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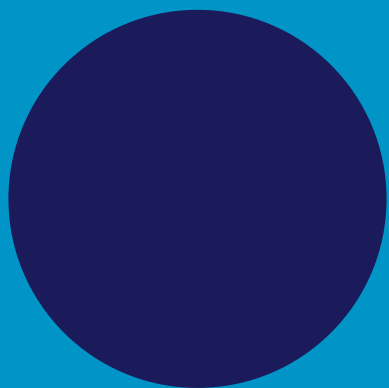
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## Reflecting on a decade. Gearing up for the future

*Reporting matters* started in 2013 as one of the largest independent research projects of corporate sustainability reporting. In the face of unprecedented sustainability challenges, **Radley Yeldar** and the **World Business Council for Sustainable Development (WBCSD)** could see a clear need for transparent and effective sustainability reporting. The aim of *Reporting matters* was, and remains, to improve the effectiveness of sustainability reporting practices and create value for all stakeholders.

Sustainability reporting has come a long way since these early attempts by businesses to quantify their environmental and social impacts. The significant growth of regulatory and voluntary initiatives around the world has seen sustainability reporting truly enter the mainstream. A wide range of stakeholders, and investors in particular, now demand comprehensive, comparable and reliable information – to use in decision-making. And companies now use sustainability information to shape their business strategies in a way that advances both sustainability and financial performance.

While these developments have made sustainability reporting mission-critical, unaligned approaches have also created significant confusion for companies. Pressure from regulators, investors and the public has led to an explosion of not just information requests, but also the ways in which information must be collected, interpreted and communicated. The diversification of communication channels and platforms – including websites, stand-alone reports, social media, indices and more – has resulted in significant fragmentation of information and messaging.

There are three major efforts underway to reduce fragmentation and enhance standardization: The International Sustainability Standards Board (ISSB), the US Securities and Exchange Commission (SEC), and the European Commission together with the European Financial Reporting Advisory Group (EFRAG). Each aims to enhance and evolve corporate reporting to include and consider sustainability information in different ways.

The work of these organizations should be welcomed and celebrated – their success will mark a momentous advance in efforts to drive business action and critical systems transformations. Finding alignment between sustainability reporting standards will help meet the needs of global capital markets, including investors who allocate capital internationally, companies who operate and raise capital across national borders, and the accounting profession that serves all consumers of corporate reporting. Earlier this year, **65 major organizations** from across business, finance and the auditing community voiced their global efforts to harmonize sustainability reporting towards a common international baseline.



To celebrate 10 years of *Reporting matters*, this year's report focuses on what reporting has achieved over the past decade and how it needs to evolve to support today's unique opportunity to drive global progress and transformation.



See page 8

"A look back at the themes covered by *Reporting matters* over the last decade"

## Welcome message from Peter Bakker, WBCSD

**I think it is true to say that we all hoped 2022 would be the year that the world got back to “normal”. From a sustainability perspective, we were committed to making that “normal” truly transformational, but history once again took a turn.**

We watched with horror Russia’s invasion of Ukraine. On top of the humanitarian catastrophe, the wider impacts continue to unfold. While the outcomes for food and energy security are still to be determined, it is clear that people in some of the poorest countries in the world will suffer the most. But also the developed countries will certainly continue to face unprecedented inflation, energy shortages and the threat of recession. At the same time we are witnessing a growing divide between China and the US, putting “globalization” under severe pressure.

On top of these geopolitical issues, sustainability challenges become more tangible by the day. Extreme weather conditions are multiplying as some parts of the world face record-breaking heatwaves and droughts, while others see unprecedented rainfall. We can only expect more of this as temperatures rise. At the same time, data is showing that inequality is growing, both within countries and regions as well as globally. In short, I don’t remember a world outlook being this volatile before.

I remain convinced that business can and must play a pivotal role in navigating these times. Business leaders are rising to the challenge by demonstrating resilience, resourcefulness and adaptability as they step up engagement through multi-lateral responses to overlapping crises.

Transparency and reporting are essential in helping to drive progress and demonstrate that we are achieving true change. In our first *Reporting matters* publication 10 years ago, I called for the development of reporting practices that reflect the true value of companies and the decision-making needs of stakeholders. Since then, *Reporting matters* has helped companies drive significant improvements in the quality of information they report, whilst simultaneously advancing reporting practices across a range of topic areas.

During this time, developments such as the TCFD, along with regulatory and investor pressures have made sustainability-related reporting a priority for boards. But progress is never linear, and we are seeing a growing, albeit largely politically driven, movement against corporate environmental, social and governance (ESG) activities and investment strategies. I see this as a good thing. Firstly, there is no denying that improvements need to be made to the way that ESG-focused investments have been selected and marketed. Secondly, it tells me we are making progress! The sustainability agenda has been ignored and mocked by certain groups over the years. The current criticism shows it has reached the final stage of maturity of any movement, during which those most resistant to change rally together to put up their last stand.

In light of this, it is more important than ever that we provide investors with accurate, timely and actionable information about the material ESG risks companies face, as well as the positive and negative impacts they are responsible for. Reporting must act as a true reflection of a company’s ability to generate long-term value for its owners and the communities and ecosystems that its success relies on.

I see three major areas that will help drive progress:

- The evolution of the materiality landscape, particularly the shift away from assessing ESG issues based on perceived importance and towards understanding their impact on the business and externally.
- The development of a global baseline for sustainability reporting framework led by the ISSB that aligns key standards in different parts of the world, reducing the burden on companies operating under different governance laws and standardizing the information investors can use for their decisions.
- The ongoing digitization of the reporting landscape, which makes it easier to collect, collate and analyze data from different sources and gives investors (and technologies) the ability to analyze more precise and timely information on corporate risks, impacts and opportunities.

I look forward to working with our members to leverage these developments and lead the evolution of sustainability reporting in support of systems transformation. For reporting at least, the conditions are finally lining up for the transformation we have been working towards for the last 10 years. I can’t wait to see what we can achieve together, and the value that transparency and reporting will generate for your companies, as well as society, over the next decade.

### Peter Bakker

President and CEO,  
World Business Council for Sustainable Development  
(WBCSD)



**Reporting must act as a true reflection of a company’s ability to generate long-term value for its owners and the communities and ecosystems that its success relies on.**

## Welcome message from Emmanuel Faber, ISSB

**Well-functioning capital markets can serve as a powerful tool to drive resilience. Global capital markets connect almost all economies, and shape business models and strategies. They are the self-financing source for all economies to transition to a greener future. Properly guided and informed, they can deliver solutions at a global scale to our most pressing transition challenges.**

To that end, markets need a common, global language to assess the impacts of climate change and other sustainability matters. This is the function of the international standards we are developing at the **ISSB**.

The last 10 years have seen a strong progress in the adoption of various languages on sustainability and the emergence of a number of voluntary sustainability reporting standards. The next 10 years offer a chance for a truly transformative shift in how companies report. Only if reporting moves towards greater reliability, transparency and comparability will markets be able to play a pivotal role in the transition to resilience.

There is urgency to our work given the challenges at hand. Our now-complete 14-member board is working to meet the needs of the market in a timely manner. To do so, we are building on the TCFD's foundations, as well as the achievements of SASB, Integrated Reporting Framework and Climate Disclosure Standards Board. We have maintained good momentum in the second half of the year. A wide range of stakeholders from around the world sent a total of 1,400 responses to the open consultation on our first two proposed standards. Thank you to those who contributed feedback.

Over the coming months, a clear priority for us is the avoidance of the fragmentation of jurisdictional initiatives. Fragmentation jeopardizes global capital markets' ability to function, and so we must provide a common language and ensure the interoperability of those with our global baseline of standards. Achieving this requires dialogue with stakeholders and engagement with jurisdictions, which we are leading in great part through our engagement infrastructure.

Our Investor Advisory Group provides guidance from the ultimate users of our standards. This dialogue will be critical to ensuring our future standards meet the information needs of their primary end users.

We are actively working with jurisdictions on alignment and interoperability matters via our Jurisdictional Working Group, with current members including China, the EU, Japan, the UK and the US, and with close engagement with IOSCO.

Our Sustainability Consultative Committee, made up of multilateral organizations and other sustainability experts, is already meeting regularly, and will provide invaluable insight from experts in the sustainability field. We were delighted to welcome WBCSD Chair Ilham Kadri as a member of this committee in September.

We will also collaborate closely with the IASB and have started regular information sharing during our respective board meetings.

In time, our ambition is to cover all sustainability-related disclosures that are needed to inform investment decisions. We are not a climate-only board. While we are working to finalize the first two standards on general requirements and climate, we are considering which projects to prioritize next.

Yet standards will only support market decisions at scale if they are applied in a globally inclusive manner. The ISSB has been urged to create a globally implementable baseline that is practical, flexible, proportionate and suitable for small- and medium-sized enterprises. We are committed to ensuring the inclusive development and widespread implementation of a truly global sustainability baseline. In the coming months and years, we will work with emerging and developing economies, as well as small- and medium-sized companies, many of which operate within global supply chains – recognizing the unique challenges faced by these companies and jurisdictions in applying sustainability disclosure requirements. To this end, we will work in partnership with other organizations to support application of our standards through education and other initiatives. This work is critical to ensure companies can scale up reporting capacity at pace, supporting the reliability and availability of sustainability information.

The more we know, the better we can act. We need to empower markets with the information to support better economic and investment decision-making.

The next 10 years are critical. We must work together to meet the challenge.

### **Emmanuel Faber**

Chair of the International Sustainability Standards Board (ISSB)



**The more we know,  
the better we can act. We need  
to empower markets with the  
information to support better  
economic and investment  
decision-making.**

## Welcome message from David Atkin, PRI

**Global challenges, such as averting the climate crisis, restoring nature and tackling inequality, cannot be solved without the financial markets delivering the investments required to transition business models to a more resilient and sustainable economy.**

At the **PRI**, we consistently hear from investors that the lack of decision-useful, comparable and reliable sustainability-related information is a substantial barrier to their responsible investment practice. This issue has become even more important as investors are increasingly required to report on the sustainability characteristics of their investments and investment processes. High quality corporate reporting is a prerequisite for meaningful reporting by investors in those companies.

2022 has been a momentous year for corporate sustainability reporting, with significant progress in both global and regional initiatives. The IFRS Foundation's ISSB, the SEC in the US and EFRAG in the EU, are leading initiatives that aim to standardize sustainability reporting requirements and in turn provide more clarity for investors on companies' risk, opportunities and impact.

As the world's leading proponent of responsible investment, at PRI we have worked closely with our signatories as primary users of corporate sustainability reporting to provide detailed views on these developments. Overall, we are encouraged by the ambition and content of the different standard-setting and regulatory efforts. At the same time, we remain concerned about the alignment and interoperability of these initiatives and, together with WBCSD, we have called for stronger alignment of regulatory and standard setting efforts on sustainability reporting.

A globally consistent, comparable, reliable, and externally assured corporate reporting system is indispensable in providing investors with a clear and accurate picture of an entity's sustainability-related risks and opportunities, sustainability performance, and contribution to sustainable outcomes. This will allow different types of investors to take sustainability considerations into account more systematically when making investment decisions.

Despite recent attempts to undermine the importance of ESG-related activities and investments, ESG provides a framework to assess the interconnectedness of Environmental, Social and Governance issues in a way that reflects policy and economic realities. In 2021, the **Financial Stability Board (FSB)** stated, "The occurrence of extreme climate events, as well as a disorderly transition to a low-carbon economy, could have destabilizing effects on the financial system."

Earlier this year, **Ashley Alder, International Organization of Securities Commissions (IOSCO) Chair** said "... it is of utmost importance that the regulatory community steps up its efforts in ensuring markets contribute positively to sustainability challenges, in a way that secures the integrity of financial markets and the protection of investors."

New proposals, rules and regulations surrounding sustainability disclosure could, if executed properly, contribute to a more resilient and sustainable economy by ensuring investors and other key stakeholders have access to the information they need. As more and more companies provide decision-useful, comparable and reliable sustainability-related information, investors are able to better assess the full scope of risks and opportunities, performance and outcomes associated with a particular company or investment.

Business-savvy companies and investors know that as the costs related to climate change and other sustainability impacts become clearer, these cannot be neglected in view of an economically efficient, sustainable global financial system that is a necessity for long-term value creation. We need financial market participants to use sustainability information to create a race to the top – where sustainable investments are prioritized and the financial system does what it's supposed to do: enable the flow of financial capital towards responsible and productive investments, reducing risk and creating reliable markets.

The work of *Reporting matters* over the past decade has demonstrated to corporates and financial market participants the importance of non-financial and sustainability-related information, and we warmly welcome the efforts of global standard-setters.

PRI looks forward to supporting the responsible investment community in using sustainability information collected via these standards to help inform their decision-making.

In the meantime, corporates can help by using and implementing global standards for sustainability reporting as and when they are available, by continuing to implement frameworks such as the TCFD recommendations and guidance, and supporting the development of new standards and frameworks such as the TNFD. Companies can – and should – strive towards clearer and more meaningful sustainability reporting – using guidance and good practice examples such as those laid out in this latest edition of *Reporting matters*.

**David Atkin**  
CEO, Principles for Responsible Investment (PRI)



**"**  
**The work of *Reporting matters* over the past decade has demonstrated to corporates and financial market participants the importance of non-financial and sustainability-related information, and we warmly welcome the efforts of global standard-setters.**  
**"**

## 10 years of *Reporting matters*

A look back at the themes covered by *Reporting matters* over the last decade show how the reporting landscape has evolved.

# 1,623

reports reviewed since 2013

# 671

1-1 personalized feedback calls with companies

# 700%

increase in the number of companies scoring over 70% since 2013

# 30%

increase in the overall score since 2013

### 2013

#### Integrating materiality.

Derived from the principles of financial reporting, materiality emerges as the cornerstone of strategic sustainability reporting, and investment & resource allocation decision-making.

### 2015

#### Redefining performance and disclosure.

Exploring three important launches: the Human Rights Reporting and Assurance Framework Initiative (RAFI); the Climate Disclosure Standards Board (CDSB) Reporting Framework; and the Sustainability Accounting Standards Board (SASB) standards for four industries.

### 2017

#### Striking a balance.

A technical look at the new Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, WBCSD's collaboration with COSO on risk management, and the expanding universe of disclosure requirements. Revamped *Experience* criteria help companies create more compelling content for stakeholders.

### 2019

#### Navigating the evolving landscape.

An emerging opportunity to align and harmonize sustainability reporting to address the growing multitude of reporting requirements, frameworks, indexes and voluntary schemes.

### 2021

#### Time for a shared vision.

Celebrating WBCSD's new membership criteria and the milestone update to Vision 2050, we focused on the role that corporate reporting plays in shaping and communicating the contribution of business – helping companies to explain how they fit into the operating context and showcase their vision, strategic commitments and targets.

### 2014

#### Improving effectiveness.

*Reporting matters'* three core criteria areas emerge as *Principles, Content* and *Experience* with the *Reliability* indicator putting the spotlight on external assurance.

### 2016

#### Sustainable Development Goals.

Deep dives into reporting on the SDGs and human rights, and a focus on increasing the robustness of the *Reliability* indicator with insights from the Assurance Working Group.

### 2018

#### Stepping up ambition.

Deep dives on climate change, water and human rights are the focus in the context of evolving regulatory and reporting requirements, processes companies adopt and the impact of reporting.

### 2020

#### Maintaining ambition amidst disruption.

The role of corporate sustainability reporting during a global health crisis and the links between COVID-19 and long-term sustainability pressures.

## Celebrating 10 years of partnership and looking ahead

As we review the past decade and look to the next, we've taken a moment to pause and reflect on. *Reporting matters* has achieved over the last 10 years, as well as how it can support future corporate reporting journeys.

This year's publication marks a decade of *Reporting matters* and, at the same time, opens a new chapter. Inside you will find reporting trends, examples of good practice, articles highlighting the challenges of reporting on double and dynamic materiality, the journey to a reasonable level of assurance, and the benefits of improving audience accessibility.

We're proud of the way *Reporting matters* has enabled WBCSD members to improve their disclosures by sharing good practice examples and providing one-to-one feedback on performance against the assessment framework. Since 2013, the WBCSD team has reviewed over 1600 reports and held nearly 700 feedback sessions. It has been truly heartening to see so many members engage in this journey.

The work which WBCSD and RY have undertaken together has sought to ensure the framework reflects the latest developments in the reporting landscape so that companies are supported to continuously improve their reporting and delivery of their strategies. We've witnessed steady progress in crucial areas such as materiality assessment, integration of sustainability strategies into business plans, and linking sustainability outcomes with financial success. We have also been encouraged to see more companies setting and disclosing targets and performance beyond their direct operations and combining this with contextual narrative to explain performance trends.

Companies have faced tough challenges as reporting has evolved and matured. Navigating the increasingly complex reporting landscape has required resourcefulness, adaptability and constant focus on what is important and relevant. We've done our best to evolve *Reporting matters* in line with the challenges our

stakeholders are navigating. Moving forwards, we're committed to supporting a greater understanding of regulatory and voluntary frameworks, e.g. providing deep dives on specific topics.

Happily, there is a convergence of reporting requirements on the horizon and we are looking to the future of reporting with optimism and confidence that standardization will reduce the complexity of reporting and increase its effectiveness.

We want to continue to support companies on their journey to better disclosures, improving the flow of information that supports decision-making and allocation of resources. We're confident that sustainability reporting will become an effective change management tool, helping to scale up sustainable solutions, drive integration and inspire new approaches to managing sustainability.

After a decade of *Reporting matters* in its current format, now feels like the time to refresh it and ensure it continues to be a helpful tool that supports, inspires and engages readers and practitioners. This summer, we ran a series of consultations with a group of companies and partners to better understand the challenges faced by businesses with regard to sustainability reporting, current trends and future reporting practices. An overview of members' input is provided on **page 11**. The results of these consultations will inform the evolution of *Reporting matters*.

We've identified some key ways *Reporting matters* needs to evolve to provide greater value. This includes developing a more sophisticated approach to cater for a wide spectrum of reporting maturity diverse stakeholders and audiences. We also need to be more active in preparing WBCSD and the wider business community for future reporting requirements from regulators and other key stakeholders, particularly investors. And we will provide further insights into what good reporting will look like two-to-three years ahead.

We would like to thank WBCSD's members for their continued commitment, dedication and efforts to improve their sustainability disclosures and reporting, and for their engagement with *Reporting matters* over the years.

We hope you find this 10th edition inspiring and enriching.



**Jennifer Black**  
Sustainability  
Reporting Director,  
Radley Yeldar



**Julian Hill-Landolt**  
Director, Member  
Support & Business  
Intelligence  
WBCSD

## WBCSD Strategy 2022-2027

WBCSD has launched its new strategy for 2022-2027. It aims to simplify sustainability, focusing efforts on averting the climate crisis, restoring nature and tackling inequality. Building on **Vision 2050: Time to transform**, which has these three global challenges at its core, the strategy offers WBCSD members a way to work together and accelerate action on these interconnected, global issues.

Sustainability pressure points on companies are more complex today than ever before. In addition to impacting financial performance, companies must contend with a constantly expanding range of sustainability-linked risks. Sustainability is now everywhere, driven by activists and legal threats, regulatory developments, supply chain volatility, capital markets pressure, consumer demand and more.

Business leaders and company boards face many specific “how to” challenges as they navigate this evolving landscape. How to decarbonize? How to become nature positive? How to contribute to a more equitable society? How to collaborate across value chains? How to transform systems to create a world in which more than 9 billion people can live well, within planetary boundaries? These are the big questions that are relevant to us all.

To help our members advance solutions, WBCSD’s strategy is centered around the three pillars of Imperatives, Pathways and Redefining Value.

**Imperatives:** It is imperative that business acts on climate, nature and equity. Big initiatives that companies can rally around will form the foundation of the transformational change that is required, such as WBCSD’s own climate action initiative, SOS 1.5, the emerging Taskforce on Nature-related Financial Disclosures and the **Business Commission to Tackle Inequality**.

**Pathways:** *Vision 2050: Time to Transform* presents nine pathways covering the essential services business provides to society, and outlines the radical transformations that are needed. Businesses from the same value chain must come together to transform their operations and the products coming out of these value chains. WBCSD will be focusing on five pathways:

- Energy solutions for the energy transition
- Food and agriculture solutions for food system transformation
- Transport and mobility solutions for a radical shift in how and why we move people and goods around
- Built environment solutions to reimagine our living spaces
- Products and materials solutions to create a vibrant and profitable circular economy.

### Redefining Value

Capital markets can unlock the speed and scale of action by rewarding sustainable businesses with a lower cost of capital. Redefining Value’s work program supports vital global efforts such as that of the TCFD, and WBCSD has become a partner of the **Taskforce on Nature-related Financial Disclosures (TNFD)**. We also bring a financial perspective to specific transformation agendas, such as the Food system.

To succeed in its strategy, WBCSD must focus on meeting members’ needs across the Imperatives, Pathways and Redefining Value pillars, especially in those areas where challenges intersect. Our teams will be working to bring about effective collaborations at these intersection points.

Finally, to help companies set levels of ambition capable of delivering our Vision 2050 of more than 9 billion people living well, within planetary boundaries, WBCSD has established new Membership Criteria. A support hub has been set up to help companies understand where they are with their ambitions and targets, and how they can close the gap and demonstrate what credible leadership and business action looks like in practice. The five criteria focus on corporate ambition related to Climate; Nature; Human Rights; Diversity, Equity and Inclusion (DEI) and Non-discrimination; and Transparency.



## What does *Reporting matters* need to offer going forward?

Over the years, WBCSD and Radley Yeldar have made several updates to the *Reporting matters* framework to align it with developments in corporate reporting practices. In this anniversary year, we decided to ask some big questions about how *Reporting matters* can support members in ensuring maximum effectiveness and value of reporting going forward.

We ran a series of consultations with a group of members throughout the summer and shared a survey with hundreds of members and partners. These consultations gathered practitioners' views and thoughts, drawing out insights on the value of sustainability reporting as an enabler for change. We asked about how companies target audiences and the ways in which regulatory developments are influencing reporting practices. Finally, we explored the value of using the *Reporting matters* framework and how it should evolve.

Here are some of the key insights gathered.

### The value of reporting

There is a clear consensus that sustainability reporting helps drive transparency and accountability and also supports performance and strategic decision-making.

In addition to disclosing good quality data, sustainability reporting has a clear role in driving change internally, for instance, identifying the material issues that are most relevant for companies.

Sustainability reporting should provide companies with a single source of truth and the global baseline of comparable information for investment decision-making and capital allocation.

Finally, as an external communication tool, sustainability reporting shows progress against sustainability targets, and highlights social and environmental impacts. There are some signs that companies are moving towards live data reporting.

### Audience targeting

There is no doubt that investors have become a priority audience for sustainability reporting. Other stakeholders – such as NGOs, clients, consumers, current and prospective employees, and partners – remain equally important in determining how data is presented.

In an effort to streamline the reporting ecosystem, some companies are questioning if a separate Sustainability Report (SR) adds value, especially now that other reports, such as TCFD disclosure, are required. Many companies still believe that a stand-alone SR is valuable in its purpose of responding to key stakeholders, beyond investors.

Finally, most companies don't have an effective way of measuring audience engagement beyond, for instance, clicks and downloads. This somewhat hinders their ability to view the full picture of who engages with what content.

### How the current regulatory developments affect sustainability reporting approaches

When it comes to regulatory change, many companies are adopting a "wait and see" approach before making substantial changes to their reporting. Most think change is coming though.

Some are preparing by, for example, including sustainability governance in financial systems, increasing the level and frequency of external assurance, strengthening internal controls and internal databases, and aligning reporting times with financial reporting.

The high likelihood of regulatory developments means that sustainability is being taken more seriously at senior management and executive levels. Companies are hoping for consistent reporting requirements across different markets to avoid duplication of data and of effort.

### *Reporting matters* is a valuable tool

*Reporting matters* remains highly valuable as a means of benchmarking reports, supporting internal gap analysis and identifying examples of good practice. Some companies, particularly those scoring highly, suggested we develop a section of the assessment framework specifically to drive those at mature levels of reporting to continue to improve. In addition, the framework needs to be adapted to help companies navigate different regulatory frameworks across multiple jurisdictions.

These are incredibly valuable insights, and we are heartened to see such high levels of engagement with *Reporting matters*. Helping members to improve the effectiveness of their sustainability reporting remains the cornerstone of *Reporting matters* and we thank everyone that participated for their time, feedback and long-term commitment. Plans for an evolved version of *Reporting matters* will be communicated later this year.

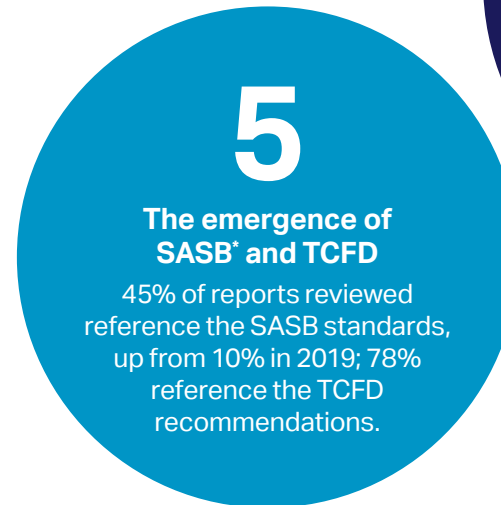
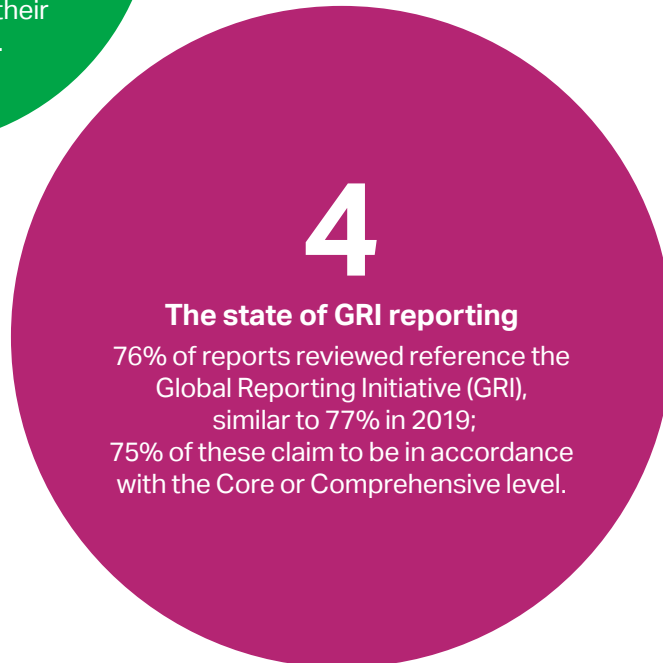
**Blanca Grey**  
Manager,  
*Reporting matters*



“  
Helping members  
to improve the  
effectiveness of their  
sustainability reporting  
remains the cornerstone  
of *Reporting matters*  
and we thank you for  
your time, feedback and  
long-term commitment.  
”

## Key findings from *Reporting matters 2022*

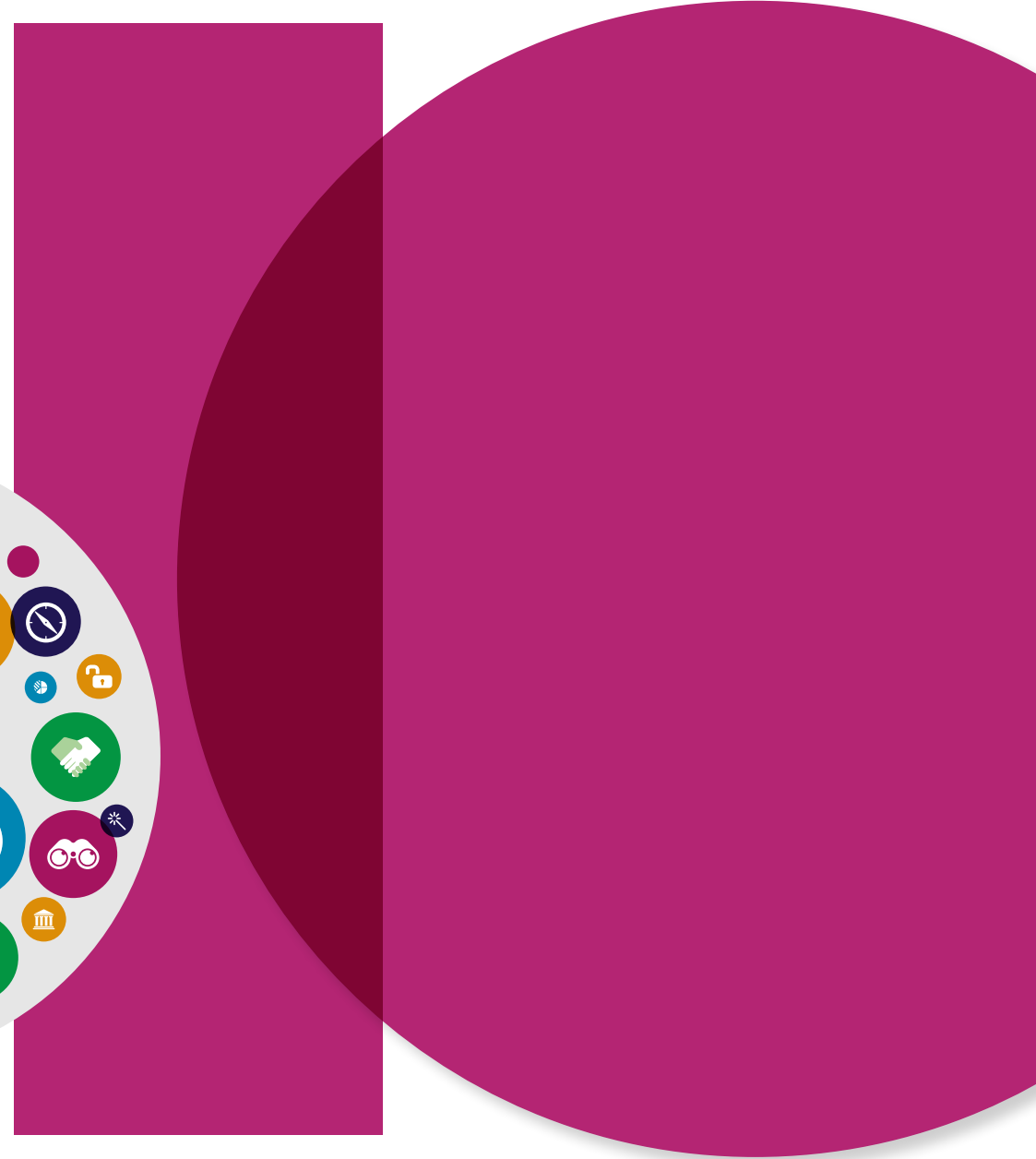
Trends are based on a baseline of 113 member companies included in both the 2019 and 2022 review cycles.



\* Sustainability Accounting Standards Board

## General findings

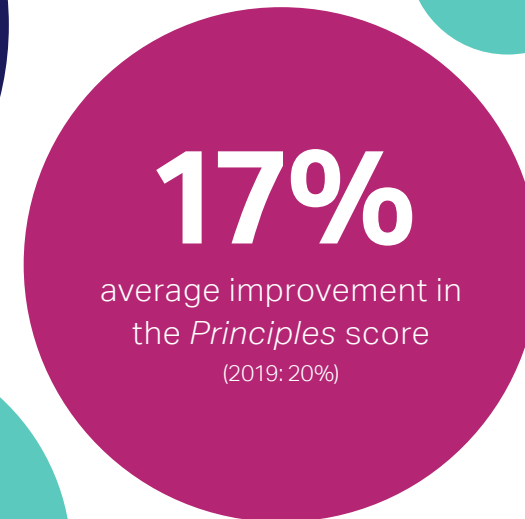
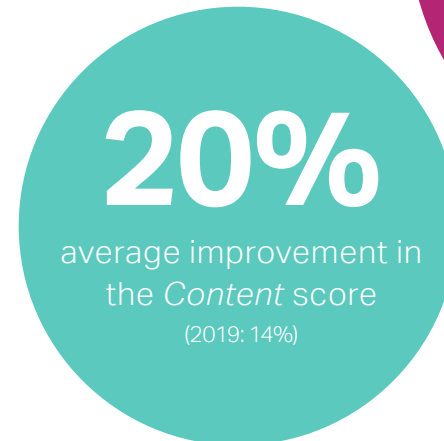
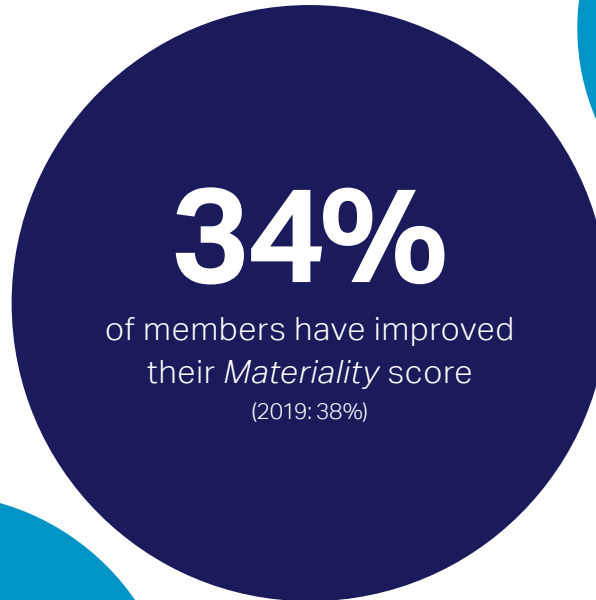
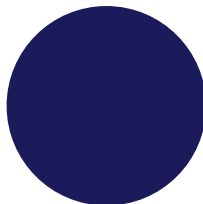
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## Trends over time since 2019

Trends are based on a baseline of 113 member companies included in both the 2019 and 2022 review cycles.

This year's findings show significant improvements across the *overall, principles, content and experience* criteria of the framework. *Reporting matters* has supported WBCSD members over the past 10 years by reviewing over 1,600 reports, sharing good practice examples and providing over 650 one-to-one feedback sessions.



## Report characteristics

Report characteristics represent overall trends across membership over time (154 reports in 2022, 168 reports in 2021, 158 reports in 2020 and 159 in 2019).



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

## What's material?

- As in the previous year, the clear majority (98%) of members reviewed undertake a materiality assessment that considers stakeholder inputs. Most members (86%) disclose an overview of the process and many publish a matrix of results within the report, similar to what we have seen since 2019 (86%).
- Two thirds of members (66%) reviewed this year have strong alignment between report content and materiality assessment outcomes, representing a significant upward trend (2019: 46%).
- We continued to map out material issues and recategorize them into 12 topic categories in 2022.
- Climate change related topics have gained prominence, with 87% of reports now prioritizing an issue in this category compared to 74% in 2019. “Climate change” is now the category that is most commonly prioritized by members across Europe (91%) and the Americas (87%).
- “Labor practices and decent work” continues to be the category that is most commonly prioritized by members across Asia Pacific (90%).
- Topics in the “Society” category are more likely to be prioritized by Asian (67%) headquartered members than European (59%) and North American (28%) headquartered members.
- Topics related to “Renewable resource use” and “Supply chain practices” are more likely to be prioritized by Asian (40%) and North American (44%) headquartered members than European (24% and 38%) respectively.
- Topics in the “Waste and effluents” category are more prevalent among Asian (43%) headquartered members than European (31%) and North American (15%) headquartered members.

Figure 1: materiality process disclosure (% of reports)\*



Table 1: percentage of companies with priority material issues by topic in 2019 & 2021

| % of reports |      |  | Material issue topic        |
|--------------|------|--|-----------------------------|
| 2022         | 2019 |  |                             |
| 87%          | 74%  |  | Climate change              |
| 82%          | 83%  |  | Labor practices decent work |
| 64%          | 72%  |  | Governance                  |
| 56%          | 57%  |  | Product responsibility      |
| 53%          | 80%  |  | Economic                    |
| 53%          | 54%  |  | Society                     |
| 42%          | 57%  |  | Human rights                |
| 40%          | 40%  |  | Supply chain practices      |
| 32%          | 48%  |  | Renewable resource use      |
| 29%          | 35%  |  | Waste and effluents         |
| 10%          | 28%  |  | Ecosystem services          |
| 6%           | 34%  |  | Non-renewable resource use  |

\* Some percentage data points may total 99 or 101 due to rounding.

## How much is enough and what are reports called?

- The average length of stand-alone sustainability reports increased from 102 pages in 2019 to 165 pages in 2022. The shortest stand-alone report we reviewed this year was 15 pages and the longest was 499.
- The average length of reports that combine sustainability and financial information was 172, down from 246 in 2019. The shortest we reviewed was 40 pages while the longest was 810. These reports continue to vary widely by ownership type (private vs. listed) and geography as they must integrate different information according to their regulatory obligations.
- The provision of external links and complementary online content has increased significantly. The vast majority (98%) of members with an offline-first approach produce complementary online content, up from 64% in 2019. This means that while reports are not necessarily shorter, we have much more disclosure. As reports continue to move online and become more fractured in nature, it is becoming harder to track the volume of content.
- The most common report titles in our review sample continue to include the word “Sustainability” (49%). This is largely aligned with results since 2019. Other common titles include “Annual” report (16%) and “Integrated” report (12%). Use of “Corporate Social Responsibility” or “CSR” has remained low at 1%, while the use of “Environment, Social and Governance” or “ESG” has slightly increased from 3% in 2019 to 7% in 2022.
- As in past years, 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 of information each member company asked us to review. As a result, the findings give an indication of report titles that members consider to provide the “fullest source” of sustainability information.

Figure 2: number of pages for stand-alone sustainability reports (% of reports)\*

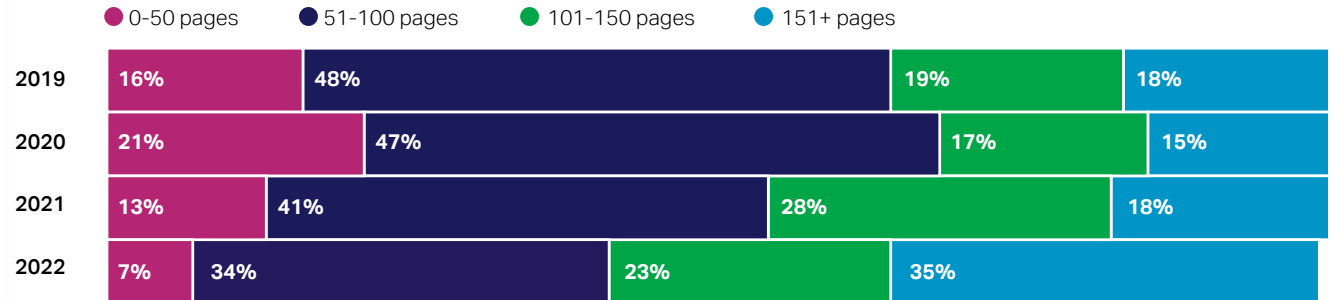
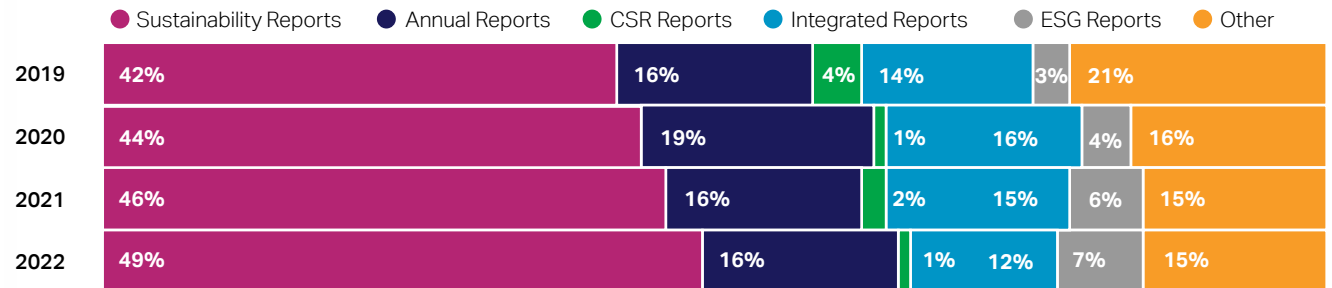


Figure 3: report titles (% of reports)\*



\* Some percentage data points may total 99 or 101 due to rounding.

## What frameworks and standards are being used?

- The majority (76%) of reports reviewed reference the GRI Standards. This is, however, slightly down from 87% in 2019.
- Of the reports that reference the GRI Standards, 25% do not claim to be in accordance. 45% of reports that reference the GRI Standards disclose to the “Core” in-accordance option, down from 54% in 2019.
- The upward trend of the past four years in the percentage of reports reviewed that reference SASB Standards has slightly reversed with 44% in 2022, down from 48% in 2021. Over half (60%) of our North American headquartered sample reference the SASB Standards.
- The percentage of reports reviewed that reference the TCFD Recommendations (78%) continues to increase since we first started tracking in 2020 (58%).

Figure 4: reference to frameworks and standards (% of reports)\*

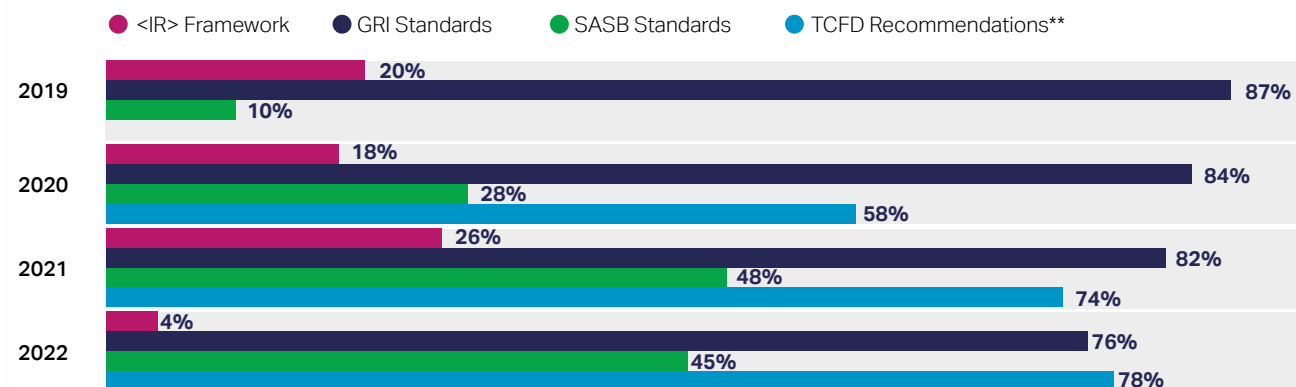
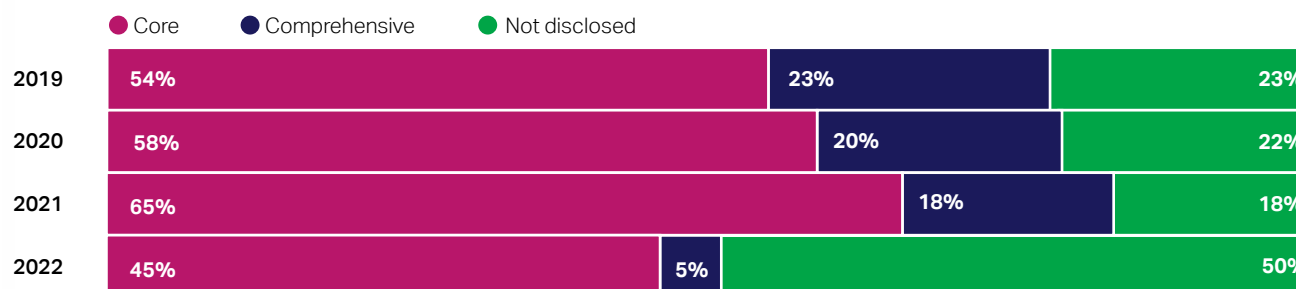


Figure 5: GRI application levels and in-accordance options (% of reports)\*\*\*



\* Reports often times reference one or more frameworks. Annual results therefore do not add up to 100%.

\*\* We began tracking this data point in 2020.

\*\*\* Some percentage data points may total 99 or 101 due to rounding.

## How aligned are reports with financial reporting? (Gap between end of financial year and status of combined reports)

- The average time between the end of the reporting period and publication remains around four months. Combined and self-declared integrated report continue to be largely aligned with financial reporting expectations. As in previous years, combined and self-declared integrated reports continue to be largely aligned with financial reporting expectations, with publication averaging 3.4 months from the end of the fiscal year. Stand-alone sustainability reports are published 4.5 months after the end of the fiscal year on average.
- The average time period between the end of the fiscal year and the publication date for reports continues to vary significantly by geography. European headquartered companies published stand-alone sustainability reports 3.6 months after the close of the fiscal year on average, in line with financial obligations, whereas Asian and North American headquartered companies continue having a much more noticeable gap (5.6 months and 5.4 months, respectively).
- The percentage of stand-alone sustainability reports (64%) compared to the percentage of combined reports (16%) and that of self-declared integrated reports (19%) has remained broadly similar with that of 2019.
- European and Asian headquartered members are again much more likely than North American headquartered companies to combine sustainability and financial information into a single report (45% and 43% compared with 11% respectively).
- Reports that combine financial and sustainability information make up four of our top 10 performers and about 28% of top quartile reports.

Figure 6: time between end of reporting period and publication of report (% of reports)\*

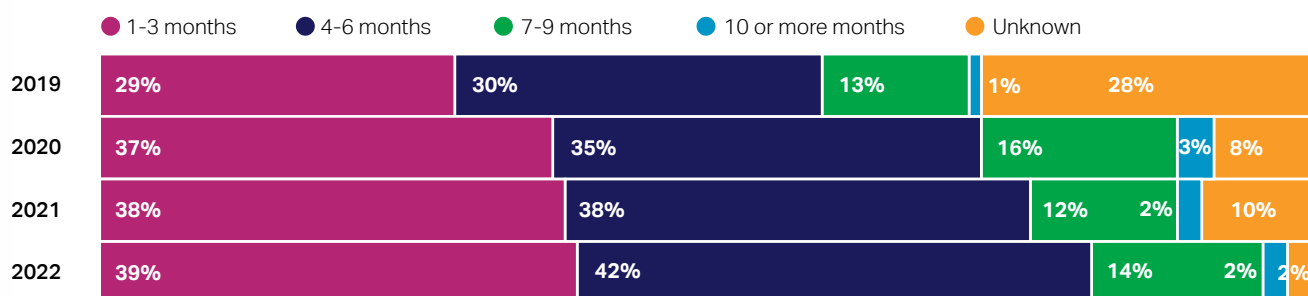
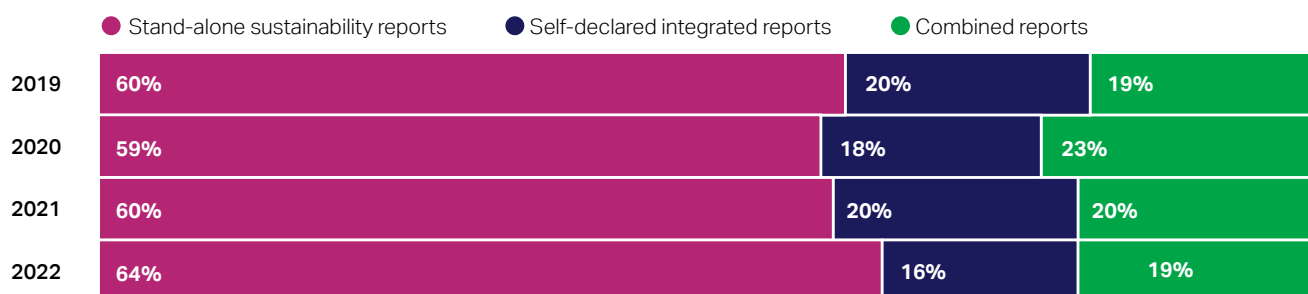


Figure 7: state of integrated reporting (% of reports)\*



\* Some percentage data points may total 99 or 101 due to rounding.

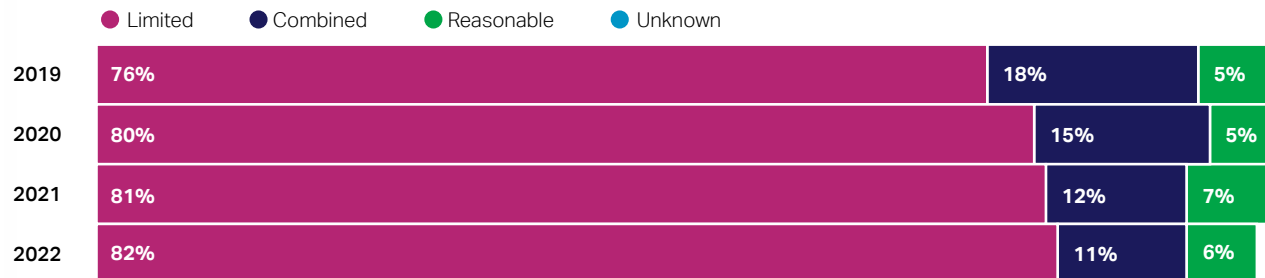
## Who's validating performance?

- Nearly all (98%) reports reviewed have some form of assurance on their sustainability disclosures, be it external assurance or internal audit assurance (2019: 90%).
- More members sought external assurance in our 2021 sample than in our 2019 sample (95% vs. 82%).
- Of those obtaining external assurance, a limited level of assurance on specific indicators and/or the reporting process continues to be the norm (82% vs. 76% in 2019). As in the previous year, a combination of limited and reasonable assurance (11%) and reasonable assurance covering the whole report (6%) saw moderate use in 2022, similar to 2021.
- Europe (20%) is leading the way in terms of combined and reasonable assurance, with North American and Asian headquartered companies trailing (8% and 7% respectively).

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



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



\* Some percentage data points may total 99 or 101 due to rounding.

# Spotlight on the SDGs

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

Since the 2019 review cycle, WBCSD has collected a range of detailed data on SDG reporting. The results of this data analysis demonstrate continued inconsistency in the approach to, and detail in which, members report on the SDGs. Based on this understanding, we decided to continue to display the SDGs as a stand-alone indicator in the framework in 2022. This means the SDGs indicator still does not directly factor into Category or Overall scores.

## Detailed SDG findings

As in previous year, the vast majority (94%) of members reference specific SDGs in their report. About a third (34%) of members prioritize 5-8 Goals with a relatively small number (16%) prioritizing 12 or more Goals. This remains broadly similar to last year.

The most commonly referenced Goals were: 13: Climate Action (84%), 12: Sustainable Cities and Communities (76%) and 8: Decent Work and Economic Growth (71%). Goals 1: No Poverty (24%), 14: Life Under Water (26%) and 16: Peace, Justice and Strong Institutions (26%) were the least likely to be prioritized.

European headquartered companies (44%) were more likely than Asian and North American headquartered companies to score highly on our SDGs indicator vs. 36% of North American companies and 30% of Asian headquartered companies. We have seen an improvement of 11% among North American members, up from 25% in 2021.

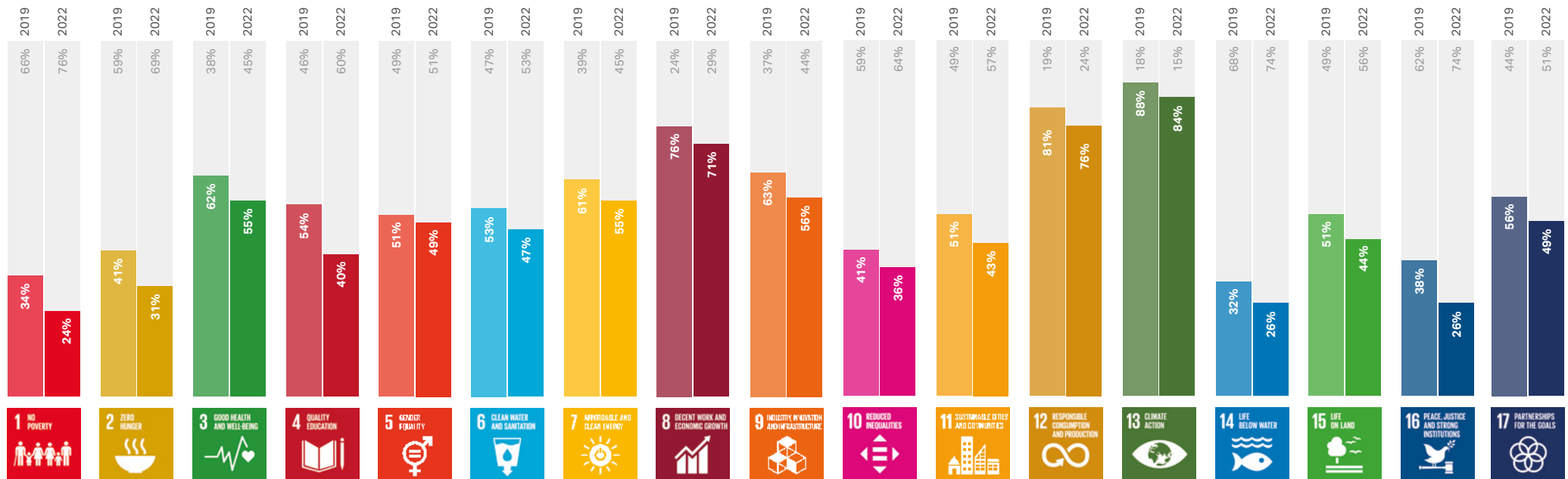
We have also seen improvement in the level of detail of SDG-related information disclosed since we started tracking detailed data in 2019.

For example:

- More than half (56%) align the outcomes of an SDG prioritization process to strategy (26% in 2019).
- Almost 40% of reports explicitly discuss the ties between the materiality assessment process and the SDGs (24% in 2019).
- An increasing number of reports align key performance indicators (KPIs) (16% vs. 6% in 2019) and targets (17% vs. 15% in 2019) to the SDGs.

## Cause for concern

The review reveals that core sustainability challenges, for instance poverty and nature-related goals, are not being prioritized at an SDG level. WBCSD's Nature and Equity Action imperatives should factor this in to their interactions with member companies.



## 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 the impacts – both positive and negative – they have on the external environment.

### Key recommendations

- Prioritize specific SDGs for your company and explain the process used to determine how your organization has the potential to contribute to the realization of the Goals – both through enhancing positive impacts and mitigating negative impacts on people and planet;
- Align priority SDGs and integrate them into strategy, materiality and value chain impacts;
- Demonstrate quantitative contribution to key SDGs using KPIs and specific, measurable, achievable relevant and time-bound (SMART) targets;
- Demonstrate qualitative contribution to key SDGs via detailed evidence, leadership statements, evidence of collaboration and innovation or value chain mapping; and
- Provide this information at detailed Target level rather than broader Goal level.

### Methodology notes

- As in past years, the SDG indicator does not contribute to the *Category* or *Overall* scores in 2021. We analyzed detailed data on SDG reporting from our 2019-21 review cycles and felt it was best not to integrate the SDGs into the scoring framework at this point.

### Good practice

#### Evonik

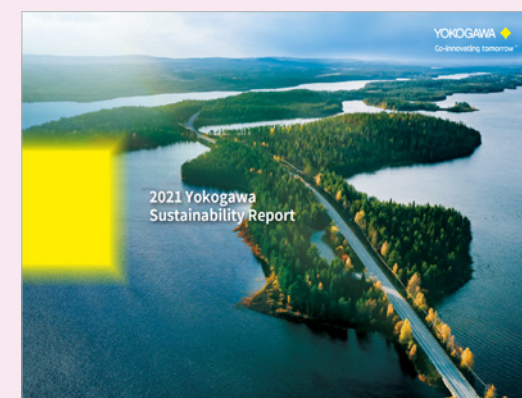
In its *Sustainability Report 2021*, **Evonik** prioritizes the SDGs based on a sustainability analysis. At the beginning of the report, it provides a high-level overview of how SDGs are aligned to the 10 strategic targets of its sustainability strategy, highlighting those SDGs that are found to have the greatest potential for impact at scale. The main body of the report links strategic, target-level SDGs to areas of action, key topics and influence along the value chain. At the back of the report, Evonik provides a comprehensive SDG overview with a more detailed target-specific index that refers users to specific sections and sub-sections of the report.

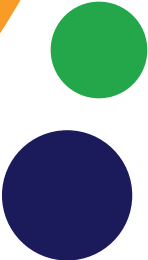


### Good practice

#### Yokogawa

In its *Sustainability Report 2021*, **Yokogawa** fully integrates the SDGs into its strategic approach and reporting, beginning with the message from the President. It breaks the 17 Goals into six priority areas to which Yokogawa contributes. It highlights the 12 most relevant SDG targets for its operations at the beginning of the report and maps them against relevant KPIs and 2030-2040 targets. Yokogawa revisits high-priority SDGs on section divider pages, including its TCFD response. The back of the report includes a comprehensive mid-term sustainability targets review table where SDGs are mapped against value creation themes, FY20 targets and FY20 results.





## Detailed findings

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| DSM's decision to carry out reasonable assurance of its non-financial information            | 25 |
| How CLP's adoption of double materiality is shaping its business strategy and reporting      | 34 |
| How Mondi is leveraging their reporting ecosystem to meet different audience types and needs | 43 |

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 specific aspects of reporting. We aim to include a range of geographies and sectors and to highlight different companies each year as well as for each indicator. This section also features interviews with CLP, DSM and Mondi to get their perspectives on specific criteria indicators.

## The evaluation framework

### Principles

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



Completeness  
See page 27



Materiality  
See page 28



Stakeholder engagement  
See page 29



External environment  
See page 30



External assurance  
See page 31



Balance  
See page 32



Conciseness & alignment  
See page 33

### Content

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



Sustainability governance  
See page 36



Strategy  
See page 37



Implementation & controls  
See page 38



Targets & commitments  
See page 39



Performance  
See page 40



Partnerships & collaboration  
See page 41



Evidence of activities  
See page 42

### Experience

This category looks at how the report meets the needs of specialist and generalist audiences.



Accessibility  
See page 45



Consistent messaging  
See page 46



Navigation & flow  
See page 47



Compelling design  
See page 48

# DSM's decision to carry out reasonable assurance of its non-financial information

Royal DSM is a global, purpose-led leader in Health, Nutrition and Biosciences working to improve the health of people, animals, and the planet. DSM's products and solutions address some of the world's biggest challenges while simultaneously creating economic, environmental, and societal value.

We spoke with **Simon Gobert**, Performance & Reporting Manager, about DSM's decision to carry out reasonable assurance of its non-financial information since 2018.



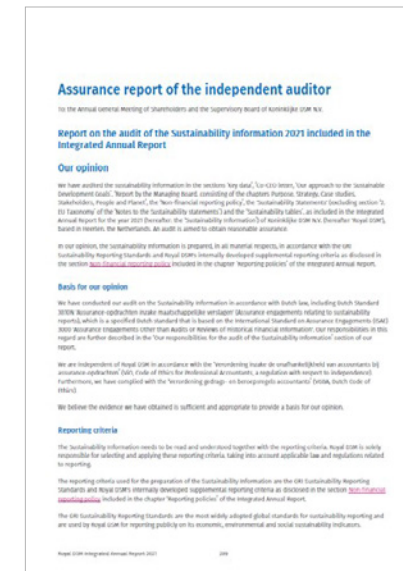
## Could you begin by explaining why you think it is valuable to provide a reasonable level of assurance for DSM's non-financial information?

We've had a reasonable level of assurance on our financial information for years, but what we're increasingly seeing is a demand from stakeholders for non-financial information to be given the same level of rigor as financial information. We completely agree. If we're convinced that non-financial information is as valuable, or even more valuable, than financial information, then shouldn't the quality, and the expectations on the quality, be at least as high? So by providing a reasonable level of assurance through control and oversight from an external assurance provider, all we are doing is applying the same level of quality and scrutiny to our non-financial information as we do to our financial information.

## How long did it take you to transition from a limited to a reasonable level of insurance and what were the key drivers for taking this step?

It took us two years. Our use of limited assurance dates back over two decades and we produced our first integrated annual report with limited assurance in 2010. The decision to make the transition so that all our information was subject to the same level of scrutiny came from the Managing Board and Supervisory Board in 2016. Their view was that, if we say sustainability is a key driver of our business and a core value, then we cannot separate the way we view our financial and non-financial information. For the journey towards reasonable assurance, we had a clear directive that we will not do combined assurance – it would be a single step and we would move to reasonable assurance on all of our non-financial information simultaneously. We actually delayed it by a year because we needed to work on the maturity of some of our data systems – our environmental management and safety management systems were already quite mature, but some others still needed additional development.

The transition was aided by the fact that we use the same assurance provider for our financial and non-financial information. This is an asset as there is a lot of financial information that underpins non-financial information, so it streamlines the process and ensures all the information is viewed through the same lens. It also reduces the risk of having divergent opinions from your auditors when consistency checks are performed across the document.



### What were the challenges and did you experience any push back internally?

There was strong acceptance that we had to make the change so that helped with the transition. The difficulty was more in terms of timing and workload, so any pushback was less about what needed to be done and more about how we got there and whether we could do it on time. Internal conversations focused on how to make such a big change globally in a relatively short amount of time.

The cost also increased significantly – we're talking a four or five-fold increase. The fundamental difference we encountered was that limited assurance tends to be a once-a-year engagement that runs during the reporting window from around November to March. With reasonable assurance that's not feasible – it requires a much more involved process with the assurance provider. We managed it by including a summer package of engagement to define the audit scope, and review methodologies and the reporting policy so that, if this has been done well, the focus can be on validation of numbers at the end of the year. You don't want to be discussing methodologies on how to calculate data while simultaneously executing the calculation – key here is to have as much agreed up front as possible, so that you can easily execute the reporting.

### What for DSM has been the return on investment, besides meeting the regulatory requirements we are expecting to come on stream in the near future?

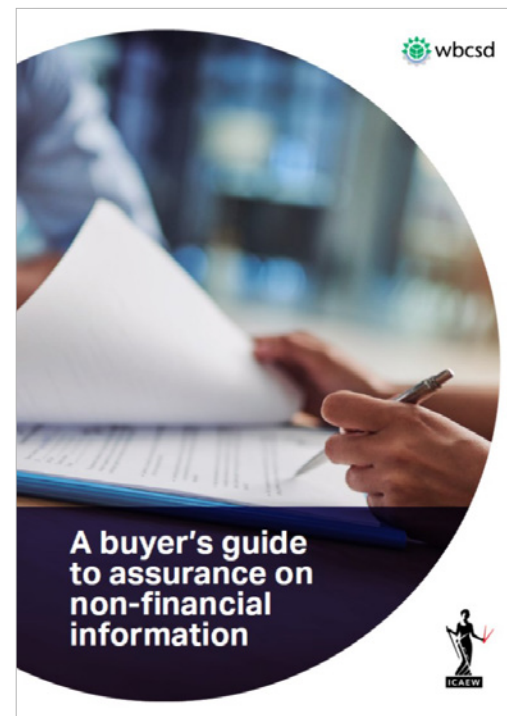
We know our investors appreciate the fact that we put all our data through the same level of scrutiny. It's definitely recognized by the financial markets that you have reasonable assurance and they see it very much as a positive. Internally, because we have much more robust data systems, we can rely on our data more confidently to support our business decisions. In the same way that we use financial data to enable better decision-making, we can use non-financial data because we know that it's as robust. The interest from financial markets in linking financial instruments to sustainability information continues to grow. Our annual report is now the vehicle through which we communicate information needed for our financial instruments. We don't need a separate reporting process because stakeholders can be confident that the information in the annual report has been subject to a reasonable level of assurance.

### Are there any limitations from your point of view, in applying reasonable assurance?

There may be a misconception externally around what assurance is. Assurance doesn't tell us that a number is correct, it tells us that the process we have carried out and the conclusion we have reached, is reasonable. Calculations such as scope 3 emissions will always be based on assumptions and estimates. The assurance process looks at whether the methodology and data trail shows that our systems and processes are rigorous enough to give the assurer confidence in the quality of our numbers. Some people might challenge that this a check-box exercise, but effectively, isn't that essentially what it is? We go through a detailed set of checks and balances to make sure that we have complied with all the requirements to underpin the statements we are making. It's a huge job that takes months of hard work and our annual report is certainly better for it. Assurance confirms that we have a fair, balanced and transparent conversation with our stakeholders, that what we say is reasonable and that we aren't glossing over negative aspects. As a result of the assurance process, if we want to improve or increase our disclosure by adding a new metric or KPI, then it has to go through a very detailed process first. This means it takes longer to bring new information to market because we have to ensure it is robust enough to withstand the scrutiny of an auditor, so we do not take this process for granted. It is by no means an easy process, but it constantly pushes the quality of our data and systems.

### Finally, do you have any advice to readers who might be considering stepping up to a reasonable level of assurance?

The first thing would be that you must have top-level buy-in. There is a lot of investment in the systems, processes and methodologies required, and you need senior stakeholders who will own the processes and be accountable for the outcomes. You also need to have the budget in place to manage the engagement, both in terms of the internal team you will need, as well as the fees involved. It is a time-consuming process, but in our experience, it's hugely valuable.



## Principles: Completeness



Company impacts are widespread and it is important to report on the broader value chain beyond a company's 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 organizational boundaries such as business segments and sub-operations included in the report;
- Describe the stages of your organization's value chain or value creation process and map direct and indirect material impacts to different stages; and
- Discuss material impacts beyond direct operations, including indirect upstream and downstream impacts.

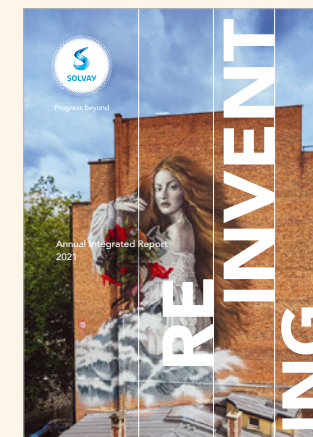
### Methodology notes

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

### Good practice

#### Solvay

In its *Annual Integrated Report*, **Solvay** presents a strong value creation model focused on inputs, raw materials, production of ingredients, processing and formulation, and end markets, clearly mapped across different business segments. The report also includes detailed mapping of issue boundaries against material topics, clearly outlining where material issues impact along the value chain and the degree to which they are important and relevant from a stakeholder and financial perspective.



### Good practice

#### Charoen Pokphand Group

**Charoen Pokphand Group** sets out the scope and boundaries of its *Sustainability Report* mapped across the three dimensions of sustainability – economic, social and environmental – and explains the standards the report is prepared in accordance within the Reporting Boundaries 2021 section. A detailed value creation model describes the six capital inputs of the international <IR> framework in quantitative terms. These are mapped against the outcomes and benefits per capital. Upstream impacts, such as raw material extraction and water withdrawal, and downstream impacts, such as food security and access to nutrition, are discussed throughout the report.



## Principles: Materiality



A materiality process identifies and prioritizes significant ESG impacts, which in turn create both risks and opportunities for the organization, 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. Aside from shaping the content of the report, materiality should inform the foundation for strategic decision-making, such as setting strategy, goals and KPIs.

### Key recommendations

- Describe specific steps taken to identify, prioritize and validate material topics, 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 (ERM);
- Disclose a prioritized list of outcomes through a matrix or concise list of key material issues, acknowledging divisional and geographical differences where appropriate;
- Align the contents of your strategy and report with outcomes of the materiality assessment;
- Demonstrate how management is involved in the materiality assessment process and/or validation of the results; and
- Explain how third parties contributed to the assessment process and/or validation of outcomes.

### Methodology notes

- We look for this information in the body of the report and/or through clear links to additional information such as PDFs or webpages; 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

CRH describes the three steps of its materiality assessment as identification, prioritization and validation of material topics. Its risk register is integrated into the materiality assessment to ensure sustainability issues are aligned with business risks and strategy. There is clear demonstration of how the wider context and the company's own perspective have been considered, along with the engagement of an independent consultant, which led to updates being made to the outcome.



### Good practice

#### The reality of materiality

WBCSD released **The reality of materiality** in collaboration with the Erasmus School of Economics in June. The report dives into current ESG materiality assessment practice including some of the main challenges and opportunities for companies. It aims to provide insights and clarity around the main ESG materiality decisions and challenges based on an analysis of over 550 company reports, 20 company interviews and a review of existing guidance and literature. The findings are set around six challenges and seven major steps involved in conducting a materiality assessment. Key takeaways include the importance of building understanding around different materiality perspectives, ensuring transparency in decision-making and using the assessment to its full potential.



## 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 its activities, now and in the future. Engagement mechanisms 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 a robust process and show how the company is responding to issues raised. The overall approach should ensure stakeholders' needs are properly understood and responded to.

### 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 on.

### Methodology notes

- We look for a centralized narrative on stakeholder engagement and clear evidence of the issues specific stakeholder groups raised, as opposed to a broad, generalized overview of stakeholder responses.

### Good practice

#### Petronas

**Petronas** features a detailed “Engaging with Stakeholders” section on its *Integrated Report 2021*. It includes a table summarizing the quality, frequency and mechanisms of engagement broken down by stakeholder group. The table clearly outlines key concerns raised by each of the stakeholder groups identified, how the company responded and the value added by each engagement activity. Links are made to material topics prioritized as part of the materiality assessment, showing which issues affect each stakeholder group.



### Good practice

#### DBS

In its *Sustainability Report 2021*, **DBS** focuses on five stakeholder groups: investors; customers; employees; society; and, regulators and policymakers. A table details how **DBS** engages with each stakeholder group, key topics raised and the company response. The “key topics raised” column presents candid feedback from each group, which highlights some of the challenges faced and adds to the balance of the report.



## Principles: External environment



External environment refers to actual and potential changes to an organization's operating environment that could impact its strategy and performance. This 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, risk 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 potential to improve.

### Good practice

#### Royal Philips

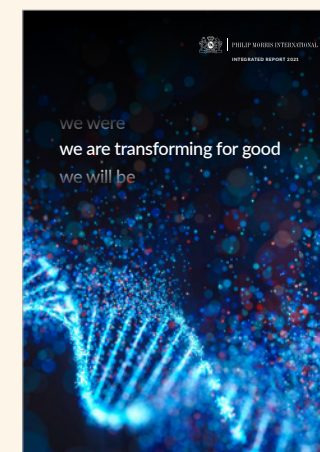
As part of the risk management section in its *Annual Report 2021*, **Royal Philips** discusses relevant issues, including macroeconomic and geopolitical changes, and how these may adversely impact the company's business environment given ongoing challenges with global production, trade, duties and taxation. The extensive and candid discussion of these issues provides valuable insight into how they might affect the ways in which Royal Philips is able to operate in future.



### Good practice

#### PMI

**PMI** begins its *Integrated Report 2021* with an overview of the company and the global, industry and regulatory trends that affect its success. These are helpfully mapped against key stakeholder expectations and the ways in which **PMI** responds to each of them. In presenting this information, **PMI** embeds how the capitals – financial, natural, human, manufactured, social and intellectual – are impacted by trends, providing a clear overview of the challenges the organization faces.



## 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 provide assurance on a wide scope (the reporting process and material KPIs);
- Build up to a reasonable level of assurance to ensure sustainability information is financial grade; and
- Ensure the assurance statement is easily accessible, either in the report or via direct links to where it is published online. The statement should specify scope, boundaries, the applied standard and level and a statement of independence.

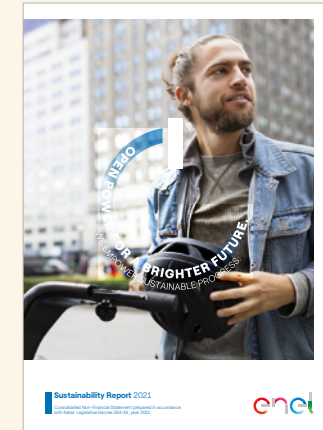
### Methodology notes

- 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

#### Enel

In 2021 financial year, **Enel** strengthened its reporting approach in terms of materiality analysis as well as in terms of assurance. In particular, a thorough materiality (double and dynamic) analysis has been developed in accordance with the guidelines of the most recent publications issued by international standards, including the GRI, EFRAG and the AccountAbility AA1000 Stakeholder Engagement Standards (AA1000SES), regarding the principles of inclusiveness, materiality, responsiveness and impact. In parallel Enel's audit approach has been extended to include the comprehensive scrutiny of a set of 25 relevant indicators across the areas of safety, climate (covering all the Group Carbon Footprint) and gender diversity.



### Good practice

#### Assurance & Internal Controls

Independent assurance enhances credibility and trust in the sustainability information that companies disclose in their corporate reports. The principal goal of our assurance project is to help more companies subject their sustainability information to external assurance in accordance with international standards.

But what is assurance? How does it work? And how is it beneficial to users of non-financial information? The **Buyer's guide to assurance on non-financial information** written by the Audit and Assurance Faculty of the Institute of Chartered Accountants in England and Wales (ICAEW) and WBCSD addresses these questions and brings clarity to a topic that is often perceived as confusing.

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 graphics that clearly highlight and explain areas of weak performance and missed targets; and
- Incorporate balanced external voices to bring 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

#### Stora Enso

In its *2021 Annual Report*, **Stora Enso** discusses how its operations generate environmental and social impacts in areas where tree plantations may affect the rights of local communities. This leads on to outlining actions being taken to mitigate adverse effects. The report features charts and visuals throughout to highlight trends in performance over time, including areas of weaker performance. **Stora Enso** addresses areas of public concern flagged by third-party data provider, RepRisk, in a balanced way.



### Good practice

#### Shell

**Shell** seeks input from a group of individuals who form part of its *Report Review Panel* of independent experts. This input is discussed in its *2021 Sustainability Report*, helping to ensure coverage is balanced, relevant and complete. Some of the recommendations include providing a sufficient explanation of how **Shell** plans to reach its targets, as well as an improved depiction of how the company is progressing against targets over time. Following some of the recommendations, **Shell** has made the report more concise this year to make it easier for readers to understand its performance.



## Principles: Conciseness & alignment



Concise reports align disclosures with outcomes of the materiality assessment and prioritize quality over quantity. Reports drafted in a concise manner avoid information overload, improve coherence and shine the spotlight on issues that are 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; 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

#### Nutrien

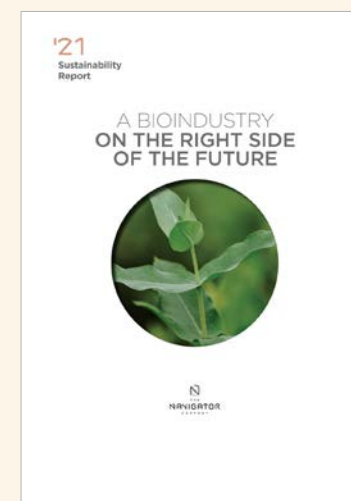
In its 2021 ESG Report, **Nutrien** defines a clear, simplified sustainability strategy – based on the principal outcomes of its materiality assessment – and explicitly aligns the structure of the report with these topics. It provides a concise overview of material topics that are new or emerging from the latest materiality assessment process. Bullet points, infographics and charts help break up text and pace the report, and crosslinks to online content are used to reduce the length of the main PDF.



### Good practice

#### The Navigator Company

**The Navigator Company** structures its 2021 Sustainability Report around global trends that most affect the company and maps associated challenges against the material topics identified. Each section of the report includes a discussion of the risks and opportunities of addressing the relevant material issues. The report is supported by a highlights summary that provides a clear and concise overview of progress and accomplishment across all focus areas.



## How CLP's adoption of double materiality is shaping its business strategy and reporting

CLP aims to be the leading responsible energy provider in the Asia-Pacific region. It is one of the largest investor-owned power businesses in Asia-Pacific with investments across Hong Kong, mainland China, Australia, India, Southeast Asia and Taiwan.

We spoke with **Hendrik Rosenthal**, CLP Director – Group Sustainability, about how CLP's adoption of double materiality is shaping its business strategy and reporting.

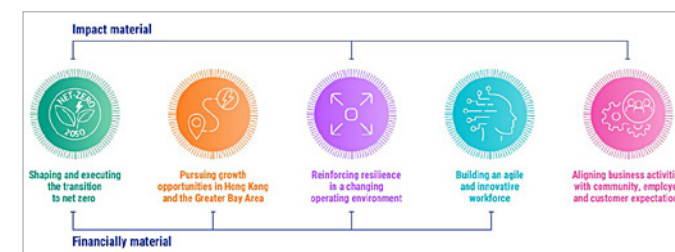


### Please can you explain what prompted CLP to switch to undertaking double materiality for the basis of your reporting in 2021?

The change was actually an evolution of work that has been ongoing for a number of years. Our starting point was guidance from WBCSD on how ESG should be integrated into the risk management process. This highlighted the need to revise our materiality assessment to be more focused on megatrends and risks. The whole premise of double materiality was also driven by external factors like the work of the International Financial Reporting Standards (IFRS) Foundation and demand from different stakeholders for information from an impact and an investment perspective. We saw a need to more clearly distinguish between our two key disclosures – our integrated annual report, which has an ESG narrative built in, and the sustainability report, which also has ESG woven throughout. After an intensive process to identify overlaps and opportunities to streamline the two reports, double materiality came out as a potential solution to focus our disclosures for different audiences.

### Who did you engage in the process and how long did it take?

We initially presented the idea of double materiality to the Sustainability Executive Committee in March 2021, shortly after the end of the 2020 reporting season. Their questions centered around whether double materiality would make the process more complicated, how it would support more concise reporting and whether we should even continue to produce a separate sustainability report. The committee approved a project to explore the move to double materiality for the 2021 reporting round. We then engaged an external expert to help shape our initial thinking and understanding. Internally, three of the teams primarily responsible for publishing the annual disclosures – Corporate Affairs, Group Corporate Secretarial and Group Sustainability – worked together to explore the opportunities for our disclosures. After several months, outcomes were presented back to the executive committee and we got approval to start planning for a double materiality assessment and content planning for each of the 2021 reports.



### How do you anticipate your reporting suite evolving and what support do you need internally to navigate the change?

For the time being, we are still confident about the benefits of producing two separate reports – an annual report and a sustainability report – to meet different stakeholder needs. But both reports have a lot of room to grow. We have used six capitals to structure our narrative around how sustainability is integrated into CLP's business. It feels like now is the time to explore how we could better align with the outcomes of the enterprise value materiality assessment and whether it is time to move on from the capitals approach. There is a lot we can learn from the guidance coming out of the International Sustainability Standards Board (ISSB) exposure drafts on climate and general sustainability-related financial disclosures. We need to meet the needs of our stakeholders – including ratings agencies – by maintaining transparency and providing the information they need, even if it may not be the highest priority from a materiality perspective. We also need to provide a narrative that acknowledges impact. But this impact has to be contextualized to actually mean something to readers in terms of what represents good performance and where we need to do more. This is where we see a gap in terms of what is currently achieved by the GRI framework. The whole topic of impact disclosure needs to mature and further guidance on this would be very helpful for any reporter.

### Can you describe how the process has brought value to your organization?

It has helped to affirm and refocus our business strategy. Reporting is primarily a tool to identify areas of priority – including sustainability and ESG risk – which need to be integrated into business strategy. The difference now is that we are not just looking two to three years ahead – we are looking beyond the usual business planning cycle. We have evolved our risk register to integrate many long-term issues and this is an area where we continue to evolve. For example, climate change is firmly integrated into our risk management processes and the same goes for workforce issues. We are going to need very different people in 10 years' time and we need to develop strategic plans that will ensure we are more agile and prepared. The annual disclosure piece is really a stock-take on progress – material topics are not expected to change too much year on year unless there are major shifts in the external environment, like COVID-19 and the current geopolitical situation. It is also a stock-take on how we need to evolve in terms of business priorities and where we should invest. So the annual disclosure is not the end goal – it is a process for evolving the business in both the short and the long term.

### And finally, what advice do you have for others who might be considering adopting the double materiality approach?

An important point is that at CLP we were not driven to do this from a regulatory perspective. My advice is to look at this as a tool for identifying value for yourself as an organization. Focus on what you can get out of it and then use this as your starting point in terms of how you can future-proof your business strategy. For us, it was about both best-in-class disclosure and best-in-class risk management. We invest in very long-term projects, so this made good business sense. It is also important not to be afraid of the answers you may find. The process may fundamentally question your business in terms of what you produce and the value you bring to the world. Be open to the insights it offers and then seeing how you can use these to navigate your wider business strategy.

### Double and Dynamic Materiality



The materiality landscape is evolving, with “double” and “dynamic” principles at the forefront of the change. Here at RY, we're big fans of the shift, and we're excited by its improved potential as a strategic tool to really help organisations transition towards more meaningful impact. Flick through this document to discover:

- What is double and dynamic materiality?
- What does it mean in practice?
- What's driving the change?
- What are the watch-outs?

Download RY's full report at <https://ry.com>

## 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 corporate governance structure and clear reporting lines;
- Explain how sustainability is governed at a group and regional or business unit level as appropriate;
- Discuss the sustainability roles of board members including frequency of meetings, topics discussed and key decisions made by the Board;
- Disclose if and how sustainability considerations are integrated into executive remuneration; and
- Explain how sustainability-related expertise is included within the capability and experience of Board/Ex-Com; members and how it is sought as part of the member selection process.

### Methodology notes

- We place a strong emphasis on board-level involvement and narrative on responsibilities and outcomes of Board deliberations;
- We look for public disclosure of sustainability responsibilities attached to individuals from the Board/Ex-Com;
- We look for clear evidence of board expertise and training and of how sustainability is integrated as part of the member selection process; and
- For the 2022 review cycle we will collect shadow data on how members demonstrate public commitment to sustainability through substantive public activities of one or more of their board members or senior execs. This will not affect the scoring framework but may lead to an update to the framework in 2023.

### Good practice

#### Vale International

**Vale International** sets the tone with a “Letter from the Chairman” at the start of its *2021 Integrated Report*. This discusses Vale’s “Social Ambition” strategy aimed at preventing future harm and damages, such as those caused by the Bramadinho tragedy. Vale discusses in detail the roles and responsibilities of the Board, specific topics discussed and the frequency of those discussions. Its compensation policy is clearly linked to the main report and describes how sustainability and long-term performance influence board-level remuneration.



### Good practice

#### BMW

**BMW** begins its *2021 Annual Report* with a detailed statement from the Chairman of the Board of Management connecting the company’s values to the “BMW i Vision Circular” strategy. Its statement on corporate governance, which is clearly linked to the main report, presents a clear description of the roles and responsibilities of relevant groups and committees and of every board member. It describes how sustainability informs board member selection, with each board member expected to have expertise in at least one relevant topic such as mobility, customer needs, digitization and sustainability.



## Content: Strategy



Disclosures on strategic approaches to sustainability clearly articulate how an organization addresses the full range of material ESG impacts, which in turn create risks and opportunities for the organization. The strategic approach should have clear links to the overall vision and mission of the company and support the delivery of sustainable outcomes through targeted 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;
- Describe how the strategy will be executed via action plans, objectives and integration into business functions; and
- If the strategy is expiring, describe next steps and what the path forward looks like.

### Methodology notes

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

### Good practice

#### ABInBev

**ABInBev** presents its *ESG Strategy*, which is based on eight strategic priorities that ladder up to three cross-cutting themes – inclusive, local and natural. This clearly links to its values and beliefs of integration with local communities. **ABInBev** provides a roadmap for each material topic. Roadmaps include the business context within which each material issue is being considered, developments and outcomes in 2021, and a forward look linking to relevant activities and partnerships.



### Good practice

#### Michelin

**Michelin** presents its *All Sustainable* strategy as part of its Michelin in Motion message, which is broken down into three strategic pillars – planet, people and profit. The strategy includes short-, medium- and long-term smart targets linked with each material topic. Its discussion of “five reasons to invest in Michelin” follows the description of the strategy and provides evidence of the strong link between sustainability commitments and financial outlook.



## Content: Implementation & controls



Systems, controls and processes should be in place across an organization to manage and monitor material issues. These 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;
- Describe how sustainability is embedded in operations; and
- Explain how the 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

#### Swire Pacific

**Swire Pacific** describes systems and processes in place to manage all material issues in its *Sustainable Development Report 2021*. These include a mix of internal and external frameworks, guidelines and tools. Internal controls – such as internal audits, supplier code of conduct and environmental control systems for waste, water and plastic recycling – are discussed throughout the report. **Swire Pacific** presents engagement activities such as employee training, supply chain policies and guidelines for suppliers, to demonstrate how it is implementing the sustainability agenda across the supply chain. It also discusses how sustainability is embedded in business operations such as risk assessment and procurement.



### Good practice

#### Embedding ESG and sustainability considerations

Written in collaboration with the Institute of Internal Auditors (IIA), **Embedding ESG and sustainability considerations into the Three Lines Model** provides guidance on applying The IIA's Three Lines Model to embed sustainability and ESG considerations in the appropriate structures and processes that support the achievement of business activities to create and protect value for the organizations.

The insights in this document were informed by a series of interviews conducted with 12 member companies, practitioners and subject matter experts and is intended for corporate boards, C-suite representatives within large corporations, and senior management to provide information and understanding on the role of the respective Lines in overseeing the effectiveness of risk management and internal audit processes.



## Content: Targets & commitments



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

### Key recommendations

- Develop a range of verifiable short-term (operational, interim) and long-term (aspirational, stretch) targets for all material issues, with clear baselines;
- Ensure targets are SMART (specific, measurable, achievable, realistic and time-bound);
- Include targets that go beyond direct operations and consider upstream and downstream activities and impacts;
- Incorporate context-based targets where possible, such as science-based targets for climate change; and
- Disclose progress against targets and narrative on forward-looking plans to meet targets.

### Methodology notes

- We limit scores for companies that do not undertake a materiality assessment or do not link targets to specific material issues; or
- We place strong emphasis on the inclusion of interim targets in addition to having a good mix of ambitious and interim targets for various material topics.

### Good practice

#### EDP

**EDP** describes a range of SMART targets and commitments aligned with material issues in its *Sustainability Report 2021*. It links KPIs with medium- and long-term targets and includes visual performance trackers and a brief narrative on performance for each priority focus area. In line with WBCSD's updated climate membership criteria, **EDP** publicly commits to a set of short-, medium- and long-term objectives and targets that support its decarbonization strategy, approved by the Science Based Target Initiative as being aligned with a 1.5°C decarbonization trajectory and the Business Ambition for 1.5°C.



### Good practice

#### Bridgestone

**Bridgestone** features the E8 Commitment in its *Integrated Report 2022* and sets out eight values connected to its *Mid-Term Business Plan (2021-2023)* and *Targets towards 2030*. **Bridgestone** includes a visual progress update tracker with a brief narrative explaining the investments it is making to meet the Goals. It extends targets beyond direct operations to include downstream – such as mobility solutions and road safety education – and upstream – including scope 3 emissions reduction and sustainable sourcing.



## Content: Performance



It is important to develop and report specific and measurable KPIs for all material issues to increase comparability and accountability. Combining quantitative metrics with narrative provides context to performance trends so they can be monitored and corrective actions taken where required.

### Key recommendations

- Disclose KPIs for all material issues with a range of indicator types (input, output, process, outcome and context);
- Present data and metrics in a visual way with at least three years' past performance data to show trends;
- Accompany the data with clear narrative on performance trends, including areas of poor performance; and
- Include a breakdown of data by region and/or division where appropriate.

### Methodology notes

- We limit scores for companies that do not undertake a materiality assessment or do not link KPIs to specific material issues.

### Good practice

#### Acciona

**Acciona** has developed a set of KPIs for each material topic and presents an overview of these at the beginning of each section of its *Sustainability Report 2021*. Where possible, it presents multiple years of data alongside aspirations and a balanced, detailed narrative on performance. **Acciona** features a more robust three- to five-year summary of data in the “Impact per Region” section at the back of the report, which presents granular data by region and business segment.



### Good practice

#### Managing performance

Reimagining performance management shares key best practices that businesses can adopt and implement to create a performance-based corporate culture. In doing so, it explains how the integration of talent with strategy and other “capitals” of an organization is key to unlocking successful creation of value over time. These ideas are unpacked through a series of insights from 42 finance, HR, and operational leaders in leading companies in US, UK, South Africa, Singapore and Brazil.

The research was conducted by WBCSD, in collaboration with the Association of International Certified Professional Accountants, representing the American Institute of CPAs (AICPA) and the Chartered Institute of Management Accountants (CIMA).



## Content: Partnerships & collaboration



Strategic partnerships and collaboration can 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, universities and industry groups that clearly advance the organization's sustainability agenda as defined by its materiality assessment, strategy and goals;
- Disclose how these partnerships are relevant by tying them to material issues or core business;
- Describe the focus of each partnership, the 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 and outcomes) for a handful of key activities as opposed to all partnerships. We expect to understand why certain activities are focused on more than others.

### Good practice

#### Mastercard

**Mastercard** discusses a broad range of partnerships that advance its sustainability agenda throughout its *Corporate Sustainability Report 2021*. These include multi-stakeholder forums, cross-industry collaborations and partnerships with NGOs and academics. For the main initiatives, **Mastercard** discloses the ways it is involved, the aims and objectives of the collaboration and key outcomes. It provides direct links to partnership initiative websites.



### Good practice

#### Sabiq

**Sabiq** publishes a summary of key collaborations in its Sustainability Report 2021. The report focuses on work carried out with government as well as collaborations with universities. These partnerships and collaborations are aligned with Sabiq's core activities and material issues. In the "Collaboration" section, Sabiq discusses the importance of fostering collaborations across sectors and highlights its objectives, role and outcomes for 13 key initiatives. It features multiple other initiatives in less detail throughout the report.



## Content: Evidence of activities



Providing evidence of activities involves reporting on sustainability activities that occurred during the reporting period and progress of ongoing initiatives. Often expressed as outcome-driven case studies, this helps to link management approaches with actions and performance and may be used to 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 evidence and case studies to specific material issues.

### Good practice

#### Aptar

**Aptar** provides consistent evidence of programs and activities undertaken for each material topic in its *2021 Sustainability Report*. It combines a detailed, outcome-driven discussion of topics with a narrative on the historical context behind a range of activities. **Aptar** also incorporates brief feature boxes that draw attention to key initiatives undertaken over the course of the reporting period. These elements help focus the reader without significantly increasing the report's length or hindering readability.



### Good practice

#### Biogen

**Biogen** provides evidence of activities aligned with priority material topics in its *2021 Year in Review*. Outcome-driven evidence is the norm throughout the report. **Biogen** uses concise, and strategic case studies to help demonstrate its work with clients and key partners, positioning activities in the broader ecosystem of sustainability efforts. These stories provide snapshots of local activity and link different geographies and business units to the broader strategy.



## How Mondi is leveraging their reporting ecosystem to meet different audience types and needs

Mondi works with local and global brands to drive sustainability and innovation across the packaging and paper value chain. With sustainability at the heart of its strategy, Mondi's award-winning reporting suite provides insight into the value it creates for stakeholders around the world.

We spoke with **Susan Brunner**, Senior Sustainability Positioning Manager, about how Mondi has evolved its reporting to be accessible and meet the needs of its different stakeholder groups.



### Could we begin by understanding how your reporting has evolved over the years to meet the needs of your different audiences?

Our first report was published in 2007, Mondi's first year as an independent Group following our demerger from Anglo American. Our reporting and approach have evolved since then, particularly in terms of our stakeholder engagement. The format has changed to improve accessibility for audiences both online and offline. So we have a printed Integrated report, online Sustainable Development (SD) report and a number of different indices. We've also developed a comprehensive engagement approach that includes a stakeholder review process involving roughly 100 people who go through the draft report at different stages before we take it to the board for final approval. Feedback loops ensure that anyone we cite in our reports – whether internal or external – is invited to review that content to ensure it is an accurate reflection of our work together.

### How does Mondi ensure the availability of information and leverage the reporting ecosystem to meet different audience types and needs?

The way that we make our information accessible is to consider who our key stakeholders are, what type of information they are looking for, and how we can tailor the information and language to best meet their needs. Last year, for example, we decided to make our consolidated performance tables more accessible by adding an Excel file format to our standard PDF, which supports an automated upload of the data into other systems as needed, saving time and minimizing potential errors in manual data entry. If we think about customers, we include stories about innovative products and sustainable alternatives that are market relevant and address the topics and challenges they are facing. These types of considerations span the whole spectrum of our reporting suite including our Integrated Report, which is targeted mainly at the investor audience, and our SD report, which caters for both generalist and specialist audiences.

### Could you speak a little about how you use design to bring your content to life?

Each year, as part of the reporting process we define a theme that we think will help us express our key messages and then we bring that theme to life through different design elements and content. At the same time, we try to make sure our reporting is recognizable as Mondi, so our brand identity forms the red thread throughout the reporting suite. For our most recent SD report, the theme was about unpacking opportunity. We kept that in mind as we developed content to show where we have identified opportunities and how are we realizing those opportunities through case studies and headlines as well as design.

### What is the impact of this approach in terms of resources and budget?

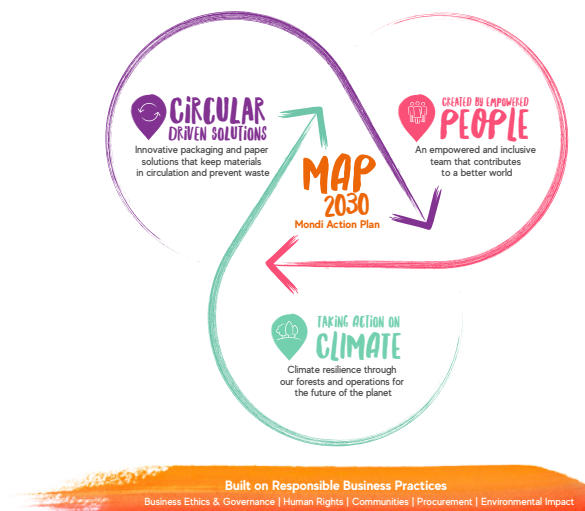
While our significant investment in reporting has brought recognition for Mondi as a leader in transparency, we don't produce our report to win awards. We are doing this to meet the needs of the different stakeholders and to support our business overall. If we do a fantastic job with our reporting, then that's going to give the necessary information to our investors, customers, rating agencies and potential partners who might want to work with Mondi, not to mention current and future employees. One of the resourcing challenges is to have a clear structure and schedule that enables you to move the project along as it needs to, and that supports the feedback loops of different stakeholders. This is definitely a skill we've developed over a number of years because it is a quite comprehensive feedback loop. One way we've been able to improve our process is by moving to an IT system which enables multiple reviewers to access the same file at the same time. This has helped us speed up the content review process.

### Have you encountered any challenges along the way or things you have had to change mid-reporting round?

There have been many challenges and we're constantly learning and searching for new ways to optimize content and make it more accessible. At one point, our report had become so comprehensive that we were told it was like an encyclopedia – there was too much content. So we looked at specific stakeholder needs and how to be more concise while meeting our reporting requirements. For example, we moved some content directly into the GRI and SASB index. Last year we decided to move our performance tables online and include just a few of them in the report and cross-reference to the full set online. Mid-way through the project there was concern that some readers may assume that these were all the tables we have, so in the end, we put all the performance tables online. Now, we have internal feedback suggesting we should put the tables back in the report. This example illustrates how discussions are constantly evolving as we learn and receive feedback.

### What top tips would you share with other companies that may be following a similar journey?

I'd say the most important thing is to think about why you're creating the report, who you want to reach and what your material topics are, and then focus on that. Another thing is to make sure you have all the different departments working together that need to input. We work very closely across the Group Communications team, Investor Relations team, Sustainable development team, different business segments, and also with sites and forestry operations, depending on the topic at hand. So we really bring in expertise from across the entire group. We have developed an integrated approach, which means people in the sustainable development team drive the process and experts from across the business contribute content, but we don't expect them to be perfect writers. One tip would be to make sure you have the ability to get the technical input that you need and then invest in someone who knows how to put it into easily understandable language.



## 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, including 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 and online case studies to suit different stakeholder groups; and
- If applicable, ensure the GRI Content Index and other relevant reporting indices are easily accessible in the report or provide clear links to where they are published online. Reporting indices should use direct links so that related information is easy to find.

### Methodology notes

- We look for clear and easy to find relevant content indices from GRI and other relevant frameworks in line with reporting trends.

### Good practice

#### Arkema

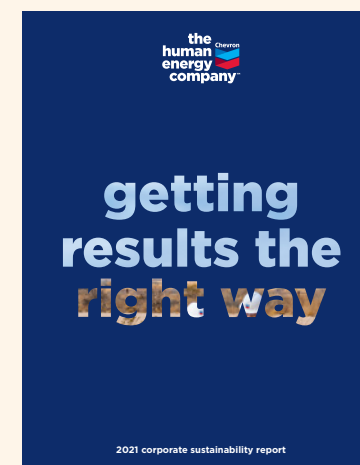
**Arkema** features a direct link to its *2021 Annual and Sustainable Performance Report* on its homepage and makes it easily accessible from the sustainability section of its corporate website. Content is available in different formats to engage a range of audience types. The sustainability section of its website includes a digital and e-accessible version, which can be accessed by people with visual impairments. This has been fully tagged so that it can be vocally transcribed by screen readers.



### Good practice

#### Chevron

**Chevron** features a direct link to its *2021 Corporate Sustainability Report* from the dropdown sustainability menu on its corporate homepage. The report is complemented by interactive online content such as infographics, case studies, data generators and the ability to build your own report. **Chevron** repurposes online content to suit different audience interests. The website features a wide range of indices, performance data reports and a climate change resilience report, all available from a "reports and publication center" section.



## Experience: Consistent messaging



Having a compelling, credible and consistent theme and messaging across sustainability communications brings content to life. It helps to ensure sustainability information is connected, relevant and reflective of the organization's unique personality.

### Key recommendations

- Develop a clear, inspiring and company-specific theme to shape the narrative of the report;
- Frame content to support and reaffirm this overarching message throughout the report;
- Showcase relevant, compelling and meaningful case studies, design features or introductory sections to support the message and narrative throughout the report; and
- Avoid specialist or technical language (or provide explanations or definitions when used). 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 different design elements and sections of the report.

### Good practice

#### Majid Al Futtaim

**Majid Al Futtaim** highlights key messaging around “daring together” on the cover of its *ESG Report 2021*. It uses the “CEO letter to stakeholders” to explain this message and make it company-specific, forward-looking and actionable. Throughout the report, feature accent text connects back to the overarching theme and quotes are used consistently to challenge the company and its suppliers, customers and employees to dare today and change tomorrow. **Majid Al Futtaim** uses an engaging tone of voice and avoids technical language throughout the report.



### Good practice

#### Nestlé

**Nestlé** presents its “Shared Value” theme – which is directly tied to its activities in the food production sector – on the cover of its *Creating Shared Value and Sustainability Report 2021*. It explains the meaning behind the theme on the inside front cover as part of the message from the Chairman and CEO. For **Nestlé**, Creating Shared Value (CSV) underpins its business strategy and is embedded across all sections of the report. The engaging tone of voice used throughout the report is suitable for a range of audiences.



## Experience: Navigation & flow



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

### Key recommendations

- Develop a clear line of sight throughout the report by using consistent templates, design features and 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.

### Good practice

#### Inter IKEA

**Inter IKEA** allows users to filter its online *Sustainability Report 2021* by topic on the landing page of the report microsite. It leads users to key content through direct links to each section and provides direct links to a download center at the bottom of the landing page. The navigation bar of the PDF report allows readers to jump between main and detailed sections and then back again to the content page. There are links to relevant pages on the website where more information can be found. Each section has a similar general structure which enables readers to find key content easily.



### Good practice

#### Autodesk

**Autodesk** features an interactive “Contents” page at the start of its *2022 Impact Report*, which provides a clear line of sight to the various sections and sub-sections in the report. An interactive navigation bar at the top of each page links back to each report section, enabling convenient access to content. **Autodesk** starts each section with a divider page that has interactive links to sub-sections. Content is grouped in alignment with **Autodesk's** strategy, helping the user engage with the content of the report.



## Experience: Compelling design



Great design serves two primary functions: bringing 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 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 design elements help amplify content, theme and key messaging;
- Avoid stock, low quality and cliché imagery; and
- Develop a look and feel for the report that reflects corporate branding and the concepts being discussed.

### Methodology notes

- Members are expected to use report design to amplify the theme and key messages. If the report does not have a clear theme, members will be unable to score a “4” for this indicator.

### Good practice

#### Natura & Co

**Natura & Co** applies a clear creative concept that clearly aligns with its visual identity and brand ethos throughout its *2021 Annual Report*. It uses a range of design elements such as color schemes, graphics, compelling imagery, simple charts and white space to appeal to a range of audience types. Natura & Co distinguishes performance data pages by applying a warm background color to support readability. Feature boxes with quotes and key data are used throughout the report to draw the attention of the reader.



### Good practice

#### Mondi

**Mondi** consistently applies a strong creative concept to its *Sustainable Development Report 2021*. It incorporates a variety of design elements to substantially reduce text while still providing a high-quality, comprehensive report, emphasizing key content such as performance data, key stakeholder quotes and a compelling value chain graphic. The design of the typography is unique and appealing as well as flexible and adaptable to each section of the report, enhancing the reader experience.





## Our activities in 2022



## Global Network partners

We've continued our work with WBCSD Global Network partners 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

2022 marks the fifth year of BCSD Australia's (BCSDA) *Reporting matters* project. Through these years, *Reporting matters* has, by benchmarking, identifying areas for improvement and highlighting good practice examples, helped BCSDA members strengthen the effectiveness of their sustainability disclosures.

While sustainability reporting is not mandatory in Australia, companies see the value of reporting their social and environmental performance to meet annual disclosure obligations, assist with stakeholder engagement and demonstrate a commitment to corporate social responsibility.

The Australia Securities and Investment Commission (ASIC) is the regulator of publicly listed companies under the Corporations Act. ASIC's present focus is climate risk and it is a responsibility of directors to address climate risk. With a focus on eradicating "greenwashing," organisations have been informed that they should develop specific goals and metrics as part of the strategy, as well as effective governance, and an execution plan to substantiate the disclosure. Mere statements of intent are insufficient.

Across 2020 and 2021, BCSDA engaged 23 member companies in *Reporting matters*. In 2021 (using a 2019 baseline), the *Reporting matters* project saw 90% of BCSDA's membership improve their overall score.

As part of the *Reporting matters* process, BCSDA organizes one-to-one feedback sessions with its members to discuss the review of their report. The increase in participation among members at feedback sessions is indicative of organizations seeking to involve more personnel across their business in the results and as a consequence, to improve reporting.

In the coming years, the pressure to strengthen reporting obligations in Australia will increase. This is largely driven by new regulatory oversight, strategic investment, trade partners and competitors in Europe, New Zealand and North America. The International Financial Reporting Standards (IFRS) disclosures along with rigorous due diligence levels will contribute to the growing reporting requirements. *Reporting matters* has a key role in guiding member companies on this journey.

### Türkiye

The Turkish Sustainability Reporting Standards is expected to align with the soon-to-be-released International Sustainability Standards Board. When this foreseeable change takes place, companies currently using GRI and IR to prepare their reports, will be willing to switch to Turkish Sustainability Reporting Standards, for standardization and to meet stakeholder expectations.

BCSD Türkiye has been using the *Reporting matters* framework to assess the effectiveness of sustainability reporting among its member companies for six years. In this time, especially over the past three years, certain reporting trends have become apparent.

Since 2019, BCSD Türkiye member companies, especially those listed on the Borsa Istanbul Stock Exchange (BIST) started combining their financial and non-financial disclosures in one report. BIST, using the lens of the investor audience, encourages this approach to reporting.

Another trend is the increase in alignment of ESG risks and business risk factors among companies. This is especially true of environmental risks where these risks are taking an important place in the risk management process of companies. The E in ESG is gaining traction in Türkiye!

### Trends since 2019

Using a baseline of 19 BCSD Türkiye member companies from 2019-2021

- 26% of members improved their Materiality score
- 26% of members improved their External Assurance score
- 89% of members improved their Overall score
- 10% average improvement in the Principles score
- 8% average improvement in the Content score
- 13% average improvement in the Experience score

### Taiwan

BCSD Taiwan began implementing *Reporting matters* as a new member service in 2020. Meanwhile, the ESG reporting requirements for listed companies in Taiwan has increased. From 2023, the Taiwan Stock Exchange (TWSE) and Taipei Exchange (TPEX) have made ESG reporting requirements mandatory for listed companies with lower levels of paid-in capital. This mandatory requirement applied only to listed companies with a paid-in capital of more than TW\$5 billion, but now it also applies to companies with a paid-in capital of more than TW\$2 billion.

In this reporting climate, where companies are required to ramp up their ESG disclosures, BCSD Taiwan is using the *Reporting matters* framework and process to guide its members on effective reporting and to meet the expectations of different stakeholder audiences. Across 2020 and 2021, BCSD Taiwan engaged about 35 companies in the *Reporting matters* project. We believe *Reporting matters* will continue to help member companies focus on impact, outcomes and creating value when reporting on sustainability, while also preparing them to meet expected regulatory requirements.

## Top performers

The following companies listed in alphabetical order represent the top 10 Overall scores this year. There are 11 reports listed because there was a tie for tenth place

### Charoen Pokphand Group Co., Ltd



### CRH plc



### DSM N.V.



### EDP – Energias de Portugal S.A.



### Eni S.p.A



### Environmental Resources Management Limited (ERM)



### Mondi Group



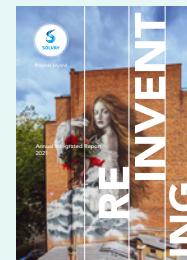
### OCP group



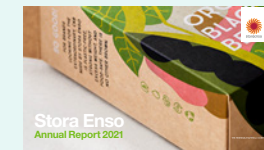
### Philip Morris Int'l SA



### Solvay S.A.



### Stora Enso Oyj



## List of reports reviewed

You can find more complete information including report titles, supersector and region classification of each report on our detailed project recap shared with member companies.

|                                      |  |  |  |
|--------------------------------------|--|--|--|
| 3M                                   | BP International                                     | EDP – Energias de Portugal S.A.                  | KPMG                                       |
| ABB Ltd.                             | Bridgestone Corporation                              | Empresas CMPC S.A.                               | Kumho Tire Co. Inc.                        |
| Abbott Laboratories                  | Brisa Auto-Estradas de Portugal S.A.                 | Enel   | Majid Al Futtaim Holding LLC               |
| Accenture Plc                        | Buhler AG  | ENGIE  | Manulife Investment Management             |
| Acciona S.A.                         | Bunge Limited  | Eni S.p.A  | Mastercard                                 |
| Aditya Birla Group                   | Charoen Pokphand Group Co., Ltd                      | Environmental Resources Management Limited (ERM) | McDonald's Corporation                     |
| Allied Irish Banks (AIB)             | Chevron Corporation                                  | Enviva Management Company LLC                    | McKinsey & Company Inc.                    |
| Amazon                               | Chevron Phillips Chemical (CP Chem)                  | Equinor  | Mediterranean Shipping Company (MSC)       |
| Anheuser-Busch (ABInBev)             | China Petrochemical & Chemical Corporation (Sinopec) | Evonik Industries AG                             | Mercedes-Benz Group AG.                    |
| Apple Inc.                           | Clariant International Ltd.                          | Fujitsu Limited                                  | Michelin                                   |
| APRIL                                | Clean Energy Fuels                                   | Galp Energia, SGPS, S.A.                         | Microsoft Corporation                      |
| Aptar Group Inc.                     | CLP Group  | Givaudan International SA                        | Mitsubishi Chemical Holdings Corporation   |
| Arcadis                              | COFCO  | GlaxoSmithKline (GSK)                            | Mitsubishi Corporation                     |
| Arcelik                              | Colgate-Palmolive Company                            | Godrej Group                                     | Mondi Group                                |
| ArcelorMittal S.A.                   | Compass Group  | Greif Inc.                                       | National Grid Plc                          |
| Archer Daniels Midland Company (ADM) | Continental AG                                       | Grupo Argos                                      | Natura &Co.                                |
| Arkema                               | Corteva Agriscience                                  | Henkel AG & Co. KGaA                             | Neste Oyj                                  |
| Autodesk                             | Covestro   | Holcim   | Nestlé SA                                  |
| Ayala Corporation                    | CRH plc  | Honda Motor Co. Ltd.                             | New World Development Company Limited      |
| Baker & McKenzie                     | Danone Group   | Iberdrola SA                                     | Novartis                                   |
| Barry Callebaut                      | DBS Bank   | IFF  | Nutrien                                    |
| BASF SE                              | Dentsu Inc   | Infineum   | OCP group                                  |
| Bayer A.G.                           | DNV  | Ingka Group                                      | Olam Food Ingredients                      |
| Biogen                               | Dow Inc.   | Inter IKEA Group                                 | PepsiCo Inc.                               |
| Bloomberg LP                         | DSM N.V.   | International Paper Company                      | Petroleum Nasional Berhad (PETRONAS)       |
| BMW AG                               | DuPont de Nemours, Inc.                              | Jardine Matheson                                 | Philip Morris Int'l SA                     |
| BNP Paribas                          | Eaton Corporation                                    | Kering   | Pirelli & C. S.p.A.                        |
| Borealis AG                          | EDF Group  | KONE Oyj   | PTT Global Chemical Public Company Limited |

|                                      |                                    |
|--------------------------------------|------------------------------------|
| PTT Public Company Limited           | Swire Pacific Limited              |
| Rabobank Group                       | Swiss Re                           |
| Reckitt Benckiser                    | Syngenta Group                     |
| Royal Philips N.V.                   | Tata Group                         |
| Sabanci Holding                      | The Goodyear Tire & Rubber Company |
| Sage                                 | The Navigator Company              |
| Santander Group                      | The Procter & Gamble Company       |
| Saudi Basic Industries Corp. (SABIC) | TOMRA Sorting N.V                  |
| SCG                                  | Total Energies                     |
| Schneider Electric                   | Toyota Motor Corporation           |
| Shell plc.                           | Tyson Foods Inc.                   |
| Siemens AG                           | Unilever                           |
| Sika Group                           | UPL Limited                        |
| Sims Limited                         | Vale International S.A.            |
| Skanska Ab                           | Veolia                             |
| Solvay S.A.                          | Viterra                            |
| Sonae SGPS SA                        | Volkswagen AG                      |
| South Pole                           | Weyerhaeuser Company               |
| Stora Enso Oyj                       | Whirlpool                          |
| Sumitomo Rubber Industries Ltd.      | Yara International ASA             |
| Sweco Sweden AB                      | Yokogawa Electric Corporation      |

# Resources

We hope these resources provide interesting opportunities for further research into the different concepts of sustainability reporting.

## Reporting landscape

- Accountancy Europe. **Follow-up paper: Interconnected Standard Setting for Corporate Reporting.** 2020.
- Accountancy Europe. **Sustainability assurance under the CSRD Key matters to respond to the upcoming CSRD requirements.**
- CDSB. **CDSB Framework 2.2.** 2022.
- De Cambourg, Patrick. **Ensuring the relevance and reliability of non-financial corporate implementation.** 2019.
- GRI. **GRI Standards.** 2022.
- IIRC. **International <IR> Framework.** 2021.
- International Organization for Standardization (ISO). **ISO 26000:2010.** 2010.
- OECD. **OECD Guidelines for Multinational Enterprises.** 2011.
- SASB. **SASB Conceptual Framework.** 2020.
- CDP, CDSB, GRI, IIRC and SASB. **Statement of Intent to Work Together Towards Comprehensive Corporate Reporting.** 2020.
- TCFD. **Final Report: Recommendations of the TCFD.** 2017.
- TCFD. **2021 Status Report.** 2021.
- TCFD. **Task Force on Climate-related Financial Disclosures Guidance on Metrics, Targets and Transition Plans.** 2021.

## The Reporting Exchange.

- UNGC. **The 10 Principles.**
- UN Guiding Principles on Human Rights (UNGP). **UN Guiding Principles Reporting Framework with Guidance.** 2017.
- WEF. **Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation.** 2020.
- WBCSD **Shaping Sustainable Finance Policy project.**
- CDP, CDSB, GRI, IR., SASB. **Driving Alignment in Climate-related Reporting.** 2019.

## Sustainable Development Goals (SDGs)

- GRI, UNGC and WBCSD. **SDG Compass.** 2015.
- GRI, UNGC. **Integrating the SDGs Into Corporate Reporting: A Practical Guide.** 2018.
- GRI, UNPRI, UNGC. **In Focus: Addressing Investor Needs in Business Reporting on the SDGs.** 2019.
- GRI, UNDC. **Business Reporting on the SDGs: An Analysis of the Goals and Targets – updated edition 2022.**
- UNGC. **SDG Ambition Guide; Setting Goals for the Decade of Action.** 2020.
- IIRC. **Aligning the SDGs with corporate strategy for value creation.** 2017.
- IIRC, IR, WBA, ACCA, ICAS, CA, IFAC. **Sustainable Development Goals Disclosure (SDGD) Recommendations.** 2020.
- WBCSD. **Business and the SDGs: A survey of members and Global Network partners.** 2018.
- WBCSD. **CEO Guide to the SDGs.** 2017.
- WBCSD. **SDG Sector Roadmap Guidelines.** 2018.
- WBCSD **SDG Business Hub.**

## Materiality

- RY: **Double and Dynamic Materiality. What do you need to know?**
- WBCSD. **ESG Disclosure Handbook.** 2019.
- WBCSD. **The reality of materiality: Insights from real-world applications of ESG materiality assessments.** 2021.

## External environment

- WEF. **The Global Risks Report 2022.** 2022.
- WBCSD. **Sustainability and enterprise risk management: The first steps toward integration.** 2017.
- WBCSD. **Vision 2050 Time to Transform: How business can lead the transformations the world needs.** 2021.
- WBCSD and COSO. **Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks.** 2018.
- WBCSD **Enterprise Risk Management focus area.**

## External assurance

- Accountancy Europe and WBCSD. **Responding to assurance needs on non-financial information.** 2018.
- Accountancy Europe: **FAQs on sustainability information assurance.** 2021.
- WBCSD. **Assurance: Generating value from external assurance of sustainability reporting.** 2016.
- WBCSD. **Enhancing the credibility of non-financial information: the investor perspective.** 2018.
- WBCSD. **Guidance on improving the quality of ESG information for decision-making.** 2019.
- WBCSD and ICAEW. **A buyer's guide to assurance on non-financial information.** 2019.
- WBCSD **Assurance & Internal Controls focus area.**

## Sustainability governance

- WBCSD: **Climate Scenario Analysis Reference Approach**. 2022.
- WBCSD: **Embedding ESG and sustainability considerations into the Three Lines Model**. 2022.
- Accountancy Europe: **ESG Governance**. 2022.
- Accountancy Europe: **Supply Chain Sustainability Assessment. Current Market Practice Insights**.
- Accountancy Europe: **3-step sustainability assessment for SMEs**.
- WBCSD: **The state of corporate governance in the era of sustainability risks and opportunities**. 2019.
- WBCSD: **Insights from the Reporting Exchange: Corporate governance and harmonization**. 2018.
- WBCSD and DNV. Boards and their stakeholders: **The state of play**. 2021.
- WBCSD **Board director resources microsite**.
- WBCSD **Governance & Internal Oversight focus area**.

## Targets & commitments

- Science Based Targets initiative.
- RY: **Sustainability goal setting beyond 2020: How to get it right**. 2018.
- WBCSD **SOS 1.5 project**.
- WBCSD **Nature Action project**.
- UNEP: **Guidance on biodiversity target-setting**. 2021.
- UNEP: **Foundations of climate mitigation target setting**. 2022.
- UNEP: **Recommendations for credible net-zero commitments from financial institutions**. 2022.

## Experience criteria

- RY: **How to design sustainability that sells: A new visual language for sustainability**. 2018.
- RY: **Words that work: How to deliver effective sustainability communications**. 2021.
- RY: **Demystifying D&I**. 2020.
- RY: **Battle for Annual Reporting**. 2020.

## Acronyms

|       |  |
|-------|--|
| <IR>  | International Integrated Reporting Framework                     |
| CDSB  | Climate Disclosure Standards Board                               |
| CEO   | Chief Executive Officer  |
| COSO  | Committee of Sponsoring Organizations of the Treadway Commission |
| CSR   | Corporate social responsibility                                  |
| ERM   | Enterprise risk management                                       |
| ESG   | Environmental, social and governance                             |
| GHG   | Greenhouse gas   |
| GRI   | Global Reporting Initiative                                      |
| IAASB | International Auditing and Assurance Standards Board             |
| ICAEW | Institute of Chartered Accountants in England and Wales          |
| ICAEW | IIRC International Integrated Reporting Council                  |
| ISAE  | International Standard on Assurance Engagements                  |
| ISO   | International Organization for Standardization                   |
| ISSB  | International Sustainability Standards Board                     |
| KPI   | Key performance indicator  |
| NGO   | Non-governmental organization                                    |
| OECD  | Organisation for Economic Co-operation and Development           |
| PRI   | Principles for Responsible Investment                            |
| RV    | Redefining Value   |
| RY    | Radley Yeldar  |
| SASB  | Sustainability Accounting Standards Board                        |
| SBTi  | Science Based Targets initiative                                 |
| SDGs  | Sustainable Development Goals                                    |
| SMART | Specific, measurable, achievable, realistic and time-bound       |
| TCFD  | Task Force on Climate-related Financial Disclosures              |
| UN    | United Nations   |
| UNGC  | UN Global Compact  |
| UNGP  | UN Guiding Principles on Business and Human Rights               |
| WBCSD | World Business Council for Sustainable Development               |
| WEF   | World Economic Forum   |

## Glossary

### Accessibility

Accessibility may also be described as availability. In this case, accessibility relates to the availability of sustainability information and how easily the content can be found (i.e. on an organization's website). Also relevant is the suitability for different audiences (this may include producing content across various formats such as video, PDFs, online case studies).

### 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.

### Reasonable assurance

A level of assurance that provides the user of the report with as high a degree of comfort as is possible for an assurance provider to provide that the subject matter is not materially misstated, in line with financial auditing standards.

### Limited assurance

A level of assurance that provides the user of the report with a lower level of comfort (compared to reasonable assurance) that the subject matter is not materially misstated.

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.

### Consistent messaging

Having a compelling, credible, and consistent theme and messaging across sustainability communications, while ensuring sustainability information is connected, relevant, and reflective of the organization's unique personality.

### Design concept

A core idea that drives both the design and content of the report.

### 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.

### Double and dynamic materiality

#### Double materiality

Double materiality requires an organization to utilize internal and external stakeholder input to determine the financial materiality (or "inwards" impact, i.e. impact of an issue upon a business) and the impact materiality (or "outwards" impact, i.e. the impact a business has upon the issue) of key issues. An issue is considered material from either, or both of, impact materiality or financial materiality.

#### Dynamic materiality

The "dynamic" aspect of materiality means that topics can become more or less material over time. Furthermore, an issue can move from being financially material to impact material, and vice versa.

## External environment

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, UK-REACH, (EU) REACH, EU ETS, ROHs, US Dodd-Frank Conflict Minerals, UK Modern Slavery Act, EU Non-Financial Reporting Directive, 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

Originally launched in 2016, the GRI Universal Standards were revised in 2021. The system now consists of three series of Standards to be used together: Universal Standards, Sector Standards, and Topic Standards. They are in effect for reporting from 1 January 2023, with early adoption encouraged.

### In accordance options

*Core:* For each identified material topic, the organization reports the management approach disclosures for that topic and at least one topic-specific disclosure.

*Comprehensive:* For each identified material topic, the organization discloses the management approach disclosures and all topic-specific disclosures related to the material topic.

### 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 in the value chain.

## 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

The system of policies and procedures implemented by an organization to ensure its operations run effectively and that it complies with the law and all relevant regulations.

## 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 include:

- *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.

## Planetary boundaries

In 2009, 28 internationally renowned researchers identified and quantified a set of nine planetary boundaries within which humanity can continue to develop and feel good in the future. If we cross these limits, abrupt or irreversible environmental changes can occur with serious consequences for humankind.

## 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 the International Union for Conservation of Nature (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.

### 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.

## Acknowledgments

### **WBCSD team**

Lead authors: Blanca Grey, Miriam Chacko

Research analysts: Ellie Stimmerling, Kinga Niedzwiecka, Mathias Buri, Stefano Battiato

Project oversight: Julian Hill-Landolt

Technical support: Karim Sabri

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### **Radley Yeldar team**

Sally Robson – Client Partner

Jennifer Black – Sustainability Reporting Director

Juliette Child – Senior Sustainability Consultant

Imogen Knotts – Sustainability Programme Manager

Lisa Turner – Sustainability Project Manager



## About the research partners

This project is a collaboration between WBCSD and Radley Yeldar

### About WBCSD

WBCSD is the premier global, CEO-led community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net zero, nature positive and more equitable future.

We do this by engaging executives and sustainability leaders from businesses and elsewhere to share practical insights on the obstacles and opportunities we currently face in tackling the integrated climate, nature and inequality sustainability challenge; by co-developing "how-to" CEO guides from these insights; by providing science-based target guidance including standards and protocols; and by developing tools and platforms to help leading businesses in sustainability drive integrated actions to tackle climate, nature and inequality challenges across sectors and geographical regions.

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 over 80 national business councils gives our members unparalleled reach across the globe. Since 1995, WBCSD has been 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, in which 9+ billion people are living well, within planetary boundaries, by mid-century.

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### About Radley Yeldar

We are 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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**World Business Council for  
Sustainable Development**

Geneva, Amsterdam, Beijing,  
Delhi, London, New York,  
Singapore

**Radley Yeldar**

24 Charlotte Road,  
London, EC2A 3PB  
United Kingdom

[www.wbcsd.org](http://www.wbcsd.org)

[www.ry.com](http://www.ry.com)



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