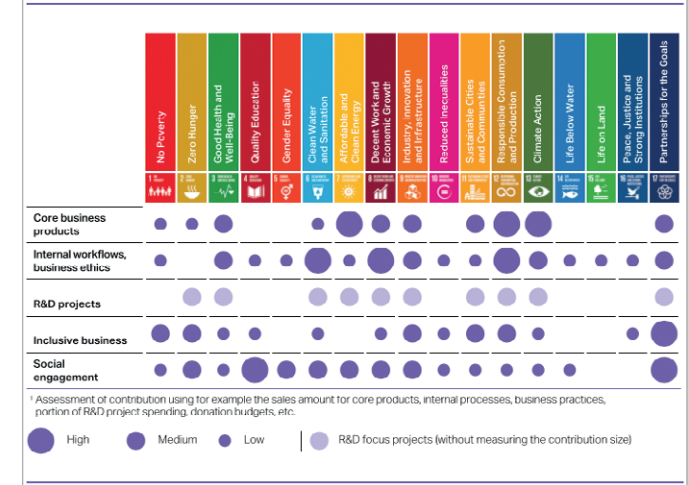
- Our 2018 cycle marked the first year we placed an SDG score on confidential scoring dashboards sent to members, but these scores did not contribute to *Category* or *Overall* scores.
- In 2019, we refined the approach based on member feedback received during workshops and feedback sessions. We collected data on member approaches based on this feedback.
- As in 2018, the SDG indicator does not contribute to any *Category* or *Overall* scores in 2019.
- We anticipate using the results of data analysis to inform ways to integrate the SDGs into the framework itself moving forward.

## Good practice

### Covestro

Covestro's section on the SDGs in the **GRI Supplement** of its **Annual Report** focuses on its opportunities to make a positive contribution and to avoid negative impacts. It demonstrates integration of the SDGs into corporate strategy through its **Corporate Commitment** on contribution to the SDGs. An internal study looks at target-level analysis of current contributions and areas where Covestro can funnel research and development projects in alignment of the SDGs. A corporate target to align 80% of its research and development project spending with the SDGs demonstrates strategic commitment and direction.

Covestro's Current Contribution to UN Sustainable Development Goals (2017 Internal Study)<sup>1</sup>



## Good practice

### Danone Group

Danone explicitly aligns its 2030 Goals and KPIs to the SDGs in the **2018 Company Dashboard** which accompanies its **Integrated Annual Report 2018**. It highlights links between sustainability strategy and the SDGs and clarifies these links in the "Our Contribution to the UN's SDGs" section of the reporting suite. Danone further details its contributions with pages specific to each SDG. These highlight context, the sub-goal level criteria to which Danone contributes, relevant business themes from the SDG Compass and examples of relevant partnerships and activities.

	1 No poverty	2 Zero hunger	3 Good health and well-being	4 Gender equality	5 Clean water and sanitation	6 Affordable and clean energy	7 Decent work and economic growth	8 Responsible consumption and production	9 Climate action	10 Life below water	11 Life on land	12 Peace, justice and strong institutions	13 Partnerships for the goals
Level of Danone's engagement	Commitments	Major focus	Major focus	Commitments	Major focus	Commitments	Major focus	Major focus	Major focus	Commitments	Commitments	Commitments	Major focus
Offer superior food experiences and innovative products			✓					✓					
Deliver superior, sustainable, profitable growth								✓	✓				
Be certified as a B Corp								✓	✓				✓
Impact people's health, locally		✓	✓										
Grow Manifesto Brand								✓					
Protect and restore the planet's resources		✓			✓	✓			✓	✓	✓		
Extend Danone's capacity to create new future			✓	✓	✓			✓					✓
Foster inclusive growth	✓	✓		✓	✓			✓					
Secure the food conditions with partners													✓





# Detailed findings

This section delves deeper into each indicator, providing definitions, key recommendations and methodology notes on changes in the underlying criteria or points of emphasis in the review process.

Good practice examples are highlighted for each indicator. These put the spotlight on members who excel at particular aspects of reporting. We aim to include a range of geographies and sectors and to highlight different companies each year, and across each indicator.

## In this section

- 23 The evaluation framework
- 24 Stora Enso discusses materiality
- 33 Mondi discusses how they take an audience-led approach
- 42 Radley Yeldar discusses their views on the state of sustainability and the importance of visual language







# The evaluation framework

## Principles

This category draws on the fundamentals of reporting found in major sustainability and mainstream reporting frameworks.



Completeness

See page 26



Materiality

See page 27



Stakeholder engagement

See page 28



External environment

See page 29



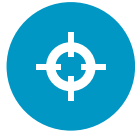
External assurance

See page 30



Balance

See page 31



Conciseness & alignment

See page 32

## Content

This category analyzes how priority material issues are managed and disclosed upon in the report.



Sustainability governance

See page 35



Strategy

See page 36



Implementation & controls

See page 37



Targets & commitments

See page 38



Performance

See page 39



Partnerships & collaboration

See page 40



Evidence of activities

See page 41

## Experience

This category looks at how the report is used to help meet the needs of specialist and generalist audiences.



Accessibility

See page 44



Story & messaging

See page 45



Navigation & flow

See page 46



Compelling design

See page 47



# Stora Enso discusses materiality

Stora Enso develops and produces wood and biomass-based solutions for a range of industries and applications worldwide. The company is headquartered in Helsinki, Finland. Noel Morrin, Executive Vice President, Sustainability and member of the Group Leadership Team is on WBCSD's Redefining Value Board and co-chairs WBCSD's Forest Solutions Group (FSG) sector project. We sat down with him to learn more about what drives Stora Enso's sustainability reporting.

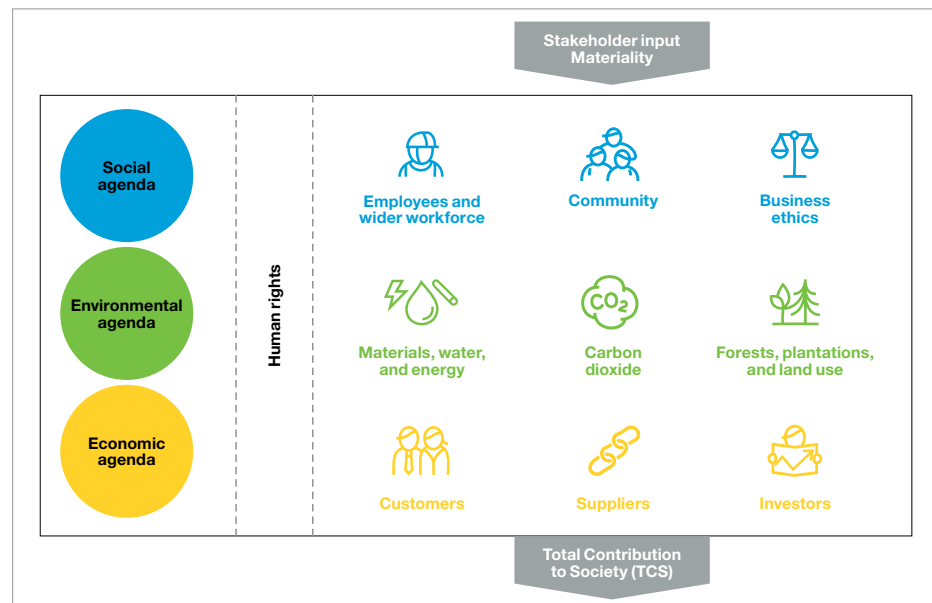


A key strength of Stora Enso's sustainability report is the clear alignment between outcomes of the materiality assessment and content of the report. Why is this alignment so important?

Clear alignment between the outcomes of our materiality assessment and our public disclosure is important because it demonstrates that we have taken account of key externalities (opportunities and risks) in our corporate policies and strategies over time. Furthermore, it shows in a structured way how these policies and strategies are operationalized in our systems, processes and procedures, which in turn are backed up with both quantitative and qualitative evidence. That said, the scope of the materiality assessment is a crucial starting point; it must focus on strategically important stakeholders. In other words, for Stora Enso, the quality of reporting is more important than quantity.

Stora Enso's report highlights the work of WBCSD's Purpose-driven Disclosure (PDD) project. How does this work align with Stora Enso's reporting process?

At Stora Enso, we start from the position that there is a hierarchy of stakeholders from corporate to divisional to local. We group them into two categories: those we have market-based relationships with like customers, suppliers and investors; and those we do not – for example communities, regulators and NGOs. PDD provides a valuable prioritization lens to decide on what is truly important. We support the process advocated in the **ESG Disclosure Handbook**: separate fashion from trend, especially when it comes to investors, and adopt the mantra that "less is more". Materiality trumps the desire to disclose everything – not everything is important, even if it can be measured, and not every request for disclosure needs to be answered.





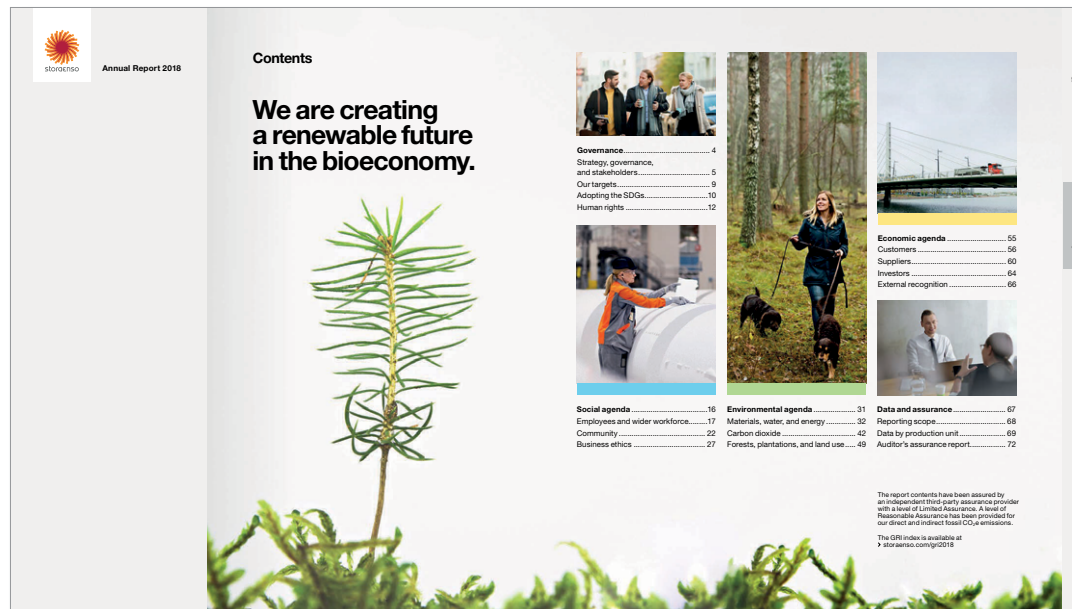
A particularly strong aspect of Stora Enso's reporting is the focus on external environment. Why is tying the broader operating context into sustainability reporting so important?

No company has a natural right to exist. The history of business is littered with examples of successful companies that ceased to exist because they failed to stay sufficiently connected with their external environment. They missed or ignored societal and other trends.

Stora Enso depends on trees as its key raw material. Most come from Nordic countries where it typically takes about 80 years for a seedling to reach maturity. We are a capital-intensive company with long investment cycles. We have to be sensitive to the world in which we operate over many decades. As a result, we welcome developments like the TCFD. Stora Enso is at the front line when it comes to managing the opportunities and risks posed by global warming.

Stora Enso has obtained a limited level of assurance on the broader sustainability report and a reasonable level of assurance on greenhouse gas (GHG) emissions. What are the benefits of obtaining a reasonable level of assurance on these metrics and how do you anticipate this space evolving?

Our long-term objective is to reward investors, but not at the expense of other stakeholders or the planet. We believe data sets that are materially important to investors need to be on a par with financial data in terms of quality; in other words, reasonably assured. We started with Scope 1 and 2 GHG emissions in 2015 and we are now assessing the business case for gaining reasonable assurance on water. Underpinned by the confidence provided by our science-based targets, our Group Treasury has tapped debt markets. In the past year, they have successfully signed a Euro denominated Revolving Credit Facility loan and issued the second largest ever Green Bond in Swedish Krona.



We encourage all WBCSD companies to sign up for Reasonable Assurance on data sets where they have a clear business case.

**Noel Morrin**





# Principles: Completeness



Company impacts are often so widespread that it is important to report on the company's broader value chain, beyond its direct operations. Complete reports describe the scope and boundaries of the report and discuss direct and indirect material impacts along the value chain.

### Key recommendations

- Describe reporting scope and boundaries for material issues;
- Disclose organizational boundaries such as business segments and sub-operations included in the report;
- Describe the stages of your organization's value chain and map direct and indirect material impacts at each stage; and
- Discuss material impacts beyond direct operations, including upstream and downstream considerations.

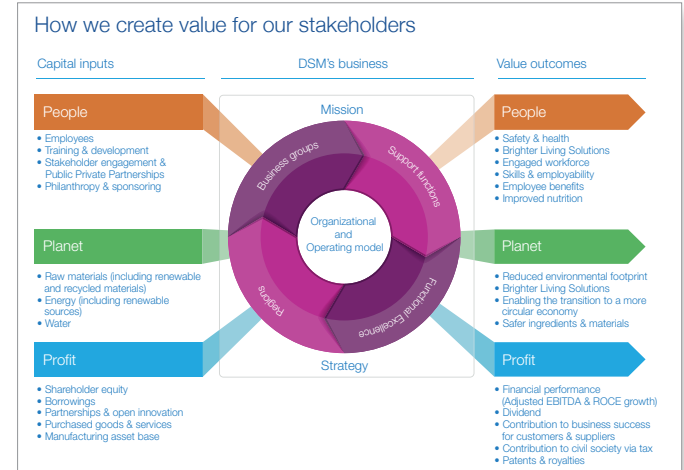
### Methodology notes

- We look for clear disclosure of value chain boundaries for material topics and a centralized narrative on value chain considerations.

### Good practice

#### Royal DSM N.V.

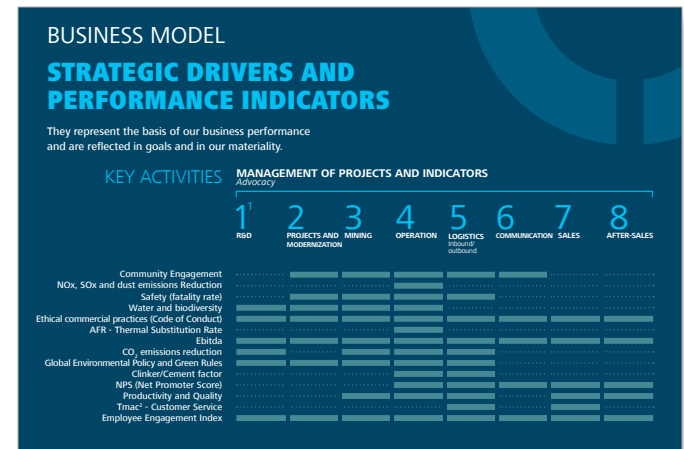
DSM's value creation model, on pages 32-33 of its **Integrated Annual Report 2018**, includes information on capital inputs, value outcomes, impact and links with the SDGs. It has clustered this information according to People, Planet and Profit since 2002. Each of the six capitals of the IIRC Framework is highlighted individually underneath. DSM covers direct and indirect impact throughout the value chain in the rest of its report. It also incorporates a "Non-financial reporting policy" section on pages 106-107 that covers the technical details we look for. This clearly explains which standards and frameworks are used and details the scope, boundaries and data collection process for KPIs covered in the report, including information on acquisitions and divestments.



### Good practice

#### Votorantim Cimentos S/A

Votorantim Cimentos opens its **2018 Integrated Report** with an "About this report" section that lays out the scope and organizational boundaries of the report. It maps out its business model through a range of infographics on pages 22-23. This includes relevant information such as the elements of their value proposition, strategic partnerships and alliances, strategic drivers and material issues across eight key activities to demonstrate how these activities are related to each area. The eight key activities span the full value chain from research and development to mining, communications and after-sales. The contents of the report include disclosure on direct and indirect impacts.





# Principles: Materiality



A materiality process identifies and prioritizes the most significant ESG risks and opportunities from the perspective of the organization and its key stakeholders. It looks at the relative importance of issues to stakeholders and their impact on the business to help determine priority issues. Materiality forms the foundation for effective strategic decision-making, such as setting strategy, goals and KPIs.

## Key recommendations

- Describe specific steps taken to identify, prioritize and validate material issues, including how you took the perspective of your organization and key stakeholders into account;
- Include a range of factors when identifying and prioritizing issues, such as external trends, magnitude and likelihood of impacts, changes in materiality and alignment with enterprise risk management;
- Disclose a prioritized list of outcomes through a matrix or concise list of highly material issues;
- Where appropriate, acknowledge divisional and geographical differences;
- Align the content of your report with outcomes of the materiality assessment, including strategy, targets, performance indicators, evidence of activities and details on implementation and control mechanisms;
- Demonstrate internal validation of the results of the materiality assessment; and
- Explain how third parties contributed to the assessment process or validation of outcomes.

## Methodology notes

- We look for this information in the body of the report or through clear links to additional information such as PDFs or webpages. We emphasize clear disclosure around internal validation and outside organizations that assisted in or validated the process; and
- We factor disclosures on the materiality assessment and outcomes into the *Content* analysis and they form an important part of our evaluation.

## Good practice

### CRH plc

CRH incorporates a robust description of its materiality assessment process on page 67 of its **Sustainability Report 2018**. The process is conducted with an independent external organization and ties in key external trends such as the SDGs and COP 21. It has direct ties to CRH's ERM framework and process stages are clearly explained via an infographic. CRH briefly discusses geographic differences in outcomes and publishes a materiality matrix on page 68 with three clear tiers. This simplifies the outcomes and makes it easy for readers to understand which issues are the most important.

**Our sustainability performance**

### Our materiality assessment processes

**Our processes**  
We use a range of internal and external processes to identify the ESG issues that are relevant to our business, society and key stakeholders. These include annual sustainability reporting by our business to Group CRH & Sustainability, review of issues raised through ERM processes and regular formal materiality assessment reviews.

In 2016, we carried out a new formal materiality assessment to capture potential changes as a result of our significant acquisitions and changing stakeholder expectations, including developments such as the publication of the UN Sustainable Development Goals and the Paris COP21 Global Climate Agreement. We conducted the assessment with an independent, external organisation to ensure a robust approach, following international best practice and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

As an international diversified business, certain sustainability topics are more relevant for different activities and geographies. For example, the topic of carbon is most relevant to our cement and brick businesses, while the market for sustainable products is more developed in certain European countries. The relevance of other sustainability topics did not vary by either geography or activity, including the top three topics: safety, economic value creation and business conduct. Throughout the process, the diversification of CRH in terms of business and geographies was addressed so that a global view could be reflected.

**Defining materiality**  
In the context of sustainability, we define materiality by identifying the issues and focus areas perceived to be the most significant to our organisation and our stakeholders. We identify our stakeholders through stakeholder profiling and stakeholder mapping exercises.

Identifying topics	Hearing the stakeholder voice	Prioritising	Validation	Outcomes	Next steps
A listing of environmental, social, governance and economic issues was developed as a starting point. The definition of each issue was set out.	Stakeholders were engaged through variety of means: <ul style="list-style-type: none"> <li>• Through interview and an online survey</li> <li>• Stakeholder groups covered included:               <ul style="list-style-type: none"> <li>• Customers</li> <li>• Suppliers</li> <li>• Government</li> <li>• Investors and shareholders</li> <li>• Media</li> <li>• Responsible Investment</li> <li>• Industry associations</li> <li>• Sustainability specialists</li> <li>• CRH employees</li> <li>• CRH management</li> <li>• NGOs</li> </ul> </li> <li>• Through desktop research</li> <li>• Through workshops with internal stakeholders</li> </ul>	Results and data were collated and an issue register developed. Against each issue, scores of high, medium and low were assigned based on the results of the internal and external stakeholder engagement. For the 'Impact on CRH', this included relevance for: <ul style="list-style-type: none"> <li>• Long-term organisational strategy</li> <li>• Competitive position</li> <li>• Financial value drivers</li> </ul>	Multi-step validation process included: <ul style="list-style-type: none"> <li>• Comparison with GRI Risk Register</li> <li>• Validation of process and outcomes by senior management</li> <li>• Final review of outcomes by Group executive management</li> </ul>	Internal: <ul style="list-style-type: none"> <li>• Sustainability reports content and structure</li> <li>• Continuous improvement in our sustainability approach</li> <li>• Stakeholder engagement processes</li> <li>• Identification of impacts to value chain and geographical regions</li> </ul>	Updating our formal materiality assessment as we look to: <ul style="list-style-type: none"> <li>• Our post 2020 targets</li> <li>• Further integration with SDGs and other global initiatives</li> <li>• Further evaluating externalities</li> <li>• Continuously improving our stakeholder engagement processes</li> <li>• Long-term value creation</li> </ul>

## WBCSD's work

### Purpose-driven Disclosure

Investors use corporate reports to assess a company's performance and prospects. When preparing their reports, companies use a wide range of approaches to determine what ESG information to disclose through different channels. But these diverse practices and complexities can lead to difficulties presenting "decision-useful" information for investors.

We developed the **ESG Disclosure Handbook** to help companies in their judgement process. It comprises three process steps (evaluate, decide, document) and six key questions to offer a simple, clear and practical way of optimizing confidence in externally reported ESG information.

Visit WBCSD's **Purpose-driven Disclosure project page** to learn more.





# Principles: Stakeholder engagement



Stakeholder engagement is an open dialogue process with people or groups who actively engage with an organization and are influenced or impacted by their activities, now and in the future. Engagement mechanisms can range from business-as-usual engagement – such as surveys and questionnaires – to formal mechanisms like forums, stakeholder dialogues and advisory committees. Reporting on stakeholder engagement should demonstrate that a robust process is in place and how the company is responding.

## Key recommendations

- Identify the main stakeholder groups your organization engages with such as investors, customers, employees and local communities;
- Disclose formal engagement mechanisms in place to engage with these stakeholder groups; and
- Outline the needs of specific stakeholder groups and provide evidence that their basic needs and interests have been considered and, where appropriate, acted upon.

## Methodology notes

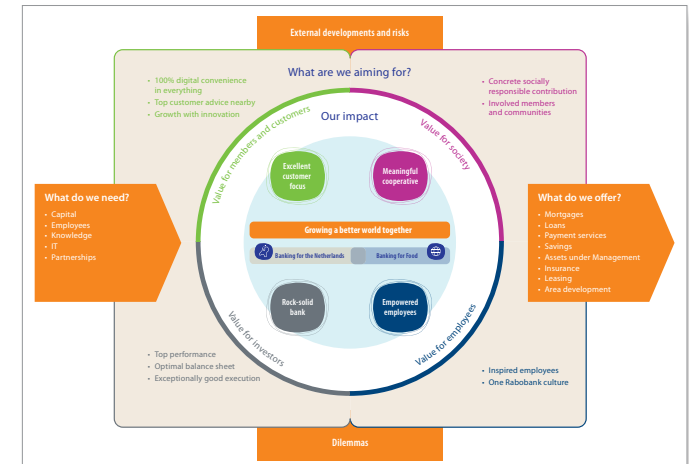
- We look for a centralized narrative on stakeholder engagement and clear evidence of what specific stakeholder groups (as opposed to a broad overview of stakeholders in general) raise as issues of concern.

## Good practice

### Rabobank Group

Rabobank frames its **Annual Report 2018** – starting on page 9 with the value creation model – around how it adds value to stakeholders. The four pillars of Rabobank’s strategy focus on value for investors, employees, society and members and customers. Throughout the text, it explains the concrete ways it has engaged with these stakeholder groups and responded to their needs.

Rabobank also provides details on how it engages with clients on material sustainability controversies and alleged issues regarding the environment, human rights, labor rights and governance on page 84 of the appendix. A table provides information on industry, region, issue type, a short issue description and issue status to demonstrate how it manages indirect impacts.



## Good practice

### SCG

SCG provides a stakeholder engagement table on pages 11-12 of its **Sustainability Report 2018**. This table includes objectives for engaging with specific stakeholder groups and engagement approaches that go beyond “business as usual”. It also covers specific actions taken in response to concerns raised and points to page numbers where additional information can be found.

The SCG Sustainable Development Committee organizes an annual “Opinion Panel” to listen to stakeholders’ perspectives, opinions and suggestions. This group comprises six qualified persons who provide balanced commentary and recommendations on SCG’s strategy – featured directly in the report on pages 13-15 – which adds balance to the report.

Stakeholder Group	Objective	Engagement Approach	Action	Page
Shareholder/ Investor/Creditor	<ul style="list-style-type: none"> <li>• Regularly disclose Company’s information and performance</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting of shareholders</li> <li>• Quarterly Analyst Conference</li> <li>• Annual company visit/business unit</li> <li>• 2 Roadshows/year</li> <li>• Communicate performances in the Annual Report and Sustainability Report</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Report</li> <li>• Sustainability Report</li> </ul>	
Employee	<ul style="list-style-type: none"> <li>• Understand employee’s need and facilitate for their happy work life</li> <li>• Enhance employee’s skills and capability</li> <li>• Communicate and inform employees about company’s direction, performance and business movement</li> </ul>	<ul style="list-style-type: none"> <li>• Acknowledge issues and expectation through formal and informal channels</li> <li>• Support employee’s learning for new trends and issues</li> <li>• Initiate Internal Startup projects which promote employees’ competence and skills to create innovation for business</li> <li>• Quarterly Leadership Forum</li> <li>• Quarterly Meeting with Executives</li> <li>• Employee engagement survey / 2 years</li> <li>• Facilitate employee’s accessibility to information through Employee CONNECT application</li> </ul>	<ul style="list-style-type: none"> <li>• HATCH-WALK-FLY</li> <li>• Innovative Ideas Challenge 2018</li> <li>• Employees Caring and Development</li> <li>• Learning the Digital World</li> <li>• Engagement Survey</li> <li>• Health and Safety</li> <li>• Human Rights</li> <li>• Sharing Opportunities Drawing the Future</li> </ul>	<ul style="list-style-type: none"> <li>30</li> <li>32</li> <li>34</li> <li>36</li> <li>38</li> <li>51</li> <li>62</li> <li>79</li> </ul>
Supplier	<ul style="list-style-type: none"> <li>• Create value for supplier’s operation</li> <li>• Support and enhance supplier’s operation, aiming to maximize efficiency</li> <li>• Take care of supplier’s working condition and safety</li> <li>• Enhance supplier’s capacity and skills for safe working</li> </ul>	<ul style="list-style-type: none"> <li>• Support knowledge and management of environmental, social and governance ESG to leverage supplier’s performance, reduce operational risk and reputation damage</li> <li>• Share knowledge and trends which might affect supplier’s business activity</li> <li>• Raise awareness and transform working behavior to safety culture</li> </ul>	<ul style="list-style-type: none"> <li>• Transportation Safety Management System: Driven by Technology and Hearts</li> <li>• Human Rights</li> <li>• Supplier Governance and Enhance towards Sustainability</li> <li>• Go Green Together</li> <li>• Trainings for Safety Enhancement</li> </ul>	<ul style="list-style-type: none"> <li>53</li> <li>63</li> <li>68</li> <li>70</li> <li>71</li> </ul>





# Principles: External environment



External environment refers to actual and potential changes to an organization's operating environment that could impact its strategy and performance. It can include ESG risks and opportunities arising from megatrends, industry-specific trends and shifts in the regulatory environment. It is important to connect potential changes in the external operating environment to the company's strategy and performance.

## Key recommendations

- Identify key megatrends, industry-specific trends and regulatory trends that may impact your organization; and
- Discuss forward-looking information on how the external environment could impact strategy and performance and how it factors into the materiality assessment process.

## Methodology notes

- We look for clear and varied disclosure on these trends and how they relate to material issues. For example, an oil and gas company that has a clear risk factors section on climate change but no discussion of human rights in the value chain would have a potential area to improve.

## Good practice

### Novozymes A/S

Novozymes identifies five global trends that have the potential to impact its business in **The Novozymes Report 2018**. It describes these trends, how Novozymes is responding and concrete examples of programs in place. Novozymes places the discussion of trends in the "Business model" section of the report to provide context for the rest of the report contents. It follows this up with a detailed overview of risk management which features industry and regulatory trends with sections on potential impact and mitigation measures for 2019, a summary of mitigation activities in 2018 and a section looking beyond 2019. These disclosures provide robust evidence of how the external environment impacts Novozymes' strategy and performance.

**Macrotrends that impact our business**

Novozymes' growth and long-term success are influenced by developments around the world that translate into global macrotrends. Some of these trends present potential opportunities while others present potential risks, all of which inform and shape our innovation and operational strategies.

Novozymes has identified the global macrotrends with the potential to impact our business.

	Transition to sustainable agriculture	Energy transition
<b>Description</b>	A growing population, shifting consumer preferences and climate change-related supply chain disruptions are putting increased pressure on global food supplies. At the same time, agriculture is in competition for land with other uses (e.g. urbanization). For these reasons, the agricultural sector is seeing growing demand for new and innovative sustainable food production solutions.	Rapid urbanization and a growing population are driving up demand for electricity, heat and transportation. The global movement toward a low-carbon economy and the fight against climate change are triggering a major shift in the global energy system. The cost of renewable energy is falling, and the world is increasingly exploring low-carbon alternatives to fossil fuels.
<b>Our response to the trend</b>	Many of Novozymes' solutions are making a significant contribution to the transition to sustainable agriculture, and this remains a key focus area for innovation.	Novozymes' response to the global energy transition is supported by our commitment to increase the share of renewables in our energy mix as well as by our Bioenergy solutions, which address the need for low-carbon alternatives in the transportation sector, which is still heavily dependent on fossil fuels.
<b>Example</b>	<b>Balanced™</b> : A natural biological solution developed by Novozymes in partnership with DSM for improved chicken gut health, reducing the amount of feed required to raise an animal by 3%.	<b>bioE50</b> : Novozymes is a founding member of this global campaign to reduce emissions in the transportation sector by increasing demand for sustainable fuels.

Our Business | Business model | 31

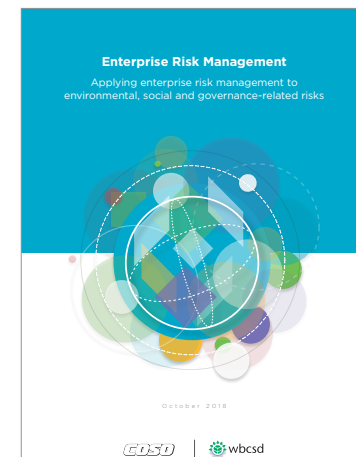
## WBCSD's work

### Enterprise Risk Management

Many top global risks are now either social or environmental. This marks a shift in the global risks landscape in the past 10 years. In the past, "non-financial risks" that affected business and had clear financial and reputational impact were seen as "black swan" events – occurring rarely but with significant consequences. Now their impacts represent a present risk.

We partnered with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to develop **Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks**. It helps risk management and sustainability practitioners apply ERM concepts and processes to ESG-related risks.

Visit WBCSD's **Enterprise Risk Management project page** and read this year's **Governance & risk deep dive** to learn more.





# Principles: External assurance



External assurance of sustainability information increases the credibility and reliability of the report for users. It goes beyond internal controls and audit to provide an external opinion.

### Key recommendations

- Engage an external independent assurance provider to a limited level for the reporting process and material indicators;
- Seek to build up to a reasonable level of assurance to ensure sustainability data is investment grade; and
- Ensure that the assurance statement is easily accessible in the report or that there are direct links to where to find it online. It should specify scope, boundaries, the applied standard and level and a statement of independence.

### Methodology notes

- We revamped this indicator in 2016 to align the criteria with the recommendations of our Assurance Working Group. We focus on scope (the range of information covered) and level (the robustness of the assurance engagement process); and
- We limit scores for companies that do not undertake a materiality assessment.

### Good practice

#### Royal Philips N.V.

Philips obtains a reasonable level of assurance on its entire **Annual Report 2018** to ensure all information – including ESG data – is financial grade. Because sustainability is integral and integrated into the business, aligning financial and non-financial information is crucial. To build-up to this level and scope of assurance, robust internal controls and a willing audit partner were required. The result is increased reliability and confidence in the data for both internal and external decision-makers.



### WBCSD's work

#### Assurance & Internal Controls

Internal controls can enhance reliability of ESG data. We partnered with FSR – Danish Auditors to develop **Guidance on improving the quality of ESG information for decision-making**. It shows companies how to improve the quality of – and confidence in – their ESG information.

External assurance can enhance credibility and trust in sustainability information. We partnered with PwC to develop **Enhancing the credibility of non-financial information: the investor perspective**. It explores the value of ESG information for investors, what could make it more reliable and what role assurance can play.

We are also working with the International Auditing and Assurance Standards Board (IAASB) to provide guidance for assurance providers moving forward.

Visit WBCSD's **Assurance & Internal Controls project page** to learn more.





# Principles: Balance



Balanced reports are transparent about the organization's risks, successes, failures, challenges and opportunities, now and in the future. Reports should reflect positive and negative performance over the reporting period and include balanced external voices to enable the user to gain a complete understanding of the organization.

## Key recommendations

- Report on key challenges and areas of public concern encountered during the reporting cycle including concrete examples that relate to your organization;
- Include narrative and clear graphics that help highlight and explain areas of weak performance and missed targets; and
- Incorporate balanced external voices to bring in additional perspectives and highlight potential areas for improvement.

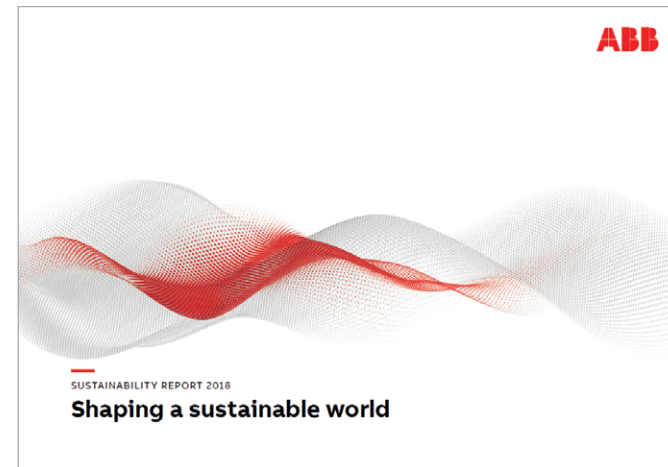
## Methodology notes

- We look at high-risk incidents from influential sources from the RepRisk platform to flag issues of public concern and specific incidents that relate to material issues.

## Good practice

### ABB Ltd.

ABB includes a third party-compiled **statement** from its Sustainability Report Review Panel in its **Sustainability Report 2018**. Panel members represent key stakeholders of the company and are selected based on their knowledge and skills in areas relevant to ABB. They provide critical feedback on specific aspects of ABB's report and sustainability agenda, including strengths and areas for improvement. ABB later discusses information on the outcomes of a supplier audit that highlighted worker rights issues and details the remedial actions taken for another incident in a **case study**. It also provides **interactive data** over a five-year time frame to allow users to explore trends over time, including its strengths and weaknesses.



## Good practice

### Sumitomo Chemical Company Ltd.

Sumitomo Chemical uses a largely balanced tone of voice in its **Annual Report 2018** and accompanying **Sustainability Data Book 2018**. The narrative balances strengths against areas of weaker performance. Visuals help to provide a balanced overview of strengths and areas where Sumitomo Chemical can continue to improve. On pages 36-39, it provides a detailed dialogue between three Executive Officers and Ms Shizuko Ohmi from Amundi Japan Ltd. This explores the current state and future of the Sumitomo Chemical Group within the context of increasing interest in ESG investing. The dialogue presents a balanced commentary and external quotes, significantly enhancing balance in its reporting suite.



# Principles: Conciseness & alignment



Concise reports focus disclosures on material issues and prioritize quality over quantity. Reports drafted in a concise manner help avoid information overload, improve coherence and shine on a spotlight on issues that are the most important to the organization and its stakeholders.

## Key recommendations

- Align contents of the report to the outcomes of the materiality assessment to avoid over or under disclosure;
- Produce a summary document or clear executive summary that provides a quick overview of strategy, performance and key activities;
- Avoid specialist or technical language (or provide explanations or definitions when used); and
- Use bullet points, short sentences, brief paragraphs and infographics to reduce word count.

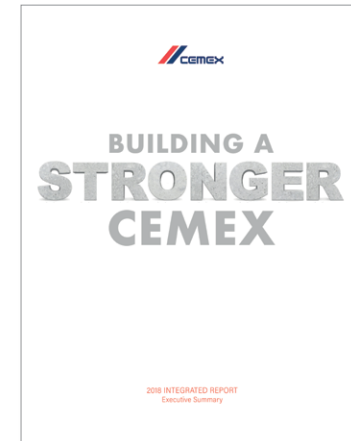
## Methodology notes

- We consider robust executive summaries, summary online content and summary PDFs when evaluating this indicator; and
- We limit scores for companies that do not undertake or focus the contents of their report on the outcomes of a materiality assessment.

## Good practice

### CEMEX

CEMEX aligns the contents of its **2018 Integrated Report** with the results of the materiality assessment, ensuring all material topics are covered in the report and avoiding over disclosure of immaterial sustainability topics. It opens its full report with a detailed CEO statement and sustainability performance highlights page and has a separately downloadable 21 page **executive summary**, available on the same downloads page of the main report. CEMEX uses short paragraphs and design elements such as feature boxes, tables and infographics to reduce text. It avoids specialist language for the most part and includes a glossary at the end of the report with necessary definitions.



## Good practice

### Eni S.p.A

Eni produces an online **highlights section** and **executive summary** of sustainability initiatives to accompany its more robust **Sustainability Report 2018**. It uses infographics, tables and pop-out boxes to break up text and reduce word count, making the content more engaging and easier to read. A separate **Path to Decarbonization 2018** report ensures their main priority is extensively covered without overshadowing other important issues in the main report. Because of this, the main report is extremely well aligned to the outcomes of the materiality assessment and is structured around a clear strategy that incorporates each material issue.







Mondi's governance disclosures highlight consideration of – and approval for – long-term GHG targets that use a science-based methodology by the Board. How did this Board-level discussion start? Why are context-based targets for material issues so important?

We are committed to reducing our GHG emissions using science-based methodology. Our Board understands that we all have a role to play in society to ensure that temperature increases due to global warming remain below levels at which irreversible changes will occur.

Given that we are a carbon and energy intensive sector, we can use our business model and our unique position in both paper and flexible plastic packaging to drive the use of renewable energy and continuously improve operational efficiency to reduce our greenhouse gas emissions. Science-based targets are important to set the right level of ambition and have impact at scale. Our transparent reporting approach enables us to measure, benchmark and improve our performance, benefiting us internally and externally by providing a clear indication of our performance.

There is also a growing demand from investor and regulatory communities for improved financial disclosures from companies in relation to climate-related risks and opportunities. Although Mondi's online sustainability report and CDP disclosure make us largely compliant with the TCFD recommendations, last year we focused on closing the gap by starting to quantify the financial implications of potential risks and opportunities.

Mondi's Sustainable Development Report was published this year online in an interactive format and contained a multitude of case studies. What was the thinking behind this approach in terms of addressing specific audiences and how has the response been?

We aim to meet a wide variety of stakeholder needs with our reporting suite – specifically our Integrated Report is aimed at the investor community and our annual Sustainable Development (SD) report delves deeper into the issues and progress towards our sustainability commitments. While our Integrated Report was printed and available online as a PDF, we decided to offer our SD report in a new, interactive PDF format. This enabled us to integrate more layers of information and case studies as additional pop-up content for interested readers.

Case studies are a good way to bring our reporting to life. They allow us to demonstrate our strategy in action, showcase the people involved and give tangible examples of how we are working across the value chain to meet our targets.

The response has been very positive in terms of the functionality and interactivity of the online report. The approach also importantly provides the Mondi team with analytics to measure the impact of our reporting. These valuable insights are helping us to better understand the user experience and tailor our approach for future years.



# Content: Sustainability governance



Sustainability governance focuses on how an organization defines its management responsibility and oversight for sustainability activities and performance. It is an integral part of the overall corporate governance structure and supports the integration of sustainability considerations into business decision-making.

## Key recommendations

- Include a clear leadership commitment to sustainability within the report;
- Describe the highest sustainability decision-making authority, how it fits into the wider corporate governance structure and clear reporting lines;
- Explain how sustainability is governed at a group and regional level where appropriate;
- Discuss the sustainability roles of board members, frequency of meetings, key topics discussed and key decisions made by the board; and
- Disclose if and how sustainability information is integrated into executive remuneration.

## Methodology notes

- We place a strong emphasis on board-level involvement and narrative on responsibilities and outcomes of board deliberations.

## Good practice

### CLP Group

CLP features a joint leadership commitment to sustainability from its Chairman and Chief Executive Officer (CEO) in its **2018 Sustainability Report**. It details the governance structure in place to address sustainability issues in a distinct “**Sustainability governance**” section. CLP describes the roles and responsibilities of its Sustainability Committee, chaired by the CEO, that meets at least twice a year with direct links to the Committee Terms of Reference and a full report on activities for 2018. The report includes a table with clear focus areas and how the committee addresses them. CLP also discloses information on the Sustainability Executive Committee and the Group Sustainability Department which have strategic and operational responsibility for the management of sustainability issues.

## WBCSD's work

### Governance & Internal Oversight

The board is responsible for ensuring that day-to-day management is aligned with long-term value creation. Stronger integration of ESG impacts and dependencies can enhance their ability to do so.

We hosted the inaugural “Towards Sustainability: A New Curriculum for Boards” Conference with INSEAD in April 2019. This two-day event focused on boards' responsibilities and on validating what a curriculum for board members committed to such a responsibility might look like.

We also published **The state of corporate governance in the era of sustainability risks and opportunities**. It looks at how different jurisdictions promote effective governance practices, how companies meet these expectations and how they can integrate sustainability into corporate governance systems.

Visit WBCSD's **Governance & Internal Oversight project page** and read this year's **Governance & risk deep dive** to learn more.





# Content: Strategy



Strategic approaches to sustainability clearly articulate how an organization addresses the full range of material ESG risk and opportunities. It should have clear links to the overall vision and mission of the company and support the delivery of sustainable outcomes through clear action plans.

## Key recommendations

- Explain an overarching vision and strategic approach to sustainability that clearly incorporates all material issues and integrates sustainability into corporate strategy;
- Discuss the connection between sustainability and financial performance; and
- Describe how the strategy will be executed via action plans, objectives and integration into business functions.

## Methodology notes

- We look for a well-developed and company-specific strategy that covers material issues. This can be through a clear sustainability strategy or a corporate strategy that clearly tackles material sustainability issues. We also look for clear roadmaps, action plans or paths forward; and
- We limit scores for companies that do not undertake a materiality assessment or link strategy to material issues.

## Good practice

### Saudi Basic Industries Corp. (SABIC)

SABIC completed a materiality refresh in 2018 that resulted in a shift in sustainability priorities for 2019. This shift is described in its **Sustainability Report 2018**. The report clearly articulates the process and how the refreshed material issues form the core of its sustainability priorities for 2019-2023. The strategic approach addresses all material issues and features three priority levels. It is aligned with the wider corporate strategy. Each section of the report begins with "Our performance" and ends with "Looking forward". This content is color coded, helping to demonstrate a clear summary of progress and a forward-looking roadmap that reinforces strategy.



## Good practice

### SGS

SGS devotes a section of its **Corporate Sustainability Report 2018**, starting on page 25, to explain its Group Sustainability Strategy. The strategy is built around four pillars which are supported by group-wide policies, programs and initiatives. It covers the range of material issues, guides SGS's Sustainability Ambitions 2020 and is integrated into the wider corporate Mission 2020. The report is structured around these four pillars and features a "Strategy and Governance" section for each pillar that covers issues such as resource allocation, targets and action plans to demonstrate a path forward.

Visit this year's **Strategy & targets deep dive** to learn more about how SGS is developing its next round of Ambitions.

OUR PILLARS	PROFESSIONAL EXCELLENCE	PEOPLE	ENVIRONMENT	COMMUNITY
	Trust lies at the heart of the value we deliver to our customers and society. Our responsibility to maintain the highest levels of operational excellence, professional integrity and best-in-class quality strengthens our position as a global market leader and helps us evolve as market conditions change.	We empower our employees to succeed in a safe, diverse and inclusive workplace that treats everyone fairly and with respect. We also seek to employ and develop local talent and offer our employees flexibility, mobility and opportunity within the SGS Group.	We are committed to achieving sustainable growth while managing our impact on the environment. We follow a carbon neutrality strategy, seek to use resources efficiently and work to deliver sustainable value for society. We also recognize our role in supporting our customers to improve their own environmental performance.	We want to create a positive, measurable and lasting impact on the local communities where we operate. We welcome local talent and engage a company culture of giving back through projects that are aligned with the Sustainable Development Goals and focus on education, empowerment and environmental sustainability.
OUR CORE SUSTAINABILITY PROGRAMS	PROGRAMS LEAD BY CORPORATE SUSTAINABILITY	PROGRAMS IN PARTNERSHIP WITH OTHER FUNCTIONS		
	<ul style="list-style-type: none"> <li>Value to society measurement</li> <li>Carbon neutrality</li> <li>Spot the Orange Dot</li> <li>Energy efficiency program</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability training</li> <li>Human rights awareness</li> <li>Employee volunteering</li> <li>Social projects through SGS Academy</li> </ul>	<ul style="list-style-type: none"> <li>Human rights protection</li> <li>Sustainable procurement strategy</li> <li>Sustainability risk management</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable mobility strategy</li> <li>Employee satisfaction: Catalyst</li> <li>Women in leadership</li> </ul>





# Content: Implementation & controls



Systems, controls and processes should be in place across an organization to manage and monitor material issues. They may include frameworks, guidelines, tools, management systems and certifications as well as activities focused on implementing programs across the value chain for employees, suppliers and customers.

### Key recommendations

- Describe and provide evidence of the systems and processes in place to manage specific material issues;
- Discuss data collection processes including internal controls; and
- Explain how your organization engages with employees, suppliers and customers to address direct and indirect material impacts along the value chain.

### Methodology notes

- We limit scores for companies that do not undertake a materiality assessment or do not tie specific control mechanisms to specific material issues.

### Good practice

#### Acciona S.A.

Acciona describes its management approach to material issues throughout its **Sustainability Report 2018**. It discusses data collection processes, internal controls and audits for various material issues throughout the report. Acciona includes evidence of upstream engagement through disclosure on supplier training, audits and due diligence. It also describes training activities on human rights, workplace inequality and environmental issues for employees and engagement with customers on health and safety and product labeling. There is strong evidence of how sustainability is integrated into operations through discussion of internal carbon pricing and procurement procedures, among other topics.



### Good practice

#### BMW AG

BMW includes detailed information on the systems and processes in place to manage each material issue in its **Sustainable Value Report 2018**. It has built “Key measures” sections into the wireframe for each material issue to make it easy to locate relevant information. BMW builds a “Due diligence processes” section into the wireframe of the report for each material issue to discuss internal controls and expand on management approach. It also discusses engagement with different actors throughout the value chain including suppliers, employees and during life cycle assessments.





# Content: Targets & commitments



Targets and commitments are specific and measurable performance goals or management actions that an organization aims to achieve over a specified time frame. They are critical for delivering an organization's strategy and demonstrating progress over time and are increasingly combined with more aspirational and long-term stretch targets.

### Key recommendations

- Develop a range of short- or medium-term (operational) and long-term (stretch) targets for all material issues with clear baselines;
- Ensure targets are SMART;
- Include targets that go beyond direct operations and consider upstream and downstream activities or impacts;
- Incorporate context-based targets (such as science-based targets for climate change); and
- Clearly disclose progress against targets and accompany them with narrative on future plans to meet targets.

### Methodology notes

- As previewed last year, we now expect context-based targets such as science-based targets for top marks when climate change is listed as a material issue; and
- We limit scores for companies that do not undertake a materiality assessment or do not link specific targets to specific material issues.

### Good practice

#### Nestlé SA

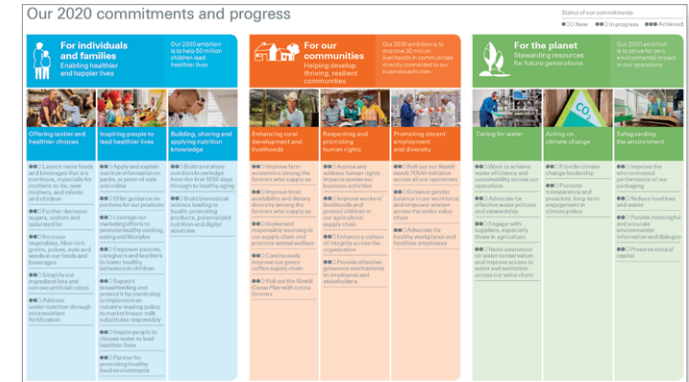
Nestlé discloses targets or commitments for all material issues in its **2018 Progress Report**. Longer-term 2030 ambitions frame strategic direction and aspirational targets for each pillar of the strategy. Shorter-term (mostly 2020) commitments comprise more operational, issue-specific targets. Nestlé provides an overview of its ambitions and commitments – broken down by topic and strategic pillar – on page 5 with visual cues on the status of each commitment. These commitments are discussed in more detail in the relevant sections of the report and extend to all stages of the value chain. Baseline data is included where appropriate. Climate change targets are science-based commitments.

### WBCSD's work

#### Science-based targets

The Science Based Targets initiative (SBTi) requires companies to align their climate targets with the goal of keeping global temperature increase to a maximum of 1.5 degrees. WBCSD's **SBT4buildings project** developed *A framework for carbon emissions management along the building and construction value chain* to enable companies in the building and construction system to work with partners across its complex value chain and set carbon reduction targets in line with SBTi requirements. **SBT4utilities** is now developing sector-specific guidance to clarify the benefits and challenges of SBTs for electric energy utilities and drive the uptake of decarbonization targets.

Visit WBCSD's **SBT4buildings project page** and **SBT4utilities project page** to learn more about our work.







# Content: Performance



It is important to develop and report specific and measurable key performance indicators for all material issues to increase comparability and provide accountability. Combining quantitative metrics with narrative helps add context to performance trends so that they can be monitored and corrective actions can be taken when required.

## Key recommendations

- Disclose KPIs for all material issues with a range of indicators (input, output, process, outcome, context);
- Clarify any distinctions between key indicators and supporting indicators;
- Present data and metrics in a graphical way with at least three years of past performance data to demonstrate trends;
- Accompany the data with clear narrative on performance trends, including areas of poor performance; and
- Include a breakdown of data by region or division where appropriate.

## Methodology notes

- As previewed in 2018, we now expect context-based indicators such as science-based targets for top marks when climate change is listed as a material issue; and
- We limit scores for companies that do not undertake a materiality assessment or do not link specific KPIs to specific material issues.

## Good practice

### Unilever

Unilever has established a diverse range of input, output, process and outcome indicators and demonstrates performance over time through a variety of formats on its online **Sustainable Living Report Hub**. It presents annual progress against quantitative targets for all material issues via an **infographic**, an interactive module summarized **graphically** for each of its three big goals. Comparative target data and metrics are detailed in a **3-Year Summary of Progress**. Finally, distinct topic pages within the online report provide a narrative on strategy and performance for commitments, accompanied by a balanced description of challenges and plans. Graphics and information boxes flag **significant achievements** throughout the report.

## WBCSD's work

### Assess & Manage Performance

To make better decisions, business needs reliable, relevant and fit-for-purpose data on natural, social and human capital alongside financial information. WBCSD led the development of the **Natural Capital Protocol** (2016), on behalf of the **Natural Capital Coalition** and the **Social and Human Capital Protocol** (2019), on behalf of the **Social & Human Capital Coalition**. These Protocols provide frameworks for businesses to measure and value non-financial impacts and dependencies to help manage risks and leverage opportunities.

Performance management needs to adapt to the concepts of multi-capitalism. We are partnering with AICPA-CIMA to provide educational resources and supporting guidance that aims to help companies develop and integrate a holistic approach to performance management.

Visit WBCSD's **Assess & Manage Performance project page** to learn more.



**NATURAL CAPITAL COALITION** THE COLLABORATION - NATURAL CAPITAL - PROJECTS - NATURAL CAPITAL PROTOCOL - EVENTS

## Natural Capital Protocol

**The Protocol**

The Natural Capital Protocol is a decision making framework that enables organizations to identify, measure and value their direct and indirect impacts and dependencies on [natural capital](#).

All organizations, to varying degrees, are dependent on the health of the natural world, and often these organizations likewise impact on nature's ability to underpin their success. Understanding the complex and dynamic relationships that organizations have with the health of natural assets and the ecosystem services they provide enables organizations to make more informed decisions with benefits for their businesses as well as communities, society, the broader economy and the natural world.

Decision makers often do not have the luxury of being able to take actions based purely on their beliefs, opinions or gut feelings. Decisions in organizational contexts must be made on the basis of information. A natural capital approach broadens the quantity and quality of information available to decision makers.

**Related Links**

- Download the Natural Capital Protocol
- Download the Arabic Translation
- Download the Simplified Chinese translation
- Download the Japanese translation
- Download the Primer
- Download the Framework



# Content: Partnerships & collaboration



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

### Key recommendations

- Demonstrate key partnerships with a range of organizations such as NGOs, governments, local communities and industry groups that clearly advance your sustainability agenda as defined by your materiality assessment, strategy and goals;
- Disclose how these partnerships are relevant by tying them to material issues or core business;
- Describe the focus of the partnership, your organization's objectives and outcomes; and
- If certain partnerships are given more attention or detail, clarify why.

### Methodology notes

- We look for detailed information (the organization's role, objectives, outcomes) for a handful of key activities as opposed to all partnerships. That being said, we expect to understand why certain key activities are focused on more than others.

### Good practice

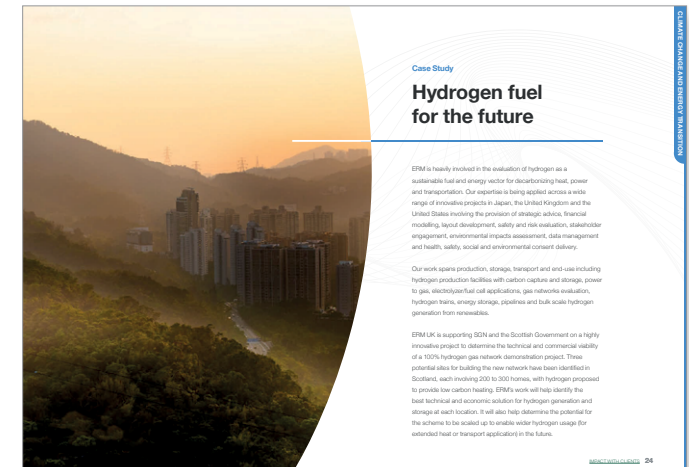
#### ERM

ERM uses case studies to provide outcome-driven evidence of its activities and incorporate narrative on key strategic partnerships throughout its **2019 Sustainability Report**. This approach enables ERM to cover its role in key partnerships and its aims, objectives and outcomes across a broad range of issues while reducing the word count. Partnerships include cross-industry collaborations, such as 2030Vision, non-profits such as GRI and collaboration with governments including the Environmental Protection Department of the Hong Kong Government.

### Good practice

#### Randstad Holding N.V.

Randstad details strategic partnerships with a range of organizations including non-profits, such as Workplace Pride and Transparency International, intergovernmental groups like the Organisation for Economic Co-operation and Development (OECD) and United Nations Global Compact (UNGC) and cross-industry collaborations, including WBCSD, in its **Annual Report 2018**. It provides an overview of the focus for key partnerships that includes aims and objectives as well as Randstad's role. Visually presented external quotes that discuss Randstad's positioning are provided for many partnerships.





# Content: Evidence of activities



Evidence of activities involves reporting on sustainability activities that occurred during the reporting period and providing progress updates on ongoing initiatives. Often expressed as outcome-driven case studies, it can help link management approaches to actions and performance and can help substantiate statements and claims.

## Key recommendations

- Provide relevant examples of sustainability-related activities that advance the strategy and are tied to specific material issues;
- Provide historical context for these activities and programs where appropriate, such as when or why the activities started; and
- Develop concise, strategic, outcome-driven case studies that are balanced in tone for material issues.

## Methodology notes

- We look for context and outcomes when reading case studies. They should tell a story and demonstrate how and why a company has undertaken a program – and what the results were; and
- We limit scores for companies that do not undertake a materiality assessment or do not link specific evidence and case studies to specific material issues.

## Good practice

### Charoen Pokphand Group (C.P. Group)

C.P. Group highlights an array of examples and case studies specific to each material issue in its **Sustainability Report 2018**. Case studies are specific to the reporting period and are concise, balanced and strategic. C.P. Group provides strong historical context to each section of the report. Case studies typically begin with a “Project Background” which describes how and why the program was developed. This is an area in which many reports in our review sample fall short. Many of C.P. Group’s case studies are outcome-driven and include a graphic with clear results and benefits of activities.

## Good practice

### Philip Morris International (PMI)

PMI includes evidence of its activities related to all material issues in its **Sustainability Report 2018**. “Foreword” and “Performance and next steps” sections bookend each material issue to provide context and a consistent pace and wireframe throughout the report. Case studies stand out visually from the rest of the text and are aligned with the results of the refreshed materiality assessment. They complement technical disclosures in the body of the text and add a more engaging tone. Case studies are outcome-driven, provide historical context and touch on various areas of the value chain.

**CASE STUDY 7**

### Improving Contracts for Farmers in the Contract Farming Program



**Project Background:** Since 1975, Charoen Pokphand Foods (CPF) has developed and modified the Thai Contract Farming (CF) model, which involves providing technical assistance to the quality of farmers through the Contract Farming Program.

**Performance:** CPF has developed and modified the Thai Contract Farming (CF) model, which involves providing technical assistance to the quality of farmers through the Contract Farming Program.

**Results & Benefits:**

- 5,147 farmers in the Company's Contract Farming
- 98% of farmers in the program able to pay back loans
- 10,000 insurance coverage (value in million Baht)

**CASE STUDY**

### Addressing social impacts in our electronics supply chain

We are still new to the world of electronics supply chains but we are not new to engaging with stakeholders to promote high standards for work conditions in our supply chains. Since 2010, we have partnered with an international fair labor NGO, Verite, to improve labor practices on the farms that we source our tobacco. Since 2016, our collaboration has embraced efforts to improve human rights in our electronics supply chain too.

Our work so far has focused on understanding our exposure to social sustainability risk. Our due diligence work started with formal assessments of our tier 1 suppliers. We found that most suppliers aligned with our RSP, although some had issues that needed to be resolved, primarily by recruitment practices and the living and working conditions of migrant workers.

With one of our major electronics suppliers in Asia, our journey started in late 2016, when PMI worked with Verite to carry out a comprehensive assessment of the labor management systems to understand the living and working conditions of workers, particularly migrant workers, who make up a significant percentage of the supplier's labor force. During 2017, we worked with this supplier to establish a labor management system at the manufacturing site and to eliminate some of the more serious issues, like retention of passports and excessive working hours.

In 2018, we undertook a full follow-up audit that included interviews with 40 workers in their native languages, as well as interviews with management and third party service providers. We cross-checked our findings against the supplier's policies and procedures and our RSP.





# Radley Yeldar discusses their views on the state of sustainability and the importance of visual language

Sustainability is more mainstream now than ever before. We sat down with Radley Yeldar's Director of Sustainability Strategy, Ashleigh Gay, to reflect on what this means for reporting.



Ashleigh Gay

## It's been a big year for sustainability. What stands out for you?

Sustainability is finally having its moment and it's no accident. Blue Planet, Extinction Rebellion, Greta Thunberg – these are just a few of the public faces and initiatives that have pushed sustainability into areas it's never been before. Whether it's at the bus stop or in the board room, conversations about issues like plastic waste and climate are hard to miss.

For the first time, we've got a very public blend of consumer awareness, government action in some areas and, critically, investor pressure on companies to do more. But the thing that stands out for me above all else is the momentum we're seeing building around the world. It's not stopping and it's not slowing down. I hope it's the new normal.

## It's great that people are becoming more aware of sustainability issues, but are we doing enough to drive real change?

We've made great progress, but it's certainly not enough. Sustainability is complex, technical and – let's face it – at times a bit dull. But the current debate is none of these things. It's powerful, relatable and actionable – and a far cry from the usual sustainability clichés.

I was chatting to our Brand Director about Extinction Rebellion he remarked how disruptive the campaign has been. The language – both written and visual – is bold and impactful. Most critically, the growing success of the campaign comes down to the fact that it's empowering everyday people with tools and resources to create their own movement. It profoundly understands the need to make sustainability issues like climate change everyone's business. I'd love to see more companies taking this approach.

## What does this mean for reporting?

It's critical that reporting is clear, concise and credible for specialist audiences. But the growing interest we're seeing among the more generalist audiences presents a huge opportunity.

We recently conducted research to understand how corporate reporting is used and perceived. We found that while most people turn to media to get information on companies, corporate reporting follows closely behind and remains the most trusted source of information. However, only one in 10 people read corporate reporting in full. For many companies, it's a challenge to balance the detailed disclosure of reporting with a compelling experience for those dipping in and out of the content.

To navigate this challenge, we must continue to push the boundaries. It's easier said than done. Reporting teams are increasingly looking to online solutions to help engage audiences (visit this year's **Digital deep dive** to learn more). But, the question of format is redundant unless we are communicating sustainability in a compelling way. Many companies are still using sustainability clichés in their communications, especially in reporting, and it actively turns people off. Bringing a clear and unique message to life in creative ways is key for reporting teams to reach a wider audience.

## In practical terms, what should we be doing more of?

It's time to take stock of your reporting. What are you trying to achieve? How can you tailor your reporting to better meet your evolving stakeholders' needs? Can you challenge your agency partners and advisors to communicate your sustainability efforts in a more compelling, meaningful and human way? Check out our top tips for getting it right...

Want to chat further?

E-mail us at [hello@ry.com](mailto:hello@ry.com)



### Sustainability clichés

You've seen them before – many of the world's leading brands are falling into "stock sustainability" clichés. Think trees, wind turbines and hands holding soil with a plant – used in contexts where they are not relevant.



## Our key principles for creating compelling sustainability visuals

### 1. Make it tangible

Sustainability is complex and engaging people around "sustainability" as a whole is difficult. People engage with specific topics that are tangible and relevant. Try to communicate about the topics that resonate most with your audiences.

### 2. Bring it closer

Sustainability issues can feel distant – they affect someone else, somewhere else in the future. Focus on bringing relevance to your audience. Feature people and places your readers can relate to and engage them by discussing scenarios they could imagine being in.

### 3. Keep it simple

People can be overwhelmed by information, particularly when it comes to sustainability. Don't try to tackle too much at once – focus on communicating your key messages well.

### 4. Avoid clichés

Sustainability isn't just about trees and polar bears – the challenges we're facing affect every part of our world. Use imagery that is relevant to the topic and avoid the usual visual metaphors that have lost credibility.

### 5. Align to your brand

Don't create a separate look and feel for sustainability. Think about how you can draw upon your brand values to bring sustainability to life in a unique way that feels authentic for your business and your brand.

### 6. Beware of icons

You'll never get one perfect icon for climate change, or fracking, or organic food, so don't try. Icons can be a useful visual shorthand, but if you are using more than a handful then they can become more confusing than helpful.



# Experience: Accessibility



Accessibility relates to the availability of sustainability information, its suitability for different audiences and how easily the content can be found. Increasingly, sustainability content is made available across several communication channels, such as online and via integrated reporting.

## Key recommendations

- Ensure sustainability content is readily accessible from the homepage of your organization's website;
- Provide sustainability content across multiple formats such as video, interactive online content, topic-specific PDFs or online case studies to suit different stakeholder groups; and
- If applicable, ensure that the GRI Index is easily accessible in the report or provide clear links to where to find it online. The index should use active links to make specific information easy to find.

## Methodology notes

- We introduced the revamped *Experience* criteria in 2017 and continue to seek ways to make our scoring more consistent. This has resulted in score changes for some members.

## Good practice

### Mondi Group

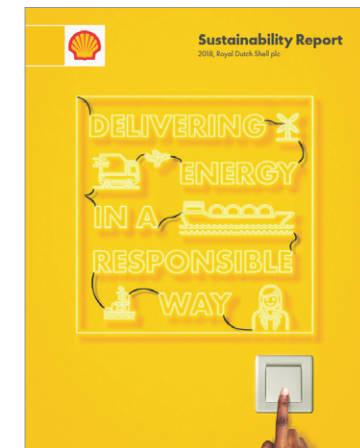
Mondi ensures sustainability content is easily accessible from the navigation bar of its website and provides a direct link to its **Sustainable Development Report 2018** on its sustainability landing page. The main report is available in PDF and interactive online formats. Complementary web content and videos aimed at more generalist audiences are easily accessible from the main report. The interactive online version of the report provides significant depth and detail for specialist audiences through the use of pop-out boxes. Mondi includes its GRI Index in the body of the report for easy access and produces a separate **integrated report** to further meet audience needs.



## Good practice

### Shell

Shell includes "Sustainability" on the navigation bar of its website making content easy to find. It hosts its **Sustainability Report 2018** on a microsite and makes content available for download in PDF format. Shell has continued to innovate this year by making the report available as an App for mobile or tablets – to make content more accessible. The GRI index has interactive links to different sections of the microsite and is separately downloadable. Data is available in an Excel file and an interactive chart tool to make it easier to assess performance over time.





# Experience: Story & messaging



Telling a compelling and credible story across sustainability communications helps to bring content to life. It also ensures sustainability information is connected, relevant and that it reflects the organization's unique personality.

## Key recommendations

- Develop a clear, inspiring and company-specific message to drive the narrative of the report;
- Ensure the messaging incorporates a clear call to action for stakeholders;
- Frame content to support and reaffirm this overarching message throughout the report;
- Showcase relevant, compelling and meaningful case studies to support the message and narrative; and
- Use an engaging, interesting and readable tone of voice.

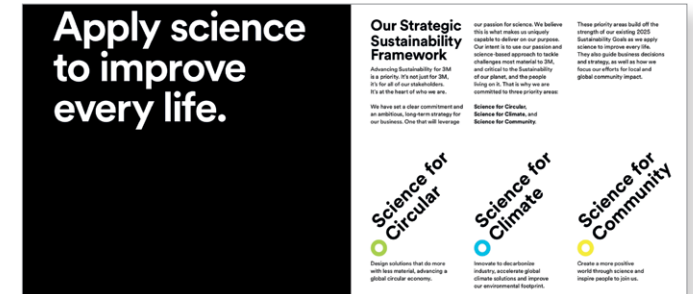
## Methodology notes

- We place strong emphasis on finding ways to weave messaging and narrative that ties to an overarching theme throughout various design elements of the report; and
- We introduced the revamped *Experience* criteria in 2017 and continue to seek ways to make our scoring more consistent. This has resulted in score changes for some members.

## Good practice

### 3M

3M introduces inspiring, company-specific messaging that focuses on applying science to improve lives at the beginning of its **2019 Sustainability Report**. This messaging appears on the cover and is expanded on in the opening CEO message. The messaging explicitly ties to its sustainability strategy which is organized around "Science for Circular," "Science for Climate" and "Science for Community". 3M begins each section of its report with divider pages that feature a clear tagline and an overview of 3M's commitment. It ends each section with a brief forward-looking statement. 3M builds all of this into the visual wireframe which ties each issue back to the overarching story and ensures an engaging tone throughout.



## Good practice

### UPS

For the second year running, UPS has taken the approach of developing a **Corporate Sustainability Progress Report**, available this year as a fully-interactive digital experience. This shares stories of UPS's performance, initiatives and engagements during the reporting period. It also produces a separately downloadable GRI Content Index that contains relevant data and information. The approach has created space in the report for UPS to develop a meaningful, company-specific story centered around a transformative, forward-looking vision. UPS develops this overarching messaging in the first section of its report. It then starts the five remaining sections of its report with a divider page and a visual feature box that ties the section to the overarching story.





# Experience: Navigation & flow



The navigation and flow of a report can make a huge impact on the user experience. It is important for the text to unfold in a logical order and for the user to be able to find relevant information quickly. Signposting and cross-referencing help to link relevant content and navigation tools enable the reader to find information quickly.

## Key recommendations

- Develop a clear line of sight throughout the report by using consistent wireframes, design features and clear content groupings in each section;
- Group content appropriately and explain this grouping to ensure the report unfolds in a logical and intuitive way; and
- Include navigation tools and internal and external links so that additional information is easy to find.

## Methodology notes

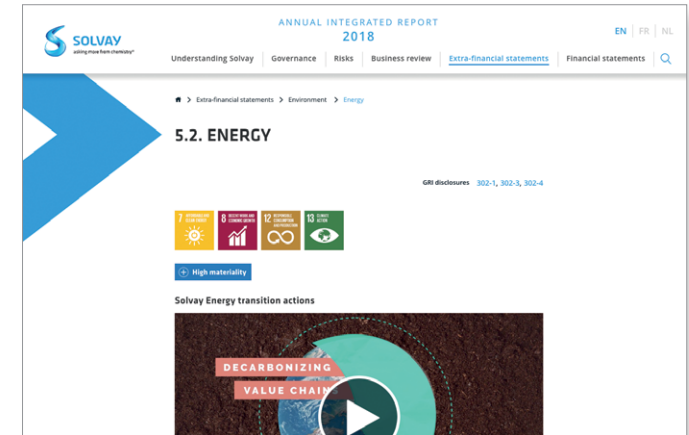
- We look for clear and consistent content groupings and navigation features; and
- We introduced the revamped *Experience* criteria in 2017 and continue to seek ways to make our scoring more consistent. This has resulted in score changes for some members.

## Good practice

### Solvay S.A.

Solvay hosts its **2018 Annual Integrated Report** on a dedicated microsite that features a navigation bar, language options and search functionality. The navigation bar shows the sub-topics for every section. A breadcrumb trail indicates where users are in the report. Interactive GRI disclosures link back to the GRI Index. SDG icons and visual cues on the priority level of each issue help guide users to spend time on the most important issues. A right-hand toolbar links to a download center, glossary and year-on-year comparisons. "Left" and "right" arrows float when you scroll down and preview content. Individual sections have consistent wireframes to help with flow.

Visit this year's **Digital deep dive** to learn more about how Solvay uses technology in its reporting processes.



## Good practice

### Stora Enso Oyj

Stora Enso structures its **Sustainability Report 2018** around a governance section, the three pillars of its sustainability strategy and a more detailed data and assurance section. It clearly outlines the pillars and sub-topics in a color-coded interactive navigation bar on the left-hand side that also cross references to the GRI Index. Stora Enso links directly to other reports in the 2018 Annual Report suite via an interactive right-hand navigation bar. Each material topic has a consistent cover page, wireframe and section headers making it easy to find information for each topic discussed in the report. It provides a concise overview of KPIs and targets for each material issues with language that directly aligns with report sections and material topics.







# Experience: Compelling design



Great design serves two primary functions: bringing the content to life in an engaging way and crafting an excellent user experience by ensuring information can be understood quickly and easily. Infographics help to simplify complex content; typography can emphasize key points and illustrations and photographs help bring the content to life.

## Key recommendations

- Develop a clear design concept that shapes the look and feel of the report;
- Use design elements such as color, typography, graphics, illustrations, diagrams and white space to enhance the content of your report;
- Ensure that design elements are aligned to content, messaging and corporate branding; and
- Ensure imagery is appropriate and reflects the branding and the concepts being discussed.

## Methodology notes

- We introduced the revamped *Experience* criteria in 2017 and continue to seek ways to make our scoring more consistent. This has resulted in score changes for some members.

## Good practice

### BT

BT features strong and consistent design elements in its **Digital impact and sustainability report 2019** that go beyond the typical report in our review sample and align with corporate branding. BT's approach allows content to be easily digested and understood through consistent wireframes and the use of icons and infographics. Clear divider pages help pace the document. Imagery is compelling, elevates the report content and tends to focus on people, in line with the digital impact storyline. Online content is engaging and interactive, providing information in an alternative format for more generalist audiences.



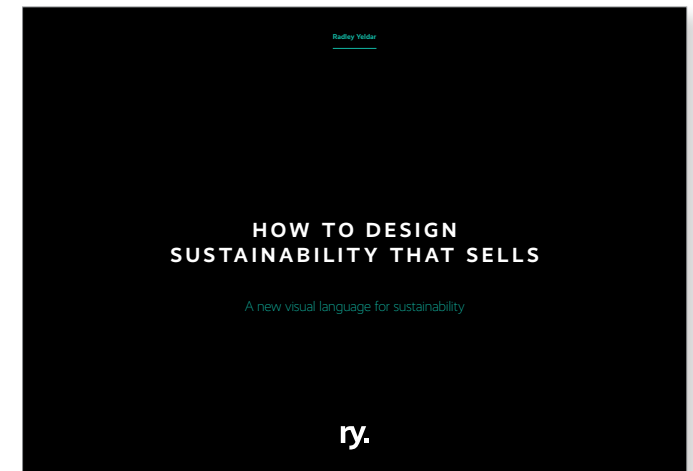
## RY's work

### A new visual language for sustainability

There's little practical, usable, evidence-based guidance available to business on what sustainability should look like. While there's plenty of guidance on how to position sustainability and what language to use, when it comes to visuals the available guidance is either very specialized, overly hypothetical or unsubstantiated.

Our project partners at RY gathered insights from a range of sources and disciplines to understand the problem from different perspectives and create solutions that will work for the widest possible audience. RY used these insights to develop ten principles to help companies sell sustainability better.

Read the *Experience* feature on page 42 to learn more or download RY's full report at <https://ry.com/>





# Appendix

## In this section

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# Our activities in 2019

1

## Criteria updates

- We updated the name of one indicator based on stakeholder feedback:
  - Conciseness was changed to Conciseness & alignment to emphasize the fact that we look at alignment between results of the materiality assessment and disclosures.
- We continued to align points of emphasis in our criteria, based on what we have learned from prior years. Specific examples are included in the Methodology notes boxes throughout the text.
- We updated underlying criteria for the SDG indicator. This indicator still does not contribute to **Overall** scores. We plan to integrate distinct components into the criteria we use for the 2020 review based on detailed analysis of data from 2019.

2

## Research

- We reached out to our members, asking them for their fullest source of sustainability information.
- In total, we systematically reviewed 159 sustainability, combined and self-declared integrated reports against our framework.
- Every review was subject to a quality assurance process to ensure completeness, objectivity, fairness and consistency.

3

## Analysis

- The review of all reports was carried out between 8 April and 9 August 2019, after which a thorough analysis was undertaken to identify trends.
- Along the way, we identified companies that demonstrate good practice for each indicator to highlight in this year's publication.
- When considering good practice examples, we try to avoid repeating features from prior publications, featuring members more than once each year or placing too much emphasis on a single supersector or region.

4

## Launch

- This seventh edition of **Reporting matters** is designed to provide an overview of reporting trends within the WBCSD membership, highlighting areas of progress and improvement.
- Our recommendations aim to inspire companies to invest in an effective reporting process by showcasing examples of good practice and highlighting interesting trends.

5

## Engagement

- We supplement the publication by sending confidential, personalized scoring dashboards containing scores, analysis and regional and supersector comparison data to all WBCSD reporting contacts, Liaison Delegates and Council Members.
- We also offer individual feedback sessions from July through November via teleconference and in person at our annual Council Meeting to explain the underlying criteria and offer targeted feedback for members.
- Finally, we occasionally share anonymous aggregated data with partner organizations to facilitate the development of white papers, research and policy development.

6

## Climate Smart Agriculture (CSA)

- In a joint analysis with the **CSA 100 Initiative**, we looked at the status of corporate disclosure in setting targets towards the three pillars of CSA: productivity, resilience and mitigation. The purpose of our analysis was to provide disclosure guidance and support companies in the Agriculture & Food sector in their targets setting. Its findings are being used in the development of a metrics guide to assist companies in setting tangible, measurable, science-based targets in line with Food & Agriculture Systems Transformation. A limited number of companies were included in the scope of the review, namely members of the CSA 100 initiative and/or CSA group at WBCSD. A full report covering the status of disclosure and the metrics guide for corporations will be launched in December.



# Global Network partners

We've continued our work with WBCSD Global Network partners to continue to scale up the use of our framework. Global Network partners were once again trained on the criteria and review process. We're pleased to highlight their efforts in this section.

## Australia

The **Business Council for Sustainable Development Australia** (BCSD Australia) has carried out its *Reporting matters* assessment for the past two years with technical support from one of its members, Zoic Environmental. This has involved applying the *Reporting matters* criteria and providing one-to-one feedback sessions to assess and improve members' sustainability disclosure and track trends.

In the most recent assessment, members' participation increased by 50%, with 100% continued participation of those that took part in the first assessment. Participants are seeing the value of the assessment for opening up conversations with stakeholders about the value of their sustainability reporting.

Trialing the assessment with small and medium non-public listed companies and authorities has begun to unearth added value, particularly around the *Experience* criteria. Members are placing greater focus on the reader experience by prioritizing and disclosing information related to context, strategic focus and challenges and by describing actions to deliver material impacts for stakeholders.

The team will be carrying out a third assessment of BCSD Australia members' sustainability disclosure throughout late 2019, early 2020.

## New Zealand

All **Sustainable Business Council** (SBC) members in New Zealand must meet SBC's member commitments. They include a commitment to report publicly on sustainability activity, develop an emissions reduction plan, embed sustainability into procurement processes and policies and engage with the SBC work program and events.

The SBC Member Review is one of the most significant pieces of member engagement. Every two years, it tracks how members are performing against the commitments. This year, the review team will use the WBCSD *Reporting matters* assessment criteria to analyze members' sustainability reports – including web-based reports and microsites – and integrated reports. The analysis will run from September 2019 to January 2020 and will be followed by one-to-one feedback sessions with members. By incorporating the *Reporting matters* criteria in our analysis, it will provide more comprehensive information to help communicate trends and best practice to members and the wider business community and to support members to go further, faster, with their sustainability.

## Switzerland

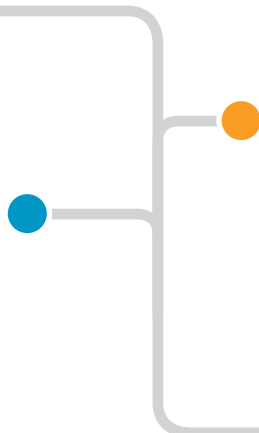
Since 2015, WBCSD's Swiss Global Network partner **öbu** and **engageability** have used a slightly adapted version of the *Reporting matters* methodology in close collaboration with **RepRisk** and a top-class consortium of multi-stakeholder experts. To further promote transparent reporting on key issues, the Focused Reporting project has been expanded over the years, focusing more precisely on the credibility and relevance of material issues and sustainability priorities. The 2019 assessment also includes relevant elements from the study **Environmental hotspots in the supply chain of Swiss companies (2019)** commissioned by the Swiss Federal Office for the Environment (FOEN).

This year's benchmark covers some 120 Swiss companies from 14 sectors, highlighting trends in sustainability reporting, contributions towards the SDGs and concrete targets Swiss companies are setting to reduce their footprint. Findings and best practices will be presented at öbu's main annual event, **Forum Ö** on 31 October 2019 and, thereafter, published on [www.focusedreporting.ch](http://www.focusedreporting.ch).

## Turkey

In the past two years since it launched *Reporting matters*, **BCSD Turkey** has developed a system for reviewing the quality and effectiveness of non-financial reporting by its members. The *Reporting matters* team consists of six consultants from PwC and BCSD Turkey. The project begins in July with preliminary quality calibration among the team and ends in mid-November. Member feedback sessions are held with two consultants using an online meeting tool. The meetings last for around 1-2 hours depending on the familiarity of the company with the *Reporting matters* methodology.

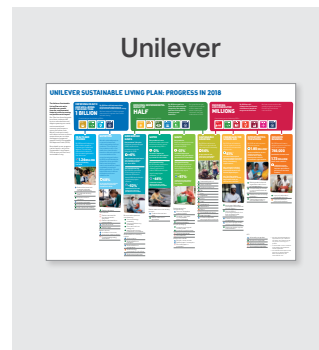
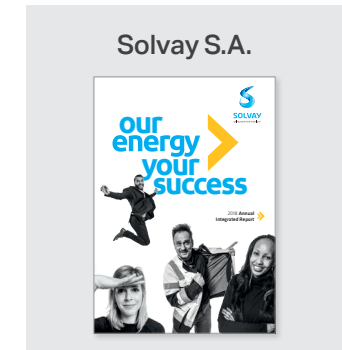
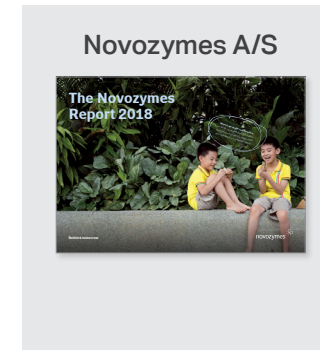
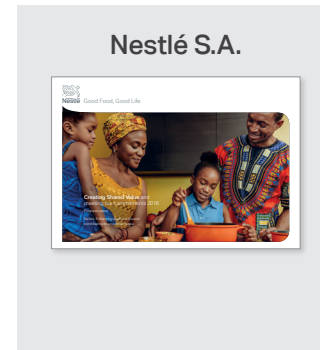
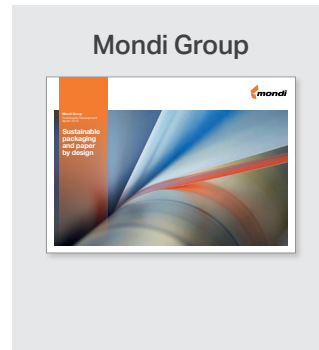
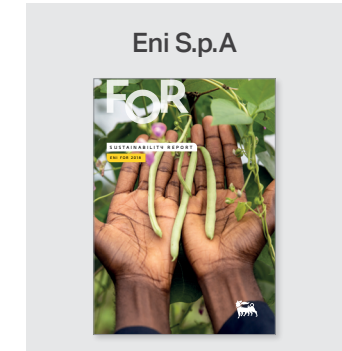
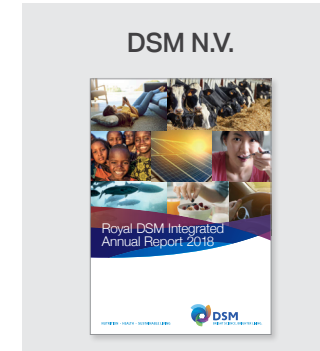
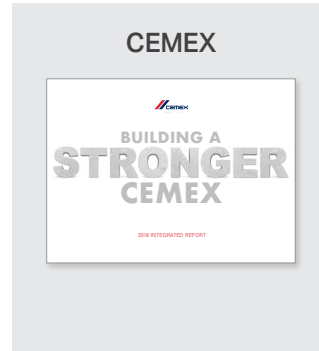
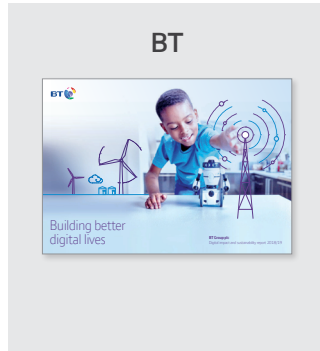
Following the end of the evaluation period, the team drafts the report, taking note of WBCSD's most recent *Reporting matters* report. The report is launched at BCSD Turkey's General Assembly in March, disseminated to key stakeholders and published on the website for general use.





# Top performers

The following companies listed in alphabetical order represent the top ten *Overall* scores this year. There was a six-way tie for seventh place resulting in 13 companies on the list.





# List of reports reviewed

The following 159 companies were included in the scope of our 2019 review cycle. These companies are broken down into supersector and region at the end of our detailed project overview.

3M	BNP Paribas	CRH plc	Environmental Resources Management Limited (ERM)
ABB Ltd.	Borealis AG	Daimler AG	Equinor
Abbott Laboratories	BP International	Danone Group	Ernst & Young (EY France)
Accenture Plc	Bridgestone Corporation	DBS Bank	Evonik Industries AG
Acciona S.A.	Brisa Auto-Estradas de Portugal S.A.	Deloitte Touche Tohmatsu Limited	F. Hoffmann-La Roche AG
Acer Inc.	BT	DENSO Corporation	Fujitsu Limited
AkzoNobel N.V.	Buhler AG	DNV GL	Givaudan International SA
Apple Inc.	Bunge Limited	Dow Inc.	Godrej Group
APRIL	Canon Inc.	DSM N.V.	Greif Inc.
Aptar Group Inc.	Cargill Incorporated	Dunea N.V.	Groupe Renault
Arcadis	CEMEX	E.I. du Pont de Nemours and Company (DuPont)	Grupo Argos
ArcelorMittal S.A.	Charoen Pokphand Group (C.P. Group)	Eastman Chemical Company	GS Caltex Corporation
Archer Daniels Midland Company (ADM)	China National Petroleum Corporation (CNPC)	Eaton Corporation	Hancock Natural Resource Group
Ayala Corporation	China Petrochemical & Chemical Corporation (Sinopec)	Edelman	Hankook Tire & Technology Co., Ltd.
Baker & McKenzie	Clariant International Ltd.	EDF Group	Henkel AG & Co. KGaA
Barry Callebaut	CLP Group	EDP – Energias de Portugal S.A.	Honda Motor Co. Ltd.
BASF SE	COFCO	Empresas CMPC S.A.	Iberdrola SA
Bayer A.G.	Continental AG	Enel	INGKA Holding B.V. (IKEA)
Bloomberg LP	Covestro	ENGIE S.A.	innogy SE
BMW AG	CPFL Energia	Eni S.p.A	Inter IKEA Group





International Flavors & Fragrances Inc. (IFF)

International Paper Company

ITC Limited

JPMorgan Chase & Co.

Kellogg Company

Kering

KONE Oyj

KPMG

LafargeHolcim

LeasePlan Corporation

Louis Dreyfus Company

Mahindra & Mahindra Limited

Michelin

Microsoft Corporation

Mitsubishi Chemical Holdings Corporation

Mitsubishi Corporation

Mitsubishi Heavy Industries, Ltd

Mondi Group

Natura & Co.

Nestlé SA

New Forests Pty Ltd

Nomura Research Institute

Norsk Hydro ASA

Novartis

Novozymes A/S

Nutrien

Olam International Ltd.

Philip Morris International SA

Pirelli & C. S.p.A.

PTT Global Chemical Public Company Limited

PTT Public Company Limited

PwC (UK)

Rabobank Group

Randstad Holding NV

Reliance Industries Limited

Royal FrieslandCampina

Royal Philips N.V.

Saint-Gobain

Santander Group

Saudi Basic Industries Corp. (SABIC)

SCG

Schneider Electric

SGS S.A.

Shell

Sika Group

Skanska Ab

Smurfit Kappa Group

Solvay S.A.

Sompo Japan Nipponkoa Insurance Inc.

Sonae SGPS SA

Stora Enso Oyj

Suez

Sumitomo Chemical Company Ltd.

Sweco Sweden AB

Symrise AG

Syngenta International AG

Taiheiyo Cement Corporation

Tata Steel

The Goodyear Tire & Rubber Company

The Navigator Company

The Procter & Gamble Company

Titan Cement Group

Toshiba Corporation

TOTAL

Toyota Motor Corporation

Toyo Tire Corporation

Unilever

United Technologies Corporation

UPL Limited

UPS

Vale International S.A.

Vedanta Resources plc

Veolia

Volkswagen AG

Votorantim Cimentos S/A

Walmart Inc.

Whirlpool

Yara International ASA

Yokogawa Electric Corporation



# Resources

We hope these resources provide some interesting starting points for further research into the various concepts of sustainability reporting.

## Reporting landscape

- CDSB. **CDSB Framework 2.1**. 2018.
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# Acronyms

<IR>	International Integrated Reporting Framework	ISO	International Organization for Standardization
AEPW	Alliance to End Plastic Waste	KPI	Key performance indicator
ANC	L'Autorité des Normes Comptables	NGO	Non-governmental organization
CDSB	Climate Disclosure Standards Board	OECD	Organisation for Economic Co-operation and Development
CEO	Chief Executive Officer	OP2B	One Planet Business for Biodiversity
COSO	Committee of Sponsoring Organizations of the Treadway Commission	PDD	Purpose-driven Disclosure
CRD	Corporate Reporting Dialogue	RY	Radley Yeldar
CSA	Climate Smart Agriculture	SBTi	Science Based Targets initiative
CSR	Corporate Social Responsibility	SDGs	Sustainable Development Goals
ERM	Enterprise risk management	SMART	Specific, measurable, achievable, realistic and time-bound
ESG	Environmental, social and governance	TCFD	Task Force on Climate-related Financial Disclosures
FOEN	Federal Office for the Environment Switzerland	UN	United Nations
FOLU	Food and Land Use Coalition	UNGA	UN General Assembly
FSG	Forest Solutions Group	UNGC	UN Global Compact
GHG	Greenhouse gas	UNGP	UN Guiding Principles on Business and Human Rights
GRI	Global Reporting Initiative	VNR	Voluntary National Review
HLPF	High Level Political Forum on Sustainable Development	WBA	World Benchmarking Alliance
IAASB	International Auditing and Assurance Standards Board	WBCSD	World Business Council for Sustainable Development
IIRC	International Integrated Reporting Council	WEF	World Economic Forum



# Glossary

## Areas of public concern

Areas of negative press coverage or topics representing a reputational risk to the company based on their region, sector or activities.

## Assurance

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

### External assurance

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

### 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.

### Reasonable assurance

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.

## Case study

In the context of a sustainability report, a narrative description (which may be supported by quantified evidence) of an aspect of the sustainability strategy in action to allow the reader to understand the impacts and effects of the strategy.

## Combined report

A report that 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

Overall approach governing design of the report and reflecting the report content.

## Enterprise risk management (ERM)

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.

## External trends

Trends within the wider social, environmental, regulatory or economic context that might affect future strategy or performance.

### Megatrends

Social, environmental and economic trends that go beyond specific industries. Examples might include climate change, demographic change, shift in economics and politics, technological shifts, trust in globalization, consumption and values, water scarcity, land use change, urbanization, etc.

### Industry-specific trends

Trends that are common within a specific industry. Examples might include customer requirements and preferences, issues affecting supply and demand, etc.

### Regulatory trends

Trends that are related to local, national or regional shifts in the regulatory context. Examples might be general such as nutrition or package labeling, reporting requirements, workplace safety or well-being, human rights, etc. or tied to specific legislation such as REACh, EU ETS, ROHs, US Dodd-Frank Conflict Minerals, UK Modern Slavery Act, EU non-financial reporting act, Indian Companies Act 2013 revisions, etc.

## Formal engagement mechanisms

Engagement mechanisms with stakeholders that go beyond the normal execution of standard functional operations within an organization. Examples include external expert panels, stakeholder forums or working groups, etc.

## GRI Standards

Launched in October 2016, they replaced the G4 Guidelines and are the first global standards for sustainability reporting featuring a modular, interrelated structure. They continue to use the two "in accordance" levels ("core" and "comprehensive") introduced in the G4 Guidelines and are the only acceptable form of GRI reports as of July 2018.

### 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.

## Historical context

A description of how and why various initiatives came about and why they are important. This does not always mean specific dates – it can be narrative and based on factors that led to different programs or activities.

## Impacts

### Direct

Impacts arising from or at sources that are owned or controlled by the reporting entity.

### Indirect

Impacts that are the consequence of the activities of the reporting entity but that arise from or at sources owned or controlled by another entity, e.g. further along in the supply chain or downstream.

## Integrated report

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

## Internal audit

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.

## International Integrated Reporting (<IR>) Framework

A framework developed by the International Integrated Reporting Council (IIRC) that applies principles and concepts focused on bringing greater cohesion and efficiency to the reporting process and adopting "integrated thinking" as a way of breaking down internal silos and reducing duplication.



### Key performance indicator (KPI)

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.

Examples of indicator types under the Material key performance indicator (KPI) definition:

- Input indicators: e.g. resources or people characteristics
- Output indicators: e.g. quantities and efficiency
- Process indicators: e.g. errors, non-compliances, audits
- Outcome indicators: e.g. behavior change or program outcomes
- Context indicators: e.g. relating to ecological boundaries/limits

### Line of sight

A description of the consistency and clarity of content presentation throughout the report. A clear line of sight should make a report easy to read and tie detailed content to the wider report narrative.

### Materiality assessment

Different frameworks and jurisdictions have different interpretations of this concept. For our purposes, we look for an explanation of how an organization uses internal and external stakeholder input to determine key issues to address in their report.

### Scope and boundaries

#### Scope

The range of material topics and reporting period covered by the report.

#### Boundary

The range of entities (e.g. subsidiaries, joint ventures, subcontracted operations, etc.) whose performance is represented in the report. In setting the boundary for the 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").

### Targets

Forward-looking, publicly disclosed goals, objectives or aspirations that an organization has committed to.

#### Context-based targets

A target framed in the wider social or environmental context. These are most commonly attributed with science-based climate change targets aligned with the Paris Agreement. Other examples could include water targets based on local watersheds or biodiversity targets based on IUCN red zones.

#### Operational targets

A target focused on incremental gains that an organization can achieve by working a little harder or a little smarter. These are typically year-on-year or medium-term targets focused on incremental gains.

#### SMART targets

Specific, measurable, achievable, relevant and time-bound targets.

#### Stretch targets (long term)

A target that an organization cannot achieve simply by working a little harder or a little smarter. To achieve a stretch target, people must invent new strategies, new incentives or entirely new ways of achieving their purpose.

### Tone of voice

The communication style of the organization, i.e. formal or casual.

### Value chain

The processes or activities carried out by a company that create value, e.g. production, input efficiencies, marketing, sales.

#### Upstream

Involves the early stages in the operations of a business or industry. It involves searching for and extracting raw materials. For example, sourcing raw materials characterizes the upstream process.

#### Processing

Involves processing the materials collected during the upstream stage into a finished or semi-finished product.

#### Downstream

Involves the sale and distribution of products made in the operations process of finished or semi-finished goods.

### Wireframe

Also known as page schematics, is a skeletal framework for a report page or website. The wireframe should be consistent for similar pages in the report.





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# About the research partners

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 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 USD \$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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## About Radley Yeldar

We're an independent creative consultancy working to create a world that believes in business. For over 30 years, our team of 200 experts has worked with multinationals, start-ups and public bodies to solve complex challenges through a unique blend of technical expertise, compelling communications and standout creative. As an integrated communications agency with leading sustainability expertise, we combine inspiration with evidence to create belief among all audiences. We help our clients define their strategy, bring it to life and report credibly.

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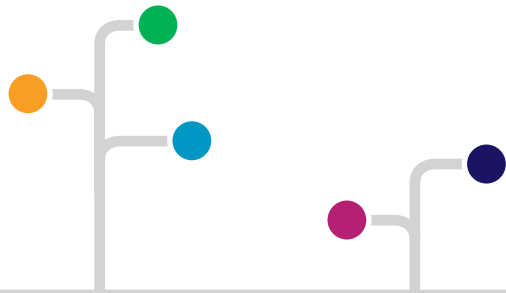
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