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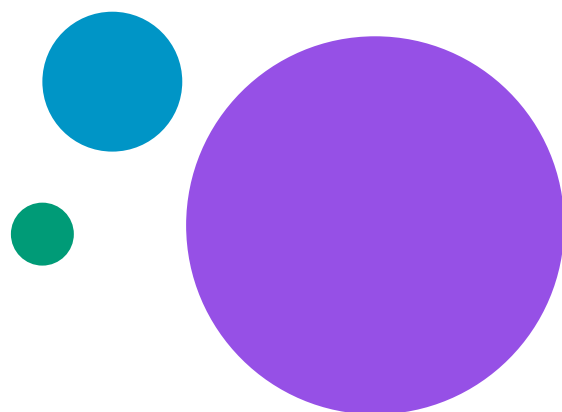
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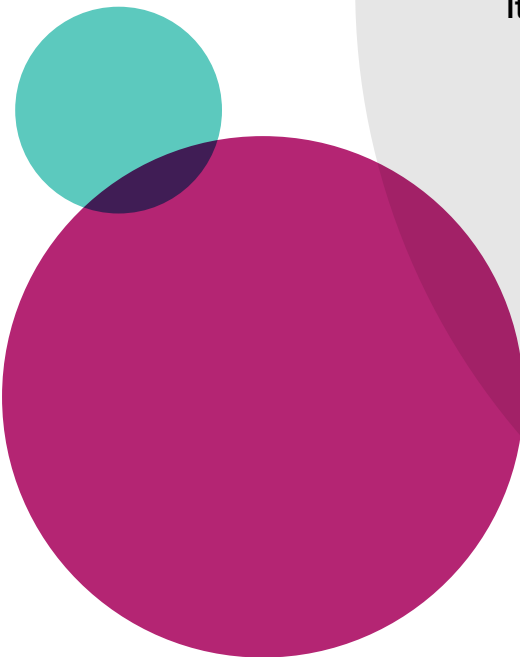
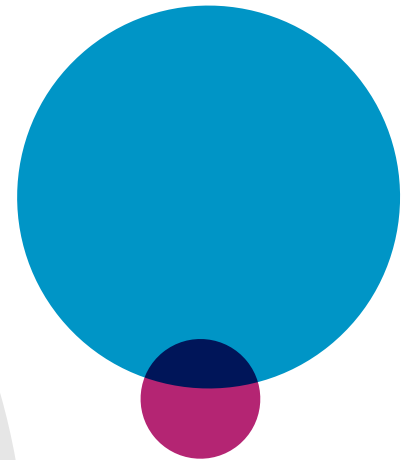


Maintaining ambition amidst disruption

Over the last year, COVID-19 has dramatically altered our lives with a swiftness and ferocity not seen before – at least in most of our lifetimes. It has upended personal lives and financial markets, challenged the fundamentals of how companies operate and triggered a re-evaluation of long-held assumptions about the global economy. Underlying threats to business and society such as systemic inequality that existed before have not gone away but have been amplified, leading to social unrest and exacerbating inequality in many countries.

It is clear that the long-term strategic thinking set out by the Sustainable Development Goals (SDGs), the Paris Agreement, WBCSD's Vision 2050 and the broader push for more inclusive forms of capitalism are needed more than ever. Companies must be resilient and maintain their sustainability momentum to survive. We must all build forward better as we navigate the recovery phase of the global pandemic and not lose sight of systemic issues lingering beneath the surface.

This year, *Reporting matters* presents a focus on the acute impacts of the pandemic and seeks to tie it into other pressing sustainability issues, how WBCSD is responding and the role of corporate sustainability reporting in this environment.



Welcome message

We live in unprecedented times: COVID-19 has changed and impacted everyone and everything in different ways, disrupting social and economic livelihoods.

Moreover, the pandemic has shone a light on the interconnected nature of our systems and highlighted our acute vulnerability to systemic risks.

What hasn't changed though, is the dire need for systemic change. We've known what to do for a long time, and the window to get it done keeps shrinking. Now is our opportunity to address root causes to "build forward better", to ensure the post-pandemic world is fundamentally stronger than the pre-pandemic one we have left behind. A green recovery is the only way to a healthy planet with healthy people. A world in which business can thrive because of its positive contributions to society and the planet.

To get this done, we need to truly align our markets with the natural, social and economic systems on which they depend. It is about building long-term resilience, driving equitable and sustainable growth, creating the enabling conditions and raising the collective business voice for policies for a sustainable financial system, and reinventing capitalism.

It is no coincidence that, to date, WBCSD member stocks have outperformed peers during the pandemic. While environmental, social and governance (ESG) profiles may not be the only factor driving this outperformance, the initial results are promising. More resilient and sustainable companies are often better-managed and this data adds to mounting evidence that they are less vulnerable to systematic risks and more resilient to shocks. These companies are also likely to be noticed and appreciated by investors, especially in times of crisis. ESG has clearly become a critical element of a company's performance.

These results highlight that business leaders have a key role to play, ensuring that sustainability is embedded in the core of business strategies and operations, contributing to the realization of the SDGs and Paris Agreement.

Increasingly, we will also need to put sustainability at the heart of financial decision-making. By collaborating with the Principles for Responsible Investment (PRI), WBCSD will bring investors and corporates together to support the creation of a sustainable financial system. The collaboration is designed to complement and support efforts already underway toward a globally harmonized system for ESG reporting.

What's clear is that business must be able to communicate sustainability information in a decision-useful way to a range of audiences. This is what makes *Reporting matters* an increasingly important support tool for business.

As leading businesses across the globe, I encourage all our members to step up their ambitions and help create the necessary impetus to build forward better. The world depends on us working together to achieve this, now more than ever.

Peter Bakker

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



Foreword

As the pandemic has brought into stark relief, we are all interconnected. That recognition has only underscored the demand and need for greater consistency and transparency in disclosure about business activities and their impact.



While COVID-19 has wreaked havoc with individuals, communities, nations and the global economy, the market demand for greater ESG reporting and disclosure has not diminished. To the contrary, along with racial equity developments, COVID-19 has yet fueled further the accelerating interest in business disclosure about societal impacts and contributions. Moreover, the superior market returns enjoyed by ESG funds and highly rated companies during the pandemic has accentuated the rapidly rising investment community focus on company ESG performance. In that investor ESG decision-making is predicated at least in part on individual company ESG information, financial market scrutiny of ESG reports and disclosures has been added to the diverse spectrum of voices calling for greater consistency and transparency about ESG performance through effective reporting and disclosure.

Recent years have witnessed a proliferation of voluntary frameworks and growing governmental mandates prescribing varied and differential rules for ESG disclosure. The conflicting governmental approaches and philosophies in major regions, such as the US and Europe has only exacerbated the complexity of reporting. The EU obligates ESG disclosure through its Non-Financial Directive and has proposed earlier this year, a far reaching rule, the EU Taxonomy, reflective of the value the EU has attached to ESG performance and aimed at the imperative of greater disclosure. In contrast in the US, the governmental arrow is pointed down seemingly seeking to disincentivize ESG performance and disclosure. The SEC continues to tether ESG disclosure to traditional materiality considerations and has requested comments on whether it should investigate if ESG Funds are as represented. Coupled with the Department of Labor's recently proposed rule which would compel pension fund managers to make additional disclosures to justify ESG investments, the US governmental signals suggest a desire to tamp the breaks on ESG disclosure. Similarly, while efforts are underway to unify or align the major voluntary frameworks (e.g. CDP, GRI, IIRC, SASB, UNGC SDGs, TCFD), until that becomes a reality, substantial differences in company disclosures will continue to confound effective evaluation and comparison of performance.

The velocity and breadth of the differing demands has occasioned increasing complexity for organizations in deciding on the vehicles through which they will report and the issues to be addressed. Those disclosure challenges have caused entities to reconsider why they are reporting, what they are disclosing and how they are going about doing so. In particular, expanding notions of stakeholder engagement have led companies to reconsider the ESG issues of moment to them and their alignment with the enterprise's purpose in determining their ESG strategy and disclosure position. Notwithstanding these challenges, the pace of disclosure has grown rapidly with a recently reported record 90% of S&P 500 companies publishing a sustainability report.* But with the rise in reporting has also come greater scrutiny over the veracity of statements in them, triggering greater discussion about the need to consider the efficacy of standards and controls managing the generation and dissemination of ESG performance information.

While the rationalization of reporting frameworks may be a way off, several directional trends are clear. Companies will be pressed to provide more comprehensive ESG information as well as to address more subjects. Requests for independent third-party verification will increase. Investment and capital flows will be influenced by ESG disclosures. Inaccurate or incomplete disclosures will create risks – if you say it, it better be true. In short, reporting matters, as ESG performance and disclosures will impact company sustainability and valuation.

The 2020 edition of *Reporting matters* provides compelling insight into the evolving state of disclosure to assist readers in navigating the growing ESG reporting imperative. I congratulate WBCSD on its continuing important and influential work on ESG reporting. I encourage readers to reflect on the perspectives shared in the report and to engage with stakeholders, colleagues and WBCSD in advancing efforts to enhance the effectiveness of ESG disclosure and performance.

Milton Cheng
Chair, Baker & McKenzie

* Governance & Accountability Institute, Inc. "Flash Report S&P 500, July 16, 2020.

Vision 2050

In 2010, WBCSD released Vision 2050. This landmark piece of work laid out a pathway to a world in which nine billion people are able to live well, within the limits of the planet, by mid-century.

Although many of the concepts at the core of Vision 2050 have stood the test of time, some topics have inevitably increased in importance while others have emerged as critical new areas within the sustainable development landscape. WBCSD's Vision 2050 Refresh project is bringing the original vision up to date and restating the baseline for business action and leadership for the coming decade.

You can learn more about the Vision2050 Refresh project on the Vision 2050 Refresh Project webpage.



The impact of COVID-19 on Vision 2050.

Building on the Vision 2050 Refresh research and in response to the pandemic, WBCSD and Volans developed a Vision 2050 issue brief which sets out the longer-term consequences of the pandemic and explores the systemic vulnerabilities that have been exposed.

It looks at how COVID-19 can shift the decade ahead through its interaction with existing demographic, political and cultural divides and by accelerating existing trends.

Finally, it explores lessons from history that can help to inform a more equitable post-crisis recovery – including the role of business in ensuring COVID-19 is used as an opportunity to reset capitalism.

The issue brief concludes in part that “The pandemic has revealed how quickly and decisively governments, business and society can act when an emergency is perceived to be real. We must acknowledge that we have not seen similar levels of action taken when it comes to challenges such as climate change, biodiversity and inequality. Nonetheless, change nearly always follows a shock, and change is at the heart of all human progress. It is up to each one of us to drive the recovery in the direction of greater economic, social, and environmental resilience.”

You can read the full issue brief on WBCSD's website.

Systemic vulnerabilities being exposed by COVID-19

ECONOMIC GROWTH	HIGH LEVELS OF INEQUALITY	WEAK NORMS & INSTITUTIONS	UNDERINVESTMENT IN PUBLIC HEALTH	EFFICIENCY AT ALL COSTS
Above all else, but at what cost?	Within and between countries	Coordination goes AWOL when it is needed most	Nowhere near universal health coverage	Disruptions from capitalism's lack of slack (& planning)

How COVID-19 could shape the decade ahead Interactions with existing demographic, political and cultural divides

INCOME & WEALTH INEQUALITY	NATIONALISM & GLOBALISM	GENDER INEQUALITY	INTERGENERATIONAL DYNAMICS	POLARIZATION & ATOMIZATION
The poor will take the brunt (again) – rescue responses will be critical	Knee-jerk nationalism has been easy to turn to and global tensions are only increasing	Women and girls are taking on higher social and economic costs in the fallout from COVID-19	Adverse economic circumstances will drive an even larger wedge between generations	Individualism loses its lustre as awareness of interdependence and interconnection hits

How COVID-19 could shape the decade ahead Accelerating existing trends

RESHORING	DIGITALIZATION	SURVEILLANCE	AUTOCRATIZATION
Peak supply chain fragmentation passes, as flexibility is out and resilience is back in	Massive expansion of services for the lucky few, with innovation turboed in some fields	State intrusion is temporarily legitimized, but how many will give up their new power?	Public health is used to give autocracy a boost – but can democracy move online?

How WBCSD is responding

WBCSD is undergoing some changes in response to external trends to ensure our members remain on the leading edge of the corporate sustainability agenda.

Strengthening WBCSD membership criteria

We are significantly expanding upon our membership criteria. Members will be expected to comply with five new membership criteria by January 2023.

1. Set ambition to reach “Net Zero” emissions no later than 2050;
2. Set ambitious goals that contribute to nature recovery by 2050;
3. Declare support for the UN Guiding Principles on Business and Human Rights;
4. Declare support for inclusion and equity; and
5. Operate at the highest level of transparency.

Each of these broad categories is supported by expectations on target setting and annual reporting on progress using mainstream frameworks and standards.

Refreshing the Redefining Value (RV) Program strategy

The current capitalist system needs to look beyond returns on financial capital to include environmental and social capital in allocation and valuation models.

For the past five years, WBCSD’s RV Program has developed a range of tools and guidance documents to help business integrate ESG considerations into existing business processes, enhance disclosure of decision-useful information and engage with capital markets more effectively.

But stakeholder capitalism is not yet real for business. There is no shared definition of stakeholder capitalism and the role of business in shaping and enabling stakeholder capitalism isn’t clear. There is also no business roadmap for moving from shareholder to stakeholder value. While the system architecture remains focused on shareholder and financial value, companies that focus on stakeholder value aren’t yet fully rewarded.

The RV Program is taking a bold new strategic direction to define, influence and enable the transition from shareholder to stakeholder capitalism over the next five years. This shift to stakeholder capitalism will make a vital contribution towards the SDGs, the Paris Agreement and Vision 2050. Put simply, it is the way to unlock financial rewards for more sustainable companies in the form of lower cost of capital.

We will carry on with our *Reporting matters* work and expand our efforts to help members integrate the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We will also focus on building bridges between corporate sustainability teams and the capital markets and on helping members keep abreast of trends in sustainable finance policy.

Collaborating with PRI

The Principles for Responsible Investment (PRI) and WBCSD – together representing asset owners, investment managers, service providers and businesses – have forged a new collaboration to create the enabling conditions for a sustainable financial system.

The **collaboration** will work to put sustainability at the heart of financial and strategic decision making by facilitating direct conversations between investors and business about what decision-useful sustainability-related information is, and how and where that information can be used.

“Driving meaningful data is critical to tackling the roadblocks to sustainability. At PRI, our signatories regularly tell us that their responsible investment practices are hindered by a lack of consistent and comparable ESG data. Therefore, PRI is seeking to improve the flow of reliable and comparable data from corporates through the investment chain to beneficiaries and clients.

We are delighted to be collaborating with WBCSD to drive driving corporate-investor action on sustainable development, including solutions that elicit decision-useful information between investors and corporates.

By focusing on investor needs and strategic corporate communications, PRI and WBCSD will complement the regulatory and standard setter work that is already underway to advance a globally harmonized ESG reporting system. We hope to develop the tools and data needed for future decision-making and to create the incentives and collective action at a scale that can significantly influence the capital costs of sustainable companies.”

Fiona Reynolds
CEO, PRI

Why does reporting (still) matter?

Beyond broader business responses, we cannot lose sight of the importance of corporate sustainability reporting for laying the groundwork that is needed for the systemic change that is to come. We've sought out respected leaders from a range of geographies to understand their perspective on the importance of corporate sustainability reporting and the trends they are seeing.

Brazil

Sustainability reporting is key to improving access to information, accountability and transparency for stakeholders. Increasing transparency is a business value that fosters greater stakeholder engagement, while effective reporting showcases how ESG aspects are impacted by companies' activities.

Latin America was hit particularly hard by the global pandemic. It has devastated many lives, exacerbated intrinsic inequalities and affected businesses and jobs. For a fairer recovery that moves us towards a future that fosters social inclusion and environmental responsibility, organizations must be attentive to the importance of accurate and timely reporting.

The pandemic has highlighted the urgency of business and government action to advance the sustainability agenda for our region, especially the social dimension. Attracting financing is fundamentally connected to the ongoing improvement in the quality of reporting. Further investment in a sustainable future depends on this.

The world is undergoing major changes in values and priorities. We must adapt and respond quickly to these new demands and drive change towards a society that is more environmentally and socially responsible.

Marina Grossi

President
Brazilian Business Council for Sustainable Development
(CEBDS)

European Union

The World Economic Forum's Global Risks Report 2020 and other authoritative sources have indicated increasing environmental and social risks to the point that they are now jeopardizing our businesses, economies and societies at large.

Currently, there are many reporting frameworks in the European Union (EU) and around the globe aimed at addressing these topics. Even observing an initial alignment process among reporting frameworks, there remain too many scattered initiatives that are not influencing businesses' steering and decision-making. As a result, the bulk of our economy remains unsustainable both environmentally and socially. Indeed, there is not yet an easy-to-use, fast and direct interface with public and private decision makers, who lack the time to engage with this broad range of initiatives.

Building robust management accounting principles to facilitate business decision-making is a crucial next step. In turn, this can inform external reporting and contribute to the standardization of non-financial reporting which continues to be sought after by a broad range of stakeholders.

Thomas Verheye

Principal Advisor Green Finance and Investment
European Commission

India

The state of corporate reporting has become a source of increasing debate in recent years and there is significant focus on non-financial information that is crucial to assess company performance. Investors have struggled for years to get a clear picture of how organizations create value and what the company board is doing to preserve it.

India is at the threshold of corporate transparency with rising regulatory oversight and progressive market reforms. Regulators have focused on making corporate disclosures comprehensive and going beyond financial disclosures in the past few years. Non-financial information not only serves the increasing expectations of investors but also provides an opportunity for corporates to improve upon their communication with regulators, employees and other stakeholders by integrating financial and non-financial drivers of value creation into a sustainable business model.

Integrated reporting as an evolution of corporate reporting has been able to respond to such changing scenarios by stimulating integrated thinking within the organization, thereby creating value in the short, medium and long term. As a market-driven approach, integrated reporting has gained momentum after the Securities and Exchange Board of India (SEBI) soft law in 2017 on voluntary adoption of Integrated Reporting by top 500 listed companies.

Seema Arora

Deputy Director General
Confederation of Indian Industry (CII)

Japan

Non-financial information of companies, e.g. business models, management strategies and measures for responding to potential risks, is important for investors in assessing corporate value. Moreover, in recent years, institutional investors have also been trying to integrate ESG factors into their evaluation, investment decisions, monitoring of investee companies and other stewardship activities.

A focus on the TCFD recommendations can help companies integrate non-financial considerations into their broader corporate reports and move business toward the realization of a virtuous cycle of environmental and economic growth during and after the COVID-19 situation. We have seen the number of organizations around the globe supporting the TCFD increase over time.

The TCFD Consortium produced **TCFD Guidance 2.0** in July 2020 to continue to promote the implementation of the TCFD recommendations. The Ministry of Economy, Trade and Industry (METI) also organized a **TCFD Summit** in early October 2020 to facilitate discussions by international leaders of industrial and financial organizations. The discussions focused on approaches to using the TCFD recommendations and featured sessions by practitioners aiming to popularize and develop the TCFD recommendations toward business.

Kajikawa Fumihito

Director, Environmental Economy Office,
Industrial Science and Technology Policy
and Environment Bureau,
Ministry of Economy, Trade and Industry (METI)

United States

The pace of societal change and environmental impact has increased dramatically and companies are experiencing the financial and economic impacts of changing stakeholder expectations. As a result, if sustainability issues are not effectively managed, they may have a negative impact on a company's operational performance and resilience. COVID-19 has certainly elevated the attention focused on ESG disclosure as a critical avenue to gain insight into how management is contemplating the needs of stakeholders and investing in the organizational capacity to manage through disruptive societal and environmental events.

Growing public and investor demands for ESG accountability are compelling organizations to pay closer attention to sustainability risks and opportunities and related disclosure expectations. This growing demand for transparency also includes the expectation that a company's non-financial disclosures are considered investor-grade, or reliable.

External assurance is an important component of an effective governance structure and can improve an organization's ability to meet investors' and other stakeholders' expectations for accurate and reliable disclosures. Obtaining assurance on ESG reporting can also reduce risks related to misleading or omitted disclosures, increase the confidence of management and the board, and strengthen trust with external stakeholders.

Kristen Sullivan

Chair, Sustainability Assurance and Advisory
Task Force, American Institute of Certified Public
Accountants (AICPA)
Partner, Deloitte & Touche LLP

Key findings in 2020

1

Reporting is improving

78% of member companies in our benchmark have improved their Overall scores since the baseline year 2017; **26%** have improved their *Materiality* score.

2

The state of SDG reporting

96% of reports reviewed acknowledge the SDGs in some way; **93%** prioritize specific SDGs and present some evidence of alignment and contribution.

3

The state of integrated reporting

41% of reports reviewed combine financial and non-financial information, up from **35%** in 2017; **18%** are self-declared integrated reports.

4

The state of GRI reporting

84% of reports reviewed reference the Global Reporting Initiative (GRI), similar to **87%** in 2017; **78%** of those claim to be in accordance with Core or Comprehensive level.

5

The emergence of SASB

28% of reports reviewed integrate SASB into the materiality assessment process or produce a separate SASB index, up from **7%** of our sample in 2017; **65%** of our US-headquartered sample does so.

6

The future is digital

15% of reports reviewed provide a digital-first experience; **81%** of members with an offline-first approach produce complementary online content, up from **44%** in 2017.



General findings

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Trends over time since 2017

Trends over time are identified based on the 106 member companies included in both the 2017 and 2020 review cycles. Major changes to the review process and framework were completed between 2016-17, making a four-year baseline more appropriate for this year's publication.

78%

of members have improved
their *Overall* score

26%

of members have improved
their *Materiality* score

11%

average improvement
in the *Overall* score

14%

average improvement
in the *Principles* score

12%

average improvement
in the *Content* score

9%

average improvement
in the *Experience* score

Report characteristics

Report characteristics represent overall trends across membership over time (158 reports in 2020, 159 in 2019, 158 in 2018 and 157 in 2017) whereas baseline data looks at a smaller sub-set of reports that were included in both the 2017 and 2020 reviews.

44%

of reports are titled sustainability reports
(2017: 41%)

41%

of reports combine financial and non-financial information
(2017: 35%)

4

average number of months between reporting period and publication
(2017: 4)

101

average number of pages for stand-alone sustainability reports
(2017: 95)

84%

of members cite GRI Standards
(2017: 86%)

84%

of members have some portion of their report externally assured
(2017: 73%)

15%

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

81%

of members with an offline-first approach produce significant online content**
(2017: 44%)

* This data has only been collected since 2018.

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

What's material?

- The clear majority (95%) of members reviewed undertake a materiality assessment that considers stakeholder inputs. Most members (81%) disclose an overview of the process and often publish a matrix of results within the report, continuing an upward trend (2017: 82%).
- Over half (52%) of members reviewed have strong alignment between report content and materiality assessment outcomes, continuing a significant upward trend (2017: 37%).
- As in past years, we mapped out material issues and recategorized them into 12 topic categories. Labor practices continues to be the category that is mostly commonly prioritized by members (85%). Our European (86%) and Asian headquartered members (93%) are more likely to cite labor related issues than North American headquartered companies (71%).
- Climate change related issues have continued to gain prominence, with 78% of reports now prioritizing an issue in this category across the sample. This is slightly more prominent for European (81%) and Asian headquartered members (82%) than North American headquartered members (77%).
- Governance related issues have also continued to gain prominence, with 78% of reports now prioritizing an issue in this category across the sample. This is fairly consistent across geographies.

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



Table 1: percentage of companies with priority material issues by topic in 2018-2020**

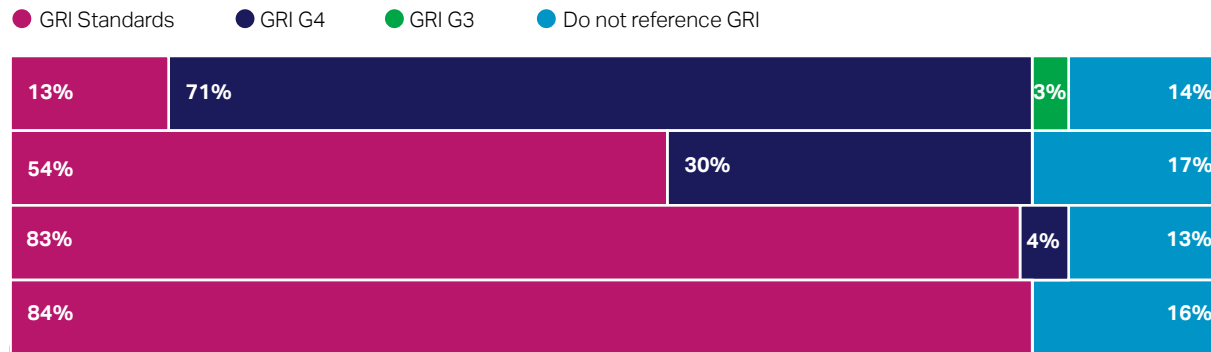
2020	2019	2018	Material issue topic	2020	2019	2018	Material issue topic
85%	83%	74%	Labor practices decent work	59%	57%	49%	Human rights
78%	74%	60%	Climate change	56%	48%	40%	Renewable resource use
78%	72%	66%	Governance	50%	40%	35%	Supply chain practices
70%	80%	67%	Economic	35%	35%	27%	Waste and effluents
65%	57%	49%	Product responsibility	20%	34%	20%	Non-renewable resource use
60%	54%	56%	Society	27%	28%	18%	Ecosystem services

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

** This data has only been collected since 2018.

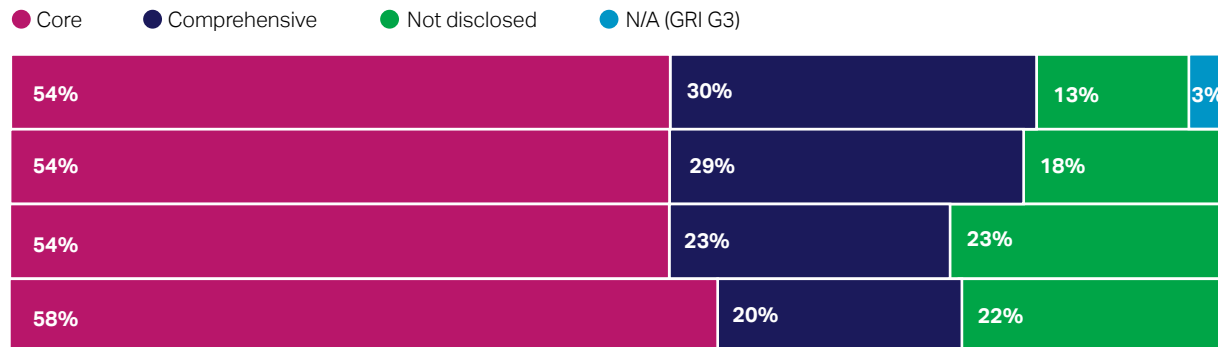
What's the status of GRI reporting?

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



- The clear majority (84%) of reports reviewed reference the GRI. This is consistent across geographical headquarters and time (2017: 86%). Over three-quarters (78%) of combined and self-declared integrated reports reference the GRI Standards.
- Of the reports that reference the GRI, 22% do not claim to be in-accordance, continuing the upward trend (2017: 13%), while the majority (58%) of reports continue to disclose to the “Core” in-accordance option.
- Reports reviewed that disclose to a “Comprehensive” level continue to outperform the rest for *Principles* (66% vs. 58%) and *Content* (73% vs. 64%) categories.
- We have seen a significant uptick in the percentage of reports reviewed that integrate SASB into the materiality assessment process or produce a separate SASB index, up from 7% of our sample in 2017. Nearly two-thirds (65%) of our US-headquartered sample does so.

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

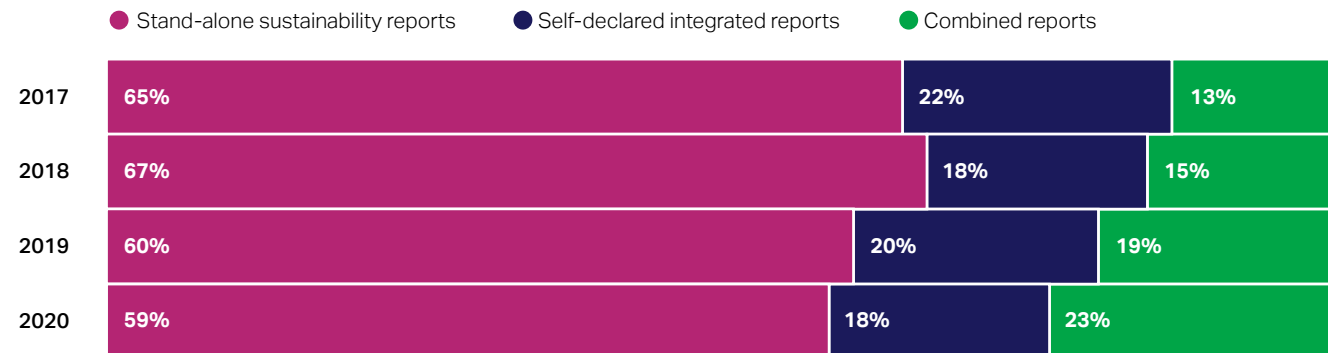


* Due to rounding to whole numbers, some percentage data points may total 99 or 101.

What's the status of integrated reporting?

- The relative percentage of stand-alone sustainability reports has dropped from 65% in 2017 to 59% in 2020. This is due to the increase in self-declared integrated reports and annual reports that combine sustainability and financial information.
- European headquartered members are much likely than Asian and North American headquartered companies to combine sustainability and financial information into a single report (55% compared with 32% and 11%, respectively).
- Reports that combine financial and sustainability information make up four of our top 11 performers and about a third (31%) of top quartile reports.
- Self-declared integrated reporting has levelled out across WBCSD's membership (22% in 2017 vs. 18% in 2020). These reports continue to score better than other sub-populations, particularly in the *Principles* (66% vs. 57%) category.

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



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

How quickly are reports being published and what are members calling them?

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

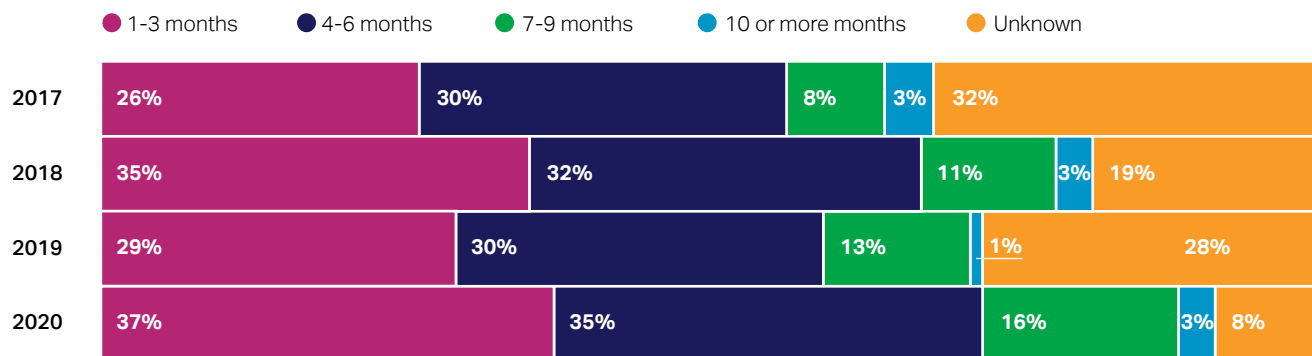
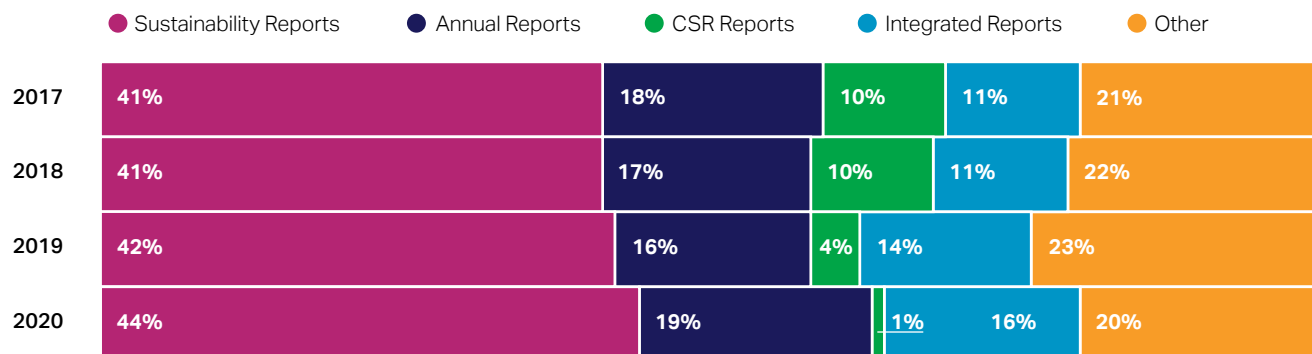


Figure 6: report titles (% of reports)*



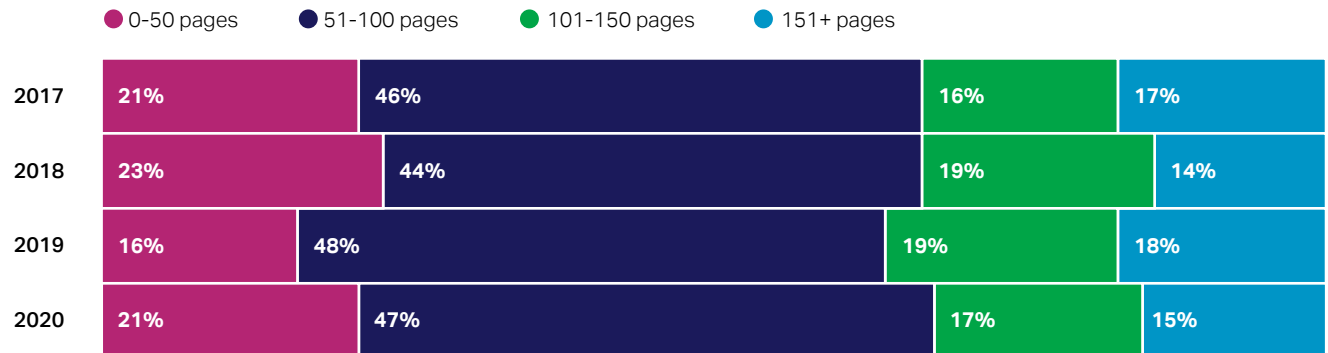
- The average time between the end of the reporting period and publication remains around four months. Combined and self-declared integrated reports continue to be largely aligned with financial reporting expectations, averaging three months after the end of the fiscal year. Stand-alone sustainability reports are published 4.8 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, even after accounting for different report format. European headquartered companies published stand-alone sustainability reports three months after the close of the fiscal year, in line with financial obligations, whereas Asian and North American headquartered members have a much more noticeable time gap (6.4 months and 5.8 months, respectively).
- The most common report titles in our review sample continue to include the word “Sustainability” (44%). This is largely aligned with results since 2017. Other common titles include “Annual” report (19%) and “Integrated” report (16%). Use of “Corporate Social Responsibility” or “CSR” has dropped from 10% in 2017 to 1% in 2020.
- 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 we have been asked to review by each member company. That being said, this does give an indication of report titles that members feel provide the “fullest source” of sustainability information.

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

How much is enough?

- The average length of stand-alone sustainability reports has not changed much over time. The shortest stand-alone report we reviewed this year was 11 pages and the longest was 340 pages.
- The average length of reports that combine sustainability and financial information was 246 pages. The shortest we reviewed was 7 pages while the longest was 620 pages. These vary widely by ownership type (private vs. listed) and geography as different reports must integrate different information according to their regulatory obligations.
- As in past years, stand-alone sustainability reports continue to average 90-100 pages but external links and complementary online content is increasing. This means we have shorter documents but not necessarily less disclosure. For example, we found the vast majority (81%) of members taking a PDF first approach to reporting have significant online disclosures to complement the main publication. As reports move online and become more fractured in nature, it is becoming harder to track the volume of content.

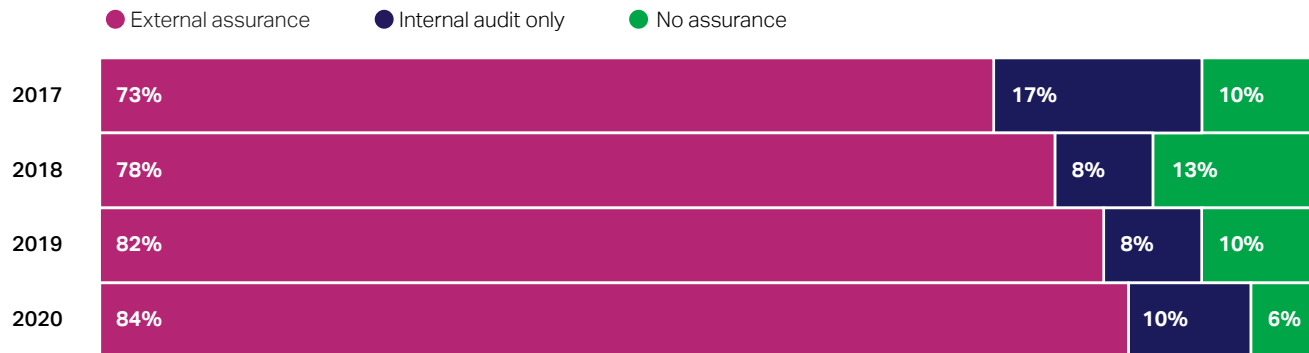
Figure 7: number of pages for stand-alone sustainability reports (% of reports)*



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

Who's validating performance?

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



- Nearly all (94%) of reports reviewed have some form of assurance on their sustainability disclosures, be it through external assurance or internal audit assurance (2017: 90%).
- More members sought external assurance in our 2020 sample than in our 2017 sample (84% vs. 73%).
- Of those obtaining external assurance, a limited level of assurance on a large range of indicators or the reporting process continues to be the norm (80% vs. 76% in 2017). A combination of limited and reasonable assurance (15%) and reasonable assurance on the whole report (5%) still see moderate use in 2020.
- Europe (26%) is leading the way in terms of combined and reasonable assurance, with North American headquartered companies trailing (14%) and no evidence amongst our Asian headquartered members that were included in this report's sample.
- Reports with a reasonable or combined level of assurance continue to slightly outperform the rest of the population on average, even after accounting for the contribution of the *External assurance* indicator to *Overall* scores.

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



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

Spotlight on the SDGs

It is clear that COVID-19 poses a significant short-term threat to progress on the SDGs – progress that was already lagging behind, according to the UN’s 2019 SDG Report.

COVID-19’s impact on the SDGs

While the pandemic is ongoing, it will undoubtedly have severe negative impacts on poverty (SDG 1), food security (SDG 2), health (SDG 3) and the global economy (SDG 8). There are also likely to be negative knock-on effects for other SDGs – from growing inequalities (SDG 10) to disproportionate negative impacts on women (SDG 5) and education (SDG 4). The list goes on – recent analysis published by the Sustainable Development Solutions Network (SDSN) as part of its **2020 Sustainable Development Report** underlines an expectation that the pandemic will drive highly or moderately negative impacts on 13 of the 17 SDGs.

While our short-term focus is rightly on how to minimize loss of life and mitigate the impact of the pandemic on health, wellbeing and people’s livelihoods, it is crucial that we bear in mind the impacts across a broader spectrum of sustainable development. We must continue to explore the roles we can play as governments, civil society, businesses and individuals to help to mitigate these impacts.

The SDGs: a north star for recovery and response

The SDGs, and the pathway they represent towards prosperity for people and planet are, in many ways, more important now than ever before. They should be at the forefront of our thinking as we plan the long-term response and recovery from COVID-19; the goals provide us with a ready-made universal framework to help realize a collective ambition of building forward better.

The pandemic has also served to underline how much work we still have to realize the SDGs. The crisis has laid bare risks and fragilities across economic, social and environmental systems and underlined how far away we are from achieving some of the Goals. Moving forward, it is imperative that we address the vulnerabilities that have been exposed and put the SDGs at the heart of efforts to respond.

Business action – making the SDGs actionable while identifying fresh priorities

Against this backdrop, WBCSD continues to prioritize efforts to make the SDGs more directly actionable for business. An important part of our work is the ongoing engagement around SDG sector roadmaps. These bring together companies from a range of industries including the chemicals sector, the forest sector, the electric utilities sector, the tire sector, and the oil and gas sector to explore, articulate and realize the collective potential to drive meaningful SDG impact.

Aside from these collaborative efforts, each individual company must continue exploring ways in which it can step up and accelerate its contribution to realizing the SDGs in the wake of COVID-19. While many companies have already identified their “priority” SDGs, it is worth returning to the process of prioritization at this critical and unprecedented juncture, armed with more detailed understanding of the impact of the pandemic on our capacity to realize the SDGs. Revisiting this process in the new post-pandemic reality may unveil new opportunities to contribute to both the SDGs and the broader global recovery effort.

For more insight on best practice when it comes to SDG prioritization, see **this article** published by WBCSD earlier this year. For more details on the latest trends regarding business and the SDGs, visit WBCSD’s **SDG Business Hub**.

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

During last year’s review cycle, WBCSD collected a range of detailed data to inform our decisions heading into the 2020 review cycle. The results of this data analysis demonstrated 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 2020. This means the SDGs score still does not directly factor into *Category* or *Overall* scores.

Detailed findings

The vast majority (93%) of members reference specific SDG's in their report. Nearly half (43%) of members prioritize 5-8 Goals, with a relatively small number (16%) referencing 12 or more Goals. For the fourth straight year, the most commonly referenced Goals were 13: Climate Action (88%), 12: Sustainable Cities and Communities (79%) and 8: Decent Work and Economic Growth (73%). Goals 1: No Poverty (24%), 14: Life Under Water (24%) and 6: Peace and Justice – Strong Institutions (29%) were the least likely to be prioritized.

European headquartered companies were more likely than Asian and North American headquartered companies to score three or four out of four on our SDG indicator (40% of European companies vs. 18% of Asian companies and 26% of North American headquartered companies).

Similar to last year, nearly all (96%) of reports reviewed reference the SDGs. We have seen moderate improvement in the level of detail around the SDGs.

For example:

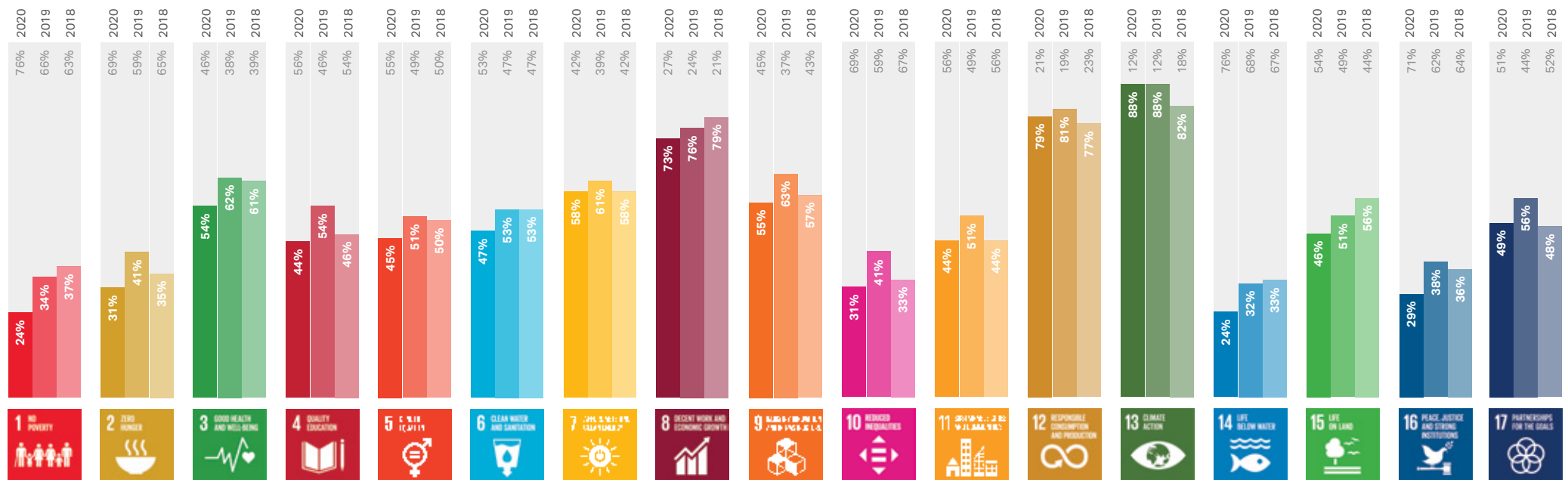
- About a quarter (24%) discuss Target-level SDG information, with the remainder of disclosures focusing on Goal-level information. This is up from 20% in 2019.
- Nearly a third reference a prioritization process (29%) and ties to strategy (33%). About one fifth explicitly discuss ties between the materiality assessment process and the SDGs (24%).
- An increasing number of reports align key performance indicators (KPIs) (20% vs. 6% in 2019) and targets (28% vs. 15% in 2019) to the SDGs.

- About a third (32%) tie SDGs to case studies or detailed evidence of sustainability programs and initiatives undertaken during the reporting period (19% in 2019).
- As was the case last year, very few (1-3%) make reference to Enterprise Risk Management (ERM) and human rights in relation to the SDGs.

Our plans moving forward

In 2020, we repeated the detailed data collection and analysis of 2019 in an attempt to find common trends across the report sample that will enable us to integrate SDG considerations more explicitly into the broader framework. Similar to last year, the *Reporting matters* team will take a deeper dive into the data and will work with our project partners at RY to decide if, and how, we want to further integrate SDG considerations into the framework moving forward.

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



SDGs indicator

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

Key recommendations

- Prioritize specific SDGs for your company and explain the process used to determine how your organization has the potential to contribute to the realization of this agenda – both through enhancing positive impacts and mitigating negative impacts on people and planet;
- Align priority SDGs and integrate them into strategy, materiality and value chain impacts;
- Demonstrate quantitative contribution to key SDGs using key performance indicators (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 any Category or Overall scores in 2020. We analyzed detailed data on SDG reporting from our 2019 review cycle population and felt it was best not to integrate the SDGs into the framework itself at this point.
- For the 2020 review cycle, we have further distinguished between “quantitative” and “qualitative” evidence of contributions to allow for more targeted feedback and consistent analysis based on data collected in the 2019 review cycle.

Good practice

Mondi Group

Mondi prioritizes SDGs based on a strategic risk and opportunity analysis in its **Sustainable Development report 2019**. At the beginning of the report, it provides a high-level overview of how SDGs are aligned to the ten action areas of its “Growing Responsibly” model, highlighting those SDGs that it believes to have the greatest potential for impact at scale. In the main body of the report it links strategic, Target-level SDGs to each of the ten action areas. In the back of the report, Mondi also provides a comprehensive SDG overview with a more detailed Target-specific index that refers users to more specific sections and sub-sections.

Good practice

Santander Group

Santander discusses the SDGs where its business activities and community investments have the most weight in its **2019 Annual Report**. In the main report, evidence of programs and activities is linked to different SDGs in various sections of the text. It explicitly maps Target-level SDGs to corporate data points and targets and to sections of the Annual Report in a distinct “Contribution to Sustainable Development Goals” table. In the **Stakeholder engagement and material concerns report**, the “Our contribution to UN Sustainable Development Goals” section includes KPIs with Santander’s performance relating to relevant SDGs.

Our strategic SDGs and targets

SDG 6 Clean water and sanitation

- Target 6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate
- Target 6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes

SDG 8 Decent work and economic growth

- Target 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead

SDG 12 Responsible consumption and production

- Target 12.2 By 2030, achieve the sustainable management and efficient use of natural resources

SDG 15 Life on land

- Target 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
- Target 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
- Target 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species
- Target 15.8 By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species
- Target 15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts

For links to all other SDGs, see the full SDG index

Contribution to UN Sustainable Development Goals

We contribute directly achieving the SDGs through our business activities and our community investment programmes.

Our SDGs where Banco Santander's business activities and community investments have the most weight.

Goal	Target	Scope
1	1.4	By 2030, ensure that all countries and communities, especially the most vulnerable, have sufficient, stable and productive income to generate employment and sustainable income opportunities
1	1.5	By 2030, eradicate extreme poverty for all people everywhere, currently living on less than \$1.25 a day
4	4.1	By 2030, ensure that all girls and boys acquire foundational reading and mathematics skills
4	4.2	By 2030, ensure that all girls and boys acquire basic skills in reading, mathematics and science
4	4.3	By 2030, increase the number of youth and adults who have acquired skills for employment, decent jobs and entrepreneurship
4	4.4	By 2030, substantially increase the number of youth and adults who have acquired relevant skills for employment, decent jobs and entrepreneurship
4	4.5	By 2030, eliminate gender disparities in quality and access to education, including technical, vocational and tertiary education, regardless of income or background
4	4.6	By 2030, ensure that all youth and most adults have acquired basic digital skills
4	4.7	By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development
4	4.8	By 2030, increase the number of youth and adults who have acquired skills for employment, decent jobs and entrepreneurship



Detailed findings

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

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

In this section

- 25** The evaluation framework
- 26** The Kellogg Company discusses the impact of COVID-19 on reporting
- 35** Daimler discusses the impact of COVID-19 on strategy and governance
- 44** Radley Yeldar discusses their insights and perspective on sustainability writing



The evaluation framework

Principles

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



Completeness

See page 28



Materiality

See page 29



Stakeholder engagement

See page 30



External environment

See page 31



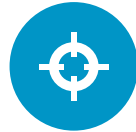
External assurance

See page 32



Balance

See page 33



Conciseness & alignment

See page 34

Content

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



Sustainability governance

See page 37



Strategy

See page 38



Implementation & controls

See page 39



Targets & commitments

See page 40



Performance

See page 41



Partnerships & collaboration

See page 42



Evidence of activities

See page 43

Experience

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



Accessibility

See page 46



Consistent messaging

See page 47



Navigation & flow

See page 48



Compelling design

See page 49

The Kellogg Company discusses the impact of COVID-19 on reporting

The Kellogg Company is an American multinational food manufacturing company headquartered in Battle Creek, Michigan. Kellogg's produces cereal and convenience foods, including crackers and toaster pastries. We reached out to Kris Bahner, Senior Vice President of Global Corporate Affairs, to discuss some of the broad impacts of COVID-19 on Kellogg including its ESG disclosures and stakeholder engagement.



How has COVID-19 affected the Kellogg Company as an organization?

COVID-19 has impacted all areas of the global food system. Throughout the pandemic, Kellogg has remained steadfast in its commitment to provide critical nourishment to communities in need, while also ensuring we protect and support our greatest asset – our employees.

Recent data from the Food and Agriculture Organization (FAO) estimates the number of people facing hunger is 690 million – or nearly 9% of the world's population. As COVID-19 cases continue to grow worldwide, preliminary estimates suggest the pandemic may add between 83 and 132 million people to the total number of undernourished in the world in 2020.¹ The need for hunger relief support has never been more important.

As a company with a heart and soul, Kellogg and its employees have demonstrated compassion and resiliency by working together across the value chain to help our neighbors in need. Through Kellogg's® Better Days global purpose platform, the company has donated nearly USD \$17 million in food and funds to support COVID-19 hunger relief efforts worldwide. And that support continues.

How do you anticipate the pandemic will affect your approach to engaging with a range of stakeholders moving forward?

As always, Kellogg steps up to support people and communities, especially during times of crisis. We realize that we can't do it alone. We continue to partner with suppliers, nonprofit partners, customers, local governments and others to help scale our positive impact. Local governments have identified food security as a top priority in the fight against COVID-19. Our contributions support food bank partners around the world to provide access to more meals for people, especially those living in vulnerable communities.

More specific to reporting, how has COVID-19 affected the development and roll-out of your new online-first approach to this year's Corporate Responsibility Report? What have been the implications for your ability to produce a range of relevant ESG disclosures for audiences such as investors, regulators and consumers?

Our shift to an executive summary and online-first approach for our **Corporate Responsibility reporting** enables consumers, customers, stakeholders and investors to more easily search, navigate and locate information on how we are progressing towards our Better Days commitments. The format has enhanced our storytelling – enabling more in-depth features and linking directly to other reports such as the GRI Index and SASB reporting and Kellogg's Annual Milestones Reports which cover material topics such as Climate, Responsible Sourcing, Sustainable Packaging and Palm Oil.



¹ FAO, IFAD, UNICEF, WFP and WHO. 2020. The State of Food Security and Nutrition in the World 2020. Transforming food systems for affordable healthy diets. Rome, FAO. <https://doi.org/10.4060/ca9692en>

The COVID-19 crisis didn't significantly impact our Corporate Responsibility reporting as our annual data collection and analysis begins in November. COVID did slightly delay other reporting requirements during Q1 2020. Our facilities around the world were focused on meeting the needs of their communities and we wanted to ensure we gave flexibility to our internal teams, suppliers and partners collecting data. We extended the reporting time period for some of these and actively supported their work in whatever way we could. By the time our CR Report and other disclosures were finalized, we were able to include some of our efforts to support global COVID hunger relief.

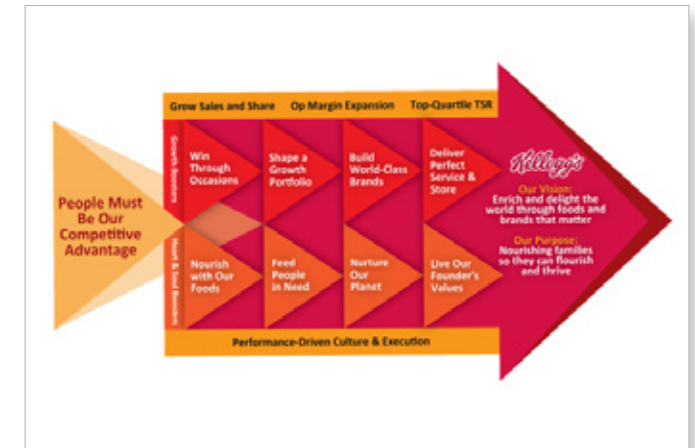
Overall, we're committed to achieve industry-leading transparency through our ESG reporting. We respond to key reporting platforms and we are proud to be recognized as leaders through Dow Jones Sustainability Index, SASB, Corporate Human Rights Benchmark and CDP.

How do you see COVID-19 affecting Kellogg's sustainability agenda moving forward?

As a leading global food company, Kellogg is uniquely positioned to support people, communities and the planet. Our plant-based foods portfolio has positioned us to continue to win in the marketplace with shoppers, meeting the expectations of investors and fulfilling the ambitious commitments we've set for ourselves. Our CEO, Steve Cahillane said it best, when he unveiled our CR Report:

"Kellogg knows we can make a difference for our employees, our communities and the world. At the same time, we are battling the health and economic impact of COVID-19 and fighting the devastating daily effects of chronic hunger."

Throughout the business, Kellogg is doing its part to help support a more sustainable food system for the future. In 2019, we reduced greenhouse gas emissions across our manufacturing sites by more than 20%, exceeding our 15% reduction goal one year ahead of schedule. In addition, the company progressed towards its commitment to responsibly source ingredients – we have reached more than 430,000 farmers and workers through sustainable agriculture programs. Maintaining one of the smallest plastic packaging footprints among our peer food companies, Kellogg achieved 76% packaging recyclability in 2019 and we are continuing to create sustainable packaging for our foods globally.



Principles: Completeness



Company impacts are often so widespread that 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 considerations.

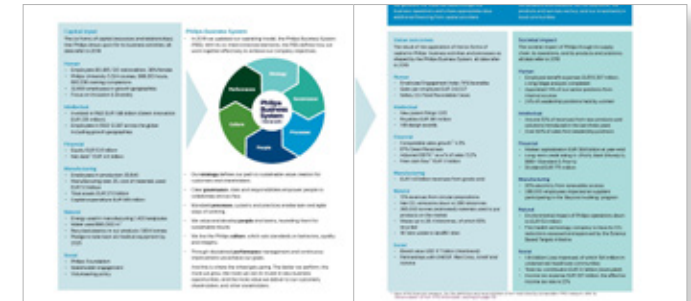
Methodology notes

- We look for clear disclosure of value chain boundaries for material topics and a centralized narrative on value chain considerations.
- For the 2020 review cycle, we updated the criteria to help our analysts more consistently apply this indicator to integrated reports that depict value chain and business model information through value creation models.
- We also placed much more emphasis on issue boundaries and looked for a mapping of material impacts to different stages of the value chain. This led to year-on-year score drops in many reviews.

Good practice

Royal Philips N.V.

Philips clearly describes organizational boundaries in the "Our reporting structure in 2019" section of its **Annual Report 2019**, distinguishing between the holding company and reporting segments. A detailed value creation model describes the six capital inputs of the International <IR> Framework in quantitative terms. It maps outcomes of its business system in terms of values and impacts broken down by the six capitals. The content of the report focuses on direct and indirect impacts at each stage of the value chain. Philips maps out the boundaries of key material topics across different stages of its value chain more explicitly in table format.



Good practice

Unilever

Unilever sets out the scopes and boundaries of its **Sustainable Living Report** on its **About our reporting page**, with the scope of assured KPIs covered in a detailed **basis of preparation document**. It presents a multi-stakeholder **value creation model** driven by its purpose that covers all aspects of Unilever's business and value chain. A **materiality page** explains its new AI-powered materiality process with a separate **issues and topics document** explicitly defining each material issue and mapping out sub-topics. Unilever uses KPIs, targets and case studies throughout its Sustainable Living Report and Annual Report to discuss the direct and indirect impacts of its products and services.



Principles: Materiality



A materiality process identifies and prioritizes the most 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 determining the content of the report, materiality should inform the foundation for effective strategic decision-making such as setting strategy, goals and KPIs.

Key recommendations

- Describe specific steps taken to identify, prioritize and validate material 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;
- Disclose a prioritized list of outcomes through a matrix or concise list of key material issues;
- Where appropriate, acknowledge divisional and geographical differences;
- Align the contents of your strategy and report with outcomes of the materiality assessment;
- Demonstrate internal validation of the results of the materiality assessment; and
- Explain how third parties contributed to the assessment process or validation of outcomes.

Methodology notes

- We look for this information in the body of the report or through clear links to additional information such as PDFs or webpages.
- We factor disclosures on the materiality assessment and outcomes into the Content analysis and they form an important part of our evaluation.
- For the 2020 review cycle, we placed additional focus on ensuring a balance of environmental AND social issues are considered.

Good practice

Philip Morris International (PMI)

PMI refreshed its sustainability materiality assessment at the end of 2019 and describes it in detail in its **Integrated Report 2019**. The main report and supplemental **Sustainability Materiality Report** disclose a clear process that incorporates internal and external stakeholder input, includes an impact assessment of the topics and prioritizes outcomes in a matrix with two tiers of importance. The use of external consultants and internal validation are clearly discussed, as are contextual factors such as public health debates, investor requirements, media reports, benchmarks of multinational peers and global sustainability trends. The materiality report also discusses country-specific considerations. The integrated report structure, strategy, targets and case studies are aligned with “Tier 1” material topics.



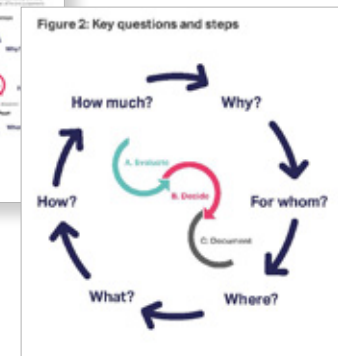
WBCSD's work

ESG Disclosure Handbook

The Purpose-driven Disclosure Project focuses on the role of externally reported company information in enabling better decision-making and outcomes for companies and investors.

The **ESG Disclosure Handbook** was designed to offer a simple, clear and practical way of optimizing confidence in externally reported ESG information. The process focuses on six key questions (Why? For whom? Where? What? How? How much?) and three process steps (evaluate, decide and document) to help guide members in applying judgement to their decision-making process.

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



Principles: Stakeholder engagement



Stakeholder engagement is an open dialogue process with people or groups who actively engage with an organization and are influenced or impacted by 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. The overall approach should ensure that stakeholders' needs are properly understood.

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.

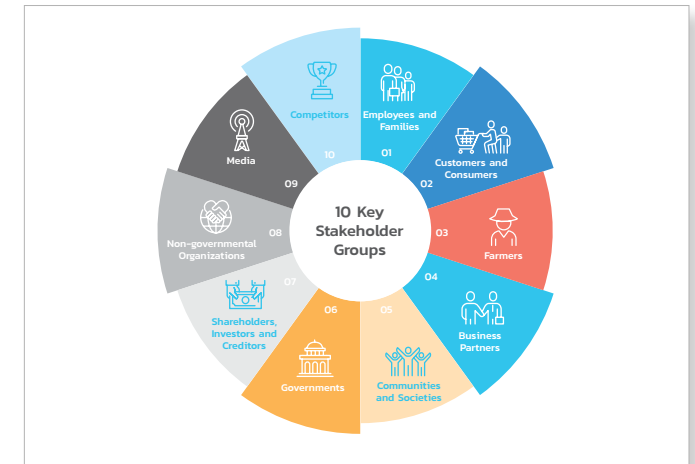
Methodology notes

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

Good practice

Charoen Pokphand Group (C.P. Group)

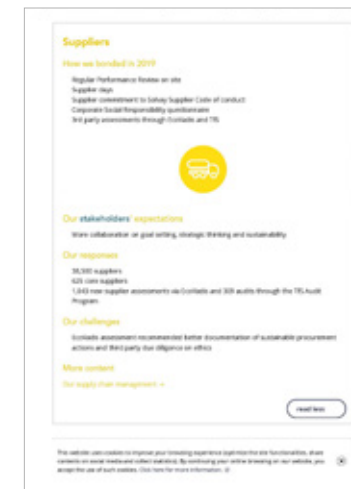
C.P. Group focuses on ten key stakeholder groups in its **Sustainability Report 2019**. It highlights engagement methods, issues of interest, their response and the value C.P. Group creates for different stakeholder groups. These link to distinct pages of the report. Beyond the group-specific content in table format, C.P. Group highlights challenges in engaging with stakeholders, plans for the year ahead and commentary from external experts. These third-party voices include critique and have the added benefit of enhancing a sense of balance in the report.



Good practice

Solvay S.A.

Solvay focuses on six key stakeholder groups – customers, employees, investors, suppliers, local communities and the planet (via governments and NGOs) – in its **Annual Integrated Report 2019**. It features expandable boxes specific to each group in the **Moving forward with stakeholders** section. These focus on engagement mechanisms, stakeholder expectations, Solvay's responses and Solvay's challenges in responding to concerns. Highlighting key challenges adds to the balanced tone of the report. Solvay provides direct links to additional relevant information within the reporting suite for each stakeholder group.



Principles: External environment



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

Key recommendations

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

Methodology notes

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

Good practice

CLP Group

CLP incorporates a risk lens to its sustainability materiality assessment in its **2019 Sustainability Report**. It also integrates megatrend analysis into the process and a wide range of external trends are identified. Taking into account its megatrend analysis, internal review and external engagement findings, CLP focuses on four overarching material topic themes that link to the external environment and explain how distinct material topics relate to external trends. It structures the report around these four themes to explicitly highlight the link between the external environment and CLP's strategy and reporting.



WBCSD's work

Enterprise Risk Management

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

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

Visit WBCSD's [Enterprise Risk Management project page](#) to learn more.



Principles: External assurance



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

Key recommendations

- Engage an external independent assurance provider to provide assurance on a wide scope (the reporting process and material key performance indicators);
- Build up to a reasonable level of assurance to ensure sustainability information is financial grade; and
- Ensure the assurance statement is easily accessible in the report or via direct links to where it is published online. It 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).
- We limit scores for companies that do not undertake a materiality assessment.

Good practice

BT

BT obtains a high level of external assurance on its **Digital impact and sustainability report 2019/20**. The engagement reviews adherence to Accountability's AA1000AS (Type 2 engagement) and the verification procedure is aligned with International Standard on Assurance Engagements (ISAE) 3000 and ISAE 3410. The assurance provider clearly articulates the scope and level of assurance, provides an overview of independence and approach and a clear opinion in the independent assurance statement. BT includes the statement in their report and has clear links to it from the online version of the report. The scope of the engagement includes elements that comprise part of BT's efforts to begin reporting in line with TCFD recommendations.



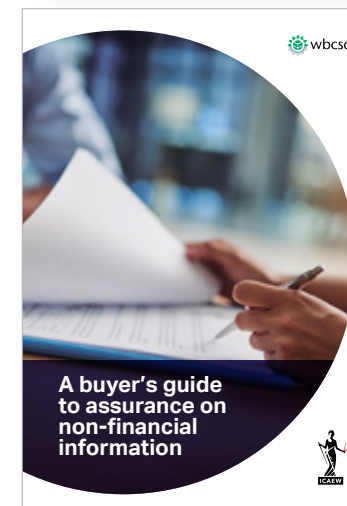
WBCSD's work

Assurance & Internal Controls

Independent assurance enhances credibility and trust in the sustainability information that companies disclose in their corporate reports. The principle 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 nonfinancial 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

CEMEX

CEMEX incorporates balanced commentary on industry challenges in its **Integrated Report 2019**. Where appropriate, it discusses development needs and areas of opportunity in its areas of weak performance. It also touches on areas of public concern flagged by RepRisk. In addition, CEMEX includes balanced external voices that highlight key company-specific challenges. External voices range from business partners and NGO partners to a more formal external advisory panel statement. The external advisory panel provides a detailed overview of key topics and shares its views on how CEMEX has followed the panel's past recommendations and what it should continue improving moving forward.

Good practice

Olam International

Olam focuses on company-specific sustainability challenges, including within the leadership statements in the **Strategy Report** component of its **2019 Annual Report** suite. It discusses areas of weak performance and challenges inherent to its reporting process – such as measuring impact and reporting across the group. Olam presents data in clear multi-year charts to enable users to better understand key trends. It features a “Goals dashboard” at the end of each section to track progress against corporate targets featuring a simplified “status” column. Olam also includes direct, balanced commentary from a prominent NGO, specifically asking where Olam needs to focus in 2020 and beyond.

EXTERNAL ADVISORY PANEL MEMBERS AND STATEMENT

The Advisory Panel (henceforth referred to as ‘the Panel’) commends CEMEX for putting together this fourth integrated report to provide all of its stakeholders with a comprehensive overview of the company’s strategic vision, drivers of value creation, operating performance, governance, and an understanding of the key financial and non-financial topics that shape the business today, and that are likely to shape the business in the future.

MEMBER PANEL STATEMENT 2019

SCOPE OF OUR REVIEW
As in previous years, the Panel members received an advanced draft of CEMEX’s 2019 Integrated Report. The Panel members then convened in late November 2019 to discuss the resolution and editorial process before being submitted the report in late January 2020, having more than one week to review the report, discuss and send back the initial feedback. In early March, a second draft of the report was received by the Panel, who for a second time shared with management detailed comments and specific suggestions for improvement in reporting and activities to implement. The Panel’s comments concern current activities, recommendations, and strategic ideas proposed for reporting in the future.

REPORTING FRAMEWORK, STYLE, AND IMPROVEMENTS
The Panel commends CEMEX on crafting a report that is easy to read, free of jargon, that sets objectives and outcomes, reports the material in a clear fashion. Also, the structure of the chapters is well organized and helps the reader to have a good understanding of the progress of the company, the risks it faces, and what CEMEX is doing to mitigate these risks.

GOVERNANCE AND DIVERSITY
Through the years, the Panel has encouraged CEMEX to consider the appointment of properly qualified women to the Board of Directors. This year it is pleased to learn that, in 2019, one female board member was appointed, in line with CEMEX’s policies and vision regarding its diversity and inclusion, and also that it is a challenge for the company. The Panel continues to recommend the appointment of qualified women for the non-executive director positions, as several studies have shown companies with more diverse boards of directors have performed better than their peers in the long term.

Even though CEMEX’s report is more diverse, it does not demonstrate having equal and meaningful engagement in risk management, which could potentially affect the capacity of the board in effectively overseeing the management on behalf of shareholders and other stakeholders. Additionally, with sustainability as one of the four strategic pillars of the company, the Panel commends CEMEX for including the progress of the non-sustainability risks as part of the overall performance for the CEO and Senior Management, however the presentation.

MEMBER PANEL STATEMENT 2019

Margareth Pineda
General Director of Fundación La

Inés Gómez
Co-Undersecretary for Management, Ministry of Public Education

Martin Rodriguez
Senior Advisor on Business and Sustainability with Bank for International

Rosario Pérez
President of FALAM, Member of UN Women

Felipe Pineda Aguilera
Founding Director Fundación La

[Click to learn more about our Advisory Panel members, visit https://www.annualreport.annualreport.com/external-advisory-panel](#)

Goals dashboard

Climate Action
SDGs 2, 4; 13, 13; 13, 13

Timeframe	Goal	Status	Read more
By end of 2020	All Olam farms, plantations and Tier 1 facilities to have implemented their 2020 GHG Reduction Plans 1. Operational efficiency 2. Avoid High Carbon Stocks for land development 3. Climate-Smart Agricultural practices	On track	Page 106 Page 108
	25% of energy derived from renewable and biomass sources at Olam’s Tier 1 facilities (from 2015 baseline –15%).	On track	Page 111
	Implement the Olam 2020 Climate-Smart Agriculture (CSA) Programme.	On track	Page 108 Page 111
By 2030	Reduce GHG emissions by 50% both in own operations and Olam managed farmer programmes	On track	Page 111

Principles: Conciseness & alignment



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

Key recommendations

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

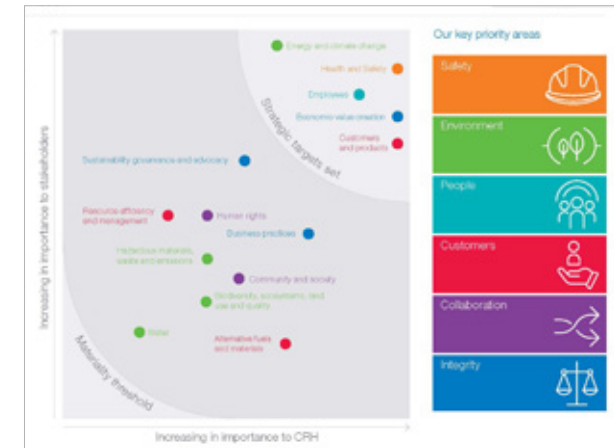
Methodology notes

- We consider robust executive summaries, summary online content and summary PDFs when evaluating this indicator.
- We limit scores for companies that do not undertake or focus the contents of their report on the outcomes of a materiality assessment.
- For the 2020 review cycle, considerations around tone and technical language have been moved to the Consistent messaging indicator.

Good practice

CRH plc

CRH explicitly aligns the structure and contents of its **Sustainability Report 2019** with its key sustainability priority areas. These key priority areas are directly linked to the results of its materiality assessment process. It substantially reduces word count by using short paragraphs, boxes with challenges and stakeholder quotes, infographics, bar charts, images and white space. It provides a brief overview of 2019 performance and 2030 ambitions, emphasized through the use of case studies from around the business as proof points as well as some additional information on CRH products and activities in a two page **Sustainability Factsheet** available online.



Good practice

Stora Enso Oyj

Stora Enso defines a clear, simplified sustainability agenda based on the principle outcomes of its materiality assessment in the **Sustainability** component of its **2019 Annual Report**. It explicitly aligns the structure of the report with these topics. It also provides a concise overview of KPIs, corporate targets and progress for each of these topics at the beginning of the report and makes this page separately downloadable online. Throughout the text, bullet points, infographics and charts help break up text and pace the document. Stora Enso previews detailed press releases and case studies and directly crosslinks to online content to reduce word count in the main PDF.

Our sustainability targets and key performance indicators (KPIs)

Key performance indicator (KPI)	2019	2020	2021	2022	Target	Progress
Carbon footprint	100%	100%	100%	100%	100%	Completed
Water footprint	100%	100%	100%	100%	100%	Completed
Waste footprint	100%	100%	100%	100%	100%	Completed
Energy footprint	100%	100%	100%	100%	100%	Completed
Greenhouse gas emissions	100%	100%	100%	100%	100%	Completed
Water consumption	100%	100%	100%	100%	100%	Completed
Waste to landfill	100%	100%	100%	100%	100%	Completed
Energy consumption	100%	100%	100%	100%	100%	Completed
Greenhouse gas emissions	100%	100%	100%	100%	100%	Completed
Water consumption	100%	100%	100%	100%	100%	Completed
Waste to landfill	100%	100%	100%	100%	100%	Completed
Energy consumption	100%	100%	100%	100%	100%	Completed
Greenhouse gas emissions	100%	100%	100%	100%	100%	Completed
Water consumption	100%	100%	100%	100%	100%	Completed
Waste to landfill	100%	100%	100%	100%	100%	Completed
Energy consumption	100%	100%	100%	100%	100%	Completed
Greenhouse gas emissions	100%	100%	100%	100%	100%	Completed
Water consumption	100%	100%	100%	100%	100%	Completed
Waste to landfill	100%	100%	100%	100%	100%	Completed
Energy consumption	100%	100%	100%	100%	100%	Completed
Greenhouse gas emissions	100%	100%	100%	100%	100%	Completed
Water consumption	100%	100%	100%	100%	100%	Completed
Waste to landfill	100%	100%	100%	100%	100%	Completed
Energy consumption	100%	100%	100%	100%	100%	Completed
Greenhouse gas emissions	100%	100%	100%	100%	100%	Completed
Water consumption	100%	100%	100%	100%	100%	Completed
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Energy consumption	100%	100%	100%	100%	100%	Completed
Greenhouse gas emissions	100%	100%	100%	100%	100%	Completed
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Waste to landfill	100%	100%	100%	100%	100%	Completed
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Daimler discusses the impact of COVID-19 on strategy and governance

Daimler AG is a German multinational automotive corporation, headquartered in Stuttgart, Germany. It is one of the world's leading car and truck manufacturers. We discuss the impacts of COVID-19 on strategy, risk and governance within Daimler with Renata Jungo Brüngger, member of the Board of Management with responsibility for Integrity and Legal Affairs.

DAIMLER

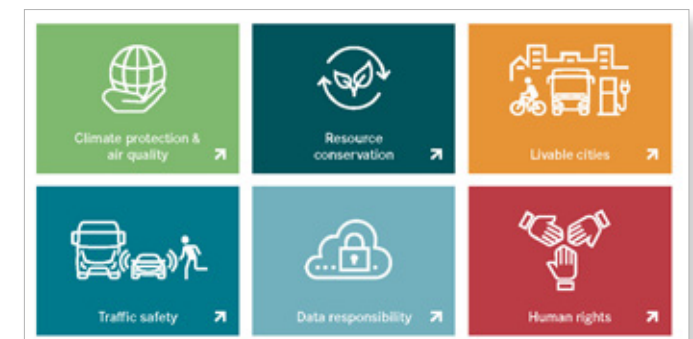
Daimler has followed a common trend among WBCSD membership to shift to a more developed online presence in recent years. How has this – and the reporting cycle this year more generally – been impacted by the pandemic?

COVID-19 has worked like a catalyst for digitalization. In a very short period, old familiar formats have evolved into new digital forms. Even Daimler's annual general meeting took place virtually for the first time. With regards to our reporting activities, we already used online reporting as an extension of our print report 14 years ago. In 2015, Daimler started publishing its sustainability report exclusively digitally. We kicked off with a static PDF and developed an interactive PDF in 2017, leading up to this year's online report. We have carefully analyzed perceptions of our sustainability reporting through continuous exchange with various stakeholder groups and benchmark surveys. The result is the digital-first approach of Daimler's **Sustainability Report 2019: SpurWechsel – We are changing lanes**. This report shows how digital, multimedia storytelling and reporting go together.

COVID-19 has demonstrated how interconnected and potentially high impact, low likelihood risks can very quickly become material from a financial and sustainability perspective. How is Daimler adapting and responding to this and other material ESG risks?

From one day to the next, the pandemic has turned our everyday lives upside down and, unfortunately, the future course of the crisis cannot yet be predicted. One thing is for sure – there are no quick and simple solutions. We must tackle the social and economic challenges with creativity, flexibility and endurance. The compass on this journey is our understanding of integrity. Therefore, we are fully committed to our company's sustainable business strategy.

For us, sustainability means creating lasting economic value for our shareholders, employees and partners, while keeping in mind the environmental and societal impacts of our activities along the entire value chain. Our actions regarding environmental, employee and social issues, the battle against corruption and bribery, and upholding human rights play a key role in public perception and can potentially result in non-financial risks, as well as opportunities. Through our risk management system, we systematically and continually identify, assess, control, monitor and report these risks and opportunities. But it remains true, even during a pandemic, that one of the fundamental principles of our business activities is to adhere to applicable laws and ethical standards. We need to act, but always with respect, honesty and empathy.



Beyond reporting, Daimler recently rolled out [Ambition2039 – the path to sustainable mobility](#). How has COVID-19 affected the roll out of the new strategy and the roadmap for its completion?

Our lane change to sustainable mobility is mainly connected with two issues: decarbonization and digitalization. Successful digitalization will determine the future of many companies; successful decarbonization will determine the future of our planet. This is why we stand by the CO₂-targets that we have set ourselves. With our Ambition 2039 at Mercedes-Benz, we aim to offer a CO₂-neutral fleet of new cars worldwide by 2039. We also aim to ensure that all new Daimler commercial vehicles in our most important markets are CO₂-neutral during use by the same year.

The fact that we already have all-electric trucks, vans and buses on the roads today underlines how determined we are. By the end of this year, our car portfolio will include five all-electric models and more than 20 plug-in hybrids. Moreover, we continue to pursue fuel-cell technology.

At the same time, decarbonization goes far beyond our products – it also affects supply chains and production. From 2022, all our own Mercedes-Benz Cars & Vans production sites worldwide will achieve CO₂-neutral production. Yes, there are insecurities and yes, there is a certain amount of investment necessary to achieve our goals. But our mission is clear: to link our economic goals directly to our social and environmental responsibility. The fight against the pandemic must not be used as an excuse in the fight for sustainability.

What has the role of the Board been in navigating the pandemic? How have governance structures had to adapt and what are the implications for impending societal concerns such as the low-carbon transition and nature loss?

From the very beginning of the crisis, the Board very swiftly set things in motion to protect our employees and society. At every stage, we have done our best to help flatten the curve of the pandemic, to protect the health of our employees through hygiene measures, and to manage our core business. I strongly believe one success factor in managing the impacts of the pandemic was our early and open communication to our employees and shareholders.

All the way through the pandemic, we have made all possible effort to maintain investments in future projects and technologies – including our objectives on new technologies, climate protection and integrity. That is why we kept future-oriented operations up and running, even during the lockdown and the short-time work period in Germany. This has helped us tremendously to regain and accelerate speed towards achieving our transformation targets as planned. The whole time, Board members have maintained our focus on what is important for employees, the company and its transformation.



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. It 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; and
- Describe how the strategy will be executed via action plans, objectives and integration into business functions.

Methodology notes

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

Good practice

3M

3M presents a strategic sustainability framework that is broken down into three overarching pillars in its **2020 Sustainability Report**. It clearly demonstrates how material sustainability topics factor into the different pillars of the strategy and how stakeholders view the relative importance of different components of the strategy. On the “Advancing impact” page, 3M ties strategy pillars to specific, measurable 2025 targets to demonstrate its intended future roadmap. 3M also ties sustainability to financial opportunities related to climate change, cost savings and other areas of financial success throughout the text.



Good practice

BMW AG

BMW Group presents its 2025 corporate strategy in its **Sustainable Value Report 2019** alongside a sustainability-specific strategy that clearly incorporates all material sustainability topics. It makes sustainability an explicit component of BMW’s management system, meaning that every major issue and project must be measurable in terms of sustainability as a corporate objective. This further strengthens the ties between sustainability strategy and corporate strategy. Within the report, BMW depicts a roadmap – both organizationally through milestones and generally using forward-looking commentary – towards the start and at a topic level through “our next steps” sections throughout the report.



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.

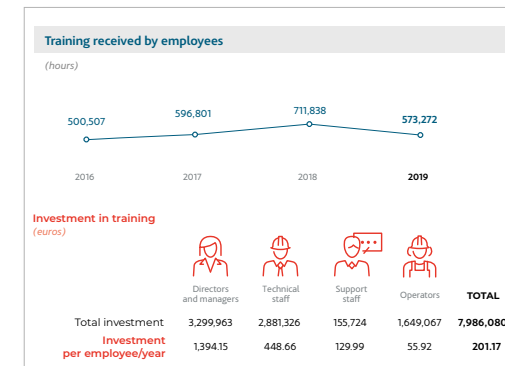
Methodology notes

- 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

Acciona S.A.

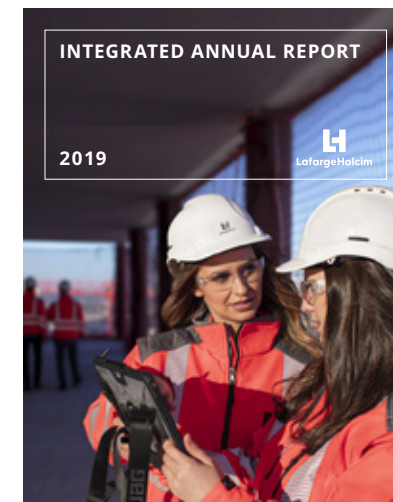
Acciona describes clear systems and processes in place to manage all material issues in its **Sustainability Report 2019**. These include a good mix of internal and external frameworks, guidelines and tools. Internal controls such as compliance monitoring, internal audits, environmental surveillance plans, quality audits and supply chain controls are discussed at different places throughout the report. It adds footnotes to data tables discuss the scope of data or restatements, where appropriate. Acciona discusses engagement actions such as training and communication channels with suppliers, employees and customers to demonstrate how it is implementing the sustainability agenda across the value chain. It also highlights the ways in which sustainability is embedded in business operations such as human resources and procurement.



Good practice

LafargeHolcim

LafargeHolcim discusses the systems and processes it has in place to manage material issues with a focus on externally developed frameworks, guidelines and systems for environmental topics in its **Integrated Annual Report 2019**. It describes engagement activities with employees, suppliers, customers and local communities through examples of community awareness raising projects, digital platforms, audits and professional development programs. It also flags concrete examples of embedding sustainability into operations, such as air emission monitoring in plants and the role of sustainable procurement. LafargeHolcim links to documents covering the most relevant ESG topics – including policies, directives and information sheets – on an **ESG Resources** webpage and includes a detailed discussion of data collection processes and internal controls in the separate **Sustainability Performance Report 2019**.



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 more 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.
- For the 2020 review cycle, we focused on a range of target types (operational, interim vs. aspirational, stretch) in addition to timeframes. Many strategies and targets are expiring by 2020, making timeframe considerations a moot point.

Good practice

Symrise AG

Symrise have developed a range of SMART targets and commitments aligned with all material issues in its **Corporate Report 2019**. It pairs 2020 targets and achievements with more ambitious 2025 or 2030 goals in the "Track record and Goals" section, flagging 2010 or 2016 baselines where appropriate. Symrise extends targets beyond direct operations to include upstream and downstream considerations. Its climate targets are aligned to the science, with the goal of being climate-positive by 2030.

WBCSD's work

Updated membership criteria

Two of the five new WBCSD membership criteria set to take effect in January 2023 will focus on targets and commitments:

1. Set an ambition to reach "Net Zero" GHG emissions no later than 2050 and have a science-informed plan to achieve it, that can include Natural Climate Solutions and other carbon removal solutions.
2. Set ambitious, science-informed, short- and mid-term environmental goals that contribute to nature recovery by 2050.

Members will be expected to set ambitious, science-informed plans and goals that demonstrate a roadmap towards the ambitious, long-term 2050 targets and to report progress annually via standard external communication channels.



FOOTPRINT

Our 2019 track record: - 7.2 % reduction in greenhouse gas emissions (Scope 1 + 2) ¹

Goals for 2020: Reduction of 6.6 % per year

Goals for 2025: We achieved our goal for 2020 – to reduce greenhouse gas emissions by 33 % – ahead of schedule. Now we want to increase the eco-efficiency of emissions by more than 60 % by 2025

Notes: We want to be climate-positive by 2030 (see also page 20)

**WBCSD
membership
conditions**

Content: Performance



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

Key recommendations

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

Methodology notes

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

Good practice

DSM N.V.

DSM has developed a range of KPIs for every material topic and presents an overview of them at the beginning of each section of its **Integrated Annual Report 2019**. It presents two years of data alongside aspirations, where possible, with balanced, detailed narrative on performance in the body of the report. DSM features a more robust five year summary of data points in the “Sustainability statements” section at the back of the report and presents granular data by region online. It clearly flags where KPIs for specific issues are not available, and why.

Safety, health & well-being

	Aspiration	2019	2018
<i>Occupational safety</i>			
- Frequency Index REC	0.25		
	in 2020	0.28	0.33
- Frequency Index LWC		0.09	0.11
<i>Process safety</i>			
- PSI Rate	0.15		
	in 2020	0.23	0.22
<i>Occupational health cases</i>			
		16	29

WBCSD's work

Assess & Manage Performance

Assessing natural, social and human capital alongside financial capital provides more meaningful information with which to make decisions, driving value creation for business, society, the environment and – ultimately – capital providers.

We are exploring the concept of accounting for intangibles – ideas, relationships, and engaged, skilled and healthy employees.

Partnerships with accounting bodies such as the American Institute of Chartered Public Accountants (AICPA) and the Chartered Institute of Management Accountants (CIMA) enable a deeper understanding of business systems, processes and practices, and integrate the value of people and nature into management accounting.

We're working with the Capitals Coalition and the Value Balancing Alliance to standardize and operationalize management accounting information for natural capital.

Visit WBCSD's **Assess & Manage Performance project page** learn more and visit our online business examples.

The screenshot shows the WBCSD website interface. At the top, there are navigation links: Home, Redefining Value, Business Decision-Making, Assess & Manage Performance. Below this is a search bar and a section titled "Measuring and valuing impact-business examples". The main content area includes a "REFINE YOUR SEARCH" sidebar with dropdown menus for "NATURAL CAPITAL ISSUES", "SOCIAL & HUMAN CAPITAL ISSUES", "SECTORS", "GEOGRAPHICAL SCOPE", "ORGANIZATIONAL FOCUS", "VALUE CHAIN BOUNDARY", "VALUATION TYPE", and "IMPACTS OR DEPENDENCIES". The main content area displays three business example cards: "AkzoNobel Pulp & Performance Chemicals: Opportunities and risks in the bleaching chemicals value", "AkzoNobel's 4D Profit & Loss Accounting of a Book", and "April: Socio-Impact Study on APRIL and Asian Agri Operations in Riau Province".

Content: Partnerships & collaboration



Strategic partnerships and collaborations 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.

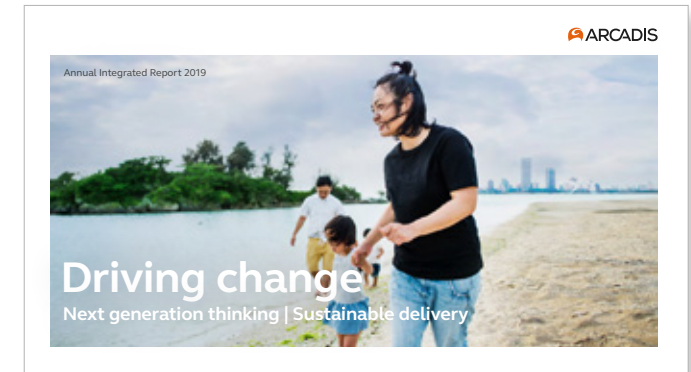
Methodology notes

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

Good practice

Arcadis

Arcadis discusses a broad range of partnerships throughout its **Annual Integrated Report 2019** including multi-stakeholder forums, cross-industry collaborations and partnerships with NGOs and academics that advance the sustainability agenda. It highlights several key sustainability partnerships in a distinct section with additional examples spread out throughout the report and aligned to relevant material topics. For the main initiatives, Arcadis clearly discloses the ways it is involved, the aims and objectives of the initiative and key outcomes.



Good practice

Nestlé SA

Nestlé's sustainability strategy – Creating Shared Value – is centered around collaboration and partnerships. Its **Progress Report 2019** touches on key partnerships throughout and directly crosslinks to the **Partnerships and collective action** section of Nestlé's website. On its website, Nestlé highlights partnership selection criteria and initiatives explicitly aligned to different pillars of the sustainability strategy, alongside key achievements and outcomes. It provides direct links to partnership initiative websites.

For individuals and families	
Key organizations	Achievements and outcomes
EpiGen Global Research Consortium (EpiGen)?	In one of the largest public-private partnerships of its kind, we are looking at the impact of nutrition and lifestyle on maternal and infant health as part of the EpiGen Global Research Consortium. Through EpiGen's NIPPeR study, we are exploring whether a specific combination of nutrients and probiotics, taken before conception and during pregnancy, improves the health of mothers and their babies.
International Food & Beverage Alliance (IFBA)?	In 2008, we helped create the International Food & Beverage Alliance, to help individuals and families around the world achieve balanced diets and lead healthy, active lifestyles. Together with 10 other leading food and non-alcoholic beverage companies, we work to support the: <ul style="list-style-type: none"> • World Health Organization's 2004 Global Strategy on Diet, Physical Activity and Health. • The WHO Global Action Plan on the Prevention and Control of Noncommunicable Diseases, 2013–2020. • The recommendations of the 2011 UN Political Declaration of the High-level Meeting on the Prevention and Control of Noncommunicable Diseases.

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 link management approaches to actions and performance and can 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.

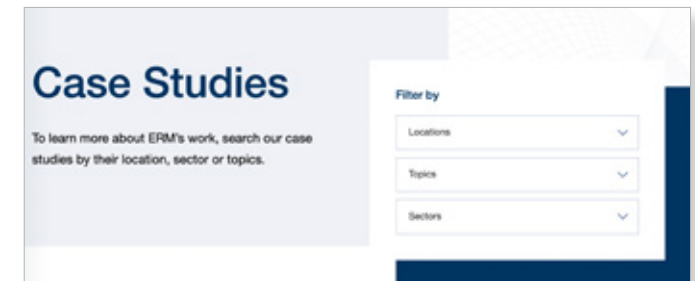
Methodology notes

- 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.
- 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

Environmental Resources Management Limited (ERM)

ERM provides evidence of activities aligned with all priority material topics in its **Sustainability Report 2020**. Throughout its report, outcome-driven evidence is the norm. It uses concise, outcome-driven and strategic case studies to help demonstrate ERM's work with clients and key partners and to place its activities in the broader ecosystem of sustainability initiatives. The web-based report allows users to filter a library of case studies by location, topic and sector to quickly find relevant information.



Good practice

PepsiCo Inc.

PepsiCo discloses evidence of activities aligned with all material topics in its **Sustainability Report 2019**. It features an "Impact Stories" section in the report template for each focus area that incorporates context and outcomes. These stories provide snapshots of local activities and tie different geographies and business units to the broader strategy. PepsiCo provides additional assets on its **Downloads** page and topic-specific information in the **ESG Topics A-Z** section of its website.

Impact Stories

DEMONSTRATION FARMS: SHARING BEST PRACTICES

Through our growing network of Demonstration Farms, PepsiCo is working with farmers in diverse growing regions around the world to show that sustainable technologies and practices can be more efficient and profitable for growers.

What's farmed—and how it's farmed—depends on local geography, climate, and culture. We work with smallholders and large-scale farmers around the world to test locally relevant, sustainable approaches to water use and soil health, such as drip irrigation and drone imaging for pest management.

Sharing these practices and technologies is the key to widespread adoption, enabling positive impact at scale, so other nearby farmers are invited to the Demonstration Farms for "Field Days" to see the techniques, tools, and results first-hand. This peer-to-peer idea-sharing helps accelerate positive change with greater scale.

Together, we find what works best for their particular geography and crops, then help the farmers implement these approaches. The results can include more efficient water and fertilizer use, healthier soil, and increased crop yields and profitability.



Harvesting potatoes at a PepsiCo Demonstration Farm in Thailand.

Expanding our Demonstration Farm footprint around the world

Having begun in India in 2017 with just six farms, our growing global network now numbers more than 230 Demonstration Farms that span nearly 10,000 hectares across 9 countries. We measure the impact of our Demonstration Farms by looking at environmental and social criteria as well as core business metrics like farm performance and crop quality. In just one example, we found that select potato Demonstration Farms in India achieved an 8% increase in average yield and a 19% reduction in average GHG emissions over the 2018-2019 crop year.



Radley Yeldar discuss their insights and perspective on sustainability writing

The way sustainability is written about is constantly evolving. We sat down with Juliette Child, Sustainability Consultant at Radley Yeldar, to hear her thoughts and perspectives on the state of sustainability language and communications.



Juliette Child

What are your opinions on the state of sustainability writing overall?

It's underwhelming. While sustainability communications have improved over the years, there's still a long way to go. The power of communications can be immense, but when it comes to sustainability, the output often lacks the strategic rigor and creativity that's become commonplace across other spheres.

For such an important topic, the choice of words to use when talking or writing about sustainability is crucial, but so often, brands get this wrong. Their communications tend to be overly complicated, safe and uninspiring, and frequently stray off-brand.

We think it's time to shake things up. Now, more than ever, people are interested in sustainability. We need to grasp this opportunity with both hands and reinvigorate the way we communicate, to get people to sit up and take note.

What is wrong with sustainability writing?

Last year, Radley Yeldar's research into the way sustainability is depicted visually brought attention to the pitfalls of using clichéd imagery, and what we refer to as "stock sustainability". Think leaves and trees, light bulbs, windmills, an odd mix of dated corporate graphics and iconography.

When it comes to verbal "stock sustainability", the list of pitfalls grows even longer.

Clichéd language

- We care.
- Our people are at the heart of our business.
- Sustainability is in our DNA.
- Our sustainability journey.
- The world's biggest challenge.

How many times have you read words and phrases like this – or even written them yourself? Overusing this sort of language has become a crutch to replace clear, compelling communications, rendering it meaningless as a result.

Lack of brand identity and relevance

For many sustainability reports, web pages and campaigns, it feels like you could swap out the brand name and it would work for another. Consequently, unique brand personalities are lost in a sea of sameness, and the communications results are inauthentic and uninspiring.

Overuse of jargon and technical language

Sustainability is a complex and scientific topic, traditionally communicated by academics. Yet, the use of jargon and technical language can be a barrier to less technical audiences, who, coincidentally, are the very people that companies increasingly want to reach through their reporting. Finding the balance between rigorous, technical information and compelling communications is difficult, but worthwhile.

Why does this matter?

Telling your sustainability story often involves considerable cost, both in terms of time and resources. It's important to gain maximum impact from your investment. Ineffective sustainability communications:

Hinders engagement

Stock sustainability is boring, and jargon-filled communications can be off-putting or even impenetrable.

Stifles action

The prevalence of stock sustainability and ineffective communications greatly reduces action on these critical issues. Every time someone reads disengaging prose, it unconsciously turns them off the entire topic. Worse still, it leads to skepticism.

Erodes brand identity

The prevalence of stock sustainability significantly undermines brand differentiation. Sustainability topics need to be communicated in a way that's relevant. If you use exactly the same language as your peers and competitors, and fail to put these critical issues into context, you'll struggle to gain traction.



What advice would you give to reporters?

1. Keep things simple

Ditch the jargon and ensure your communications are accessible and understandable to the layperson.

Top tip: rather than allowing reporting frameworks to become a technical box-ticking exercise, we suggest using them as an enabler and a guide.

2. Tailor your messaging to your audience

Use language that's appropriate for your intended audience, and take advantage of the full spectrum of communications channels available – from PDFs and printed reports to web pages, video, podcasts and social media. If you need to provide technical disclosure aimed at specialist audiences, couple it with summaries and stories that appeal to generalist audiences through channels that resonate with them. This is an aspect we look at when we evaluate *Accessibility* under the experience criteria.

3. Be transparent

Using transparent, authentic language helps build trust and engagement. It sounds simple, but it's a common barrier for reporters – I've lost count of the times I've heard, "But we can't write that!" from a client. Ironically, when you gloss over or omit the challenges or negative performance, it reinforces the perception that you're hiding something, which in turn fuels skepticism. A balanced and transparent narrative instills trust and enhances credibility. We look at this through our *Balance* criteria.

4. Humanize your communications

Sustainability has gone mainstream, but our communications haven't yet caught up. They sound the same when they're written by the same kinds of people, and reporting definitely falls into this trap. Bring in diverse voices and perspectives.

5. Avoid the S word

The word "sustainability" is really overused. As a result, it means different things to different people, and often means nothing much at all. Where possible, use a different, more meaningful title for your report that taps into the most relevant social and environmental trends from your year. Every time you write the word "sustainability", consider whether there's a more specific word you could use instead.

98%*

of the Forbes 50 most valuable brands used at least one of these clusters of clichés

Our Commitment

– We are committed

The Future

- Future generations
- Sustainable future
- Better tomorrow

The Planet

- Protect the planet
- Help the planet
- People and the planet

Biggest Challenge

- World's biggest challenge
- Urgent issue
- Unlike any other we've faced
- Of the 21st century

Our Journey

- Climate journey
- Sustainability journey

Together, we can

- In this together
- Work together
- Together, we can...

Building a Better

- Creating
- Shaping

Good for business

- Win all around
- Improves business

How has COVID-19 affected sustainability communications?

Communicating in a crisis is hard. As the saying goes – it's not what you say, but how you say it, that matters.

A crisis like COVID-19 fundamentally changes the way people absorb, process and retain information. How you communicate is crucial, to ensure effectiveness.

So, how do you make your communications as simple as possible? In fact, the lessons are as relevant to COVID-19-related communications as they are to sustainability communications.

Simplify your message. Ditch the jargon, overly technical language and alienating concepts, and instead, write in a way that's straight-forward, clear and concise.

Reinforce your message. If something is important, say it more than once. This is especially true in sustainability reporting, as very few people will read your report from cover-to-cover. It's worth repeating key messages, to ensure they land. If you can communicate things visually, that's even better.

Make it relevant. Avoid referencing the COVID-19 crisis if it's not relevant to what you want to communicate. Where it is relevant, it's important to empathize with the way people feel about COVID-19 as you develop your sustainability reporting and communications. Avoid being seen to capitalize on the crisis, too. This is particularly important in the context of any environmental improvements experienced as a result of lockdown.

Pick the right messenger. COVID-19 has impacted people in so many different ways. Employees may have experienced job insecurity and challenges adapting to a new way of working; suppliers, uncertainty in their contracts and relationships; customers may have been unable to access certain products and services; and local communities may have experienced unexpected environmental and social impacts. By including a one-off chapter on COVID-19 in your report, you will miss the opportunity to communicate the impacts of the pandemic in a more nuanced way, tailored to the different stakeholder groups affected. Try weaving in specific messaging around COVID-19 throughout your sustainability reporting, through the voice of the person responsible for that aspect of the business. E.g. introduce the employee-related impacts of COVID-19 through an employee voice, or from your HR Director, in the relevant section of your reporting. It will feel much more authentic and personal.

For more insight into how to communicate in a crisis, take a look at Radley Yeldar's publication here **The psychology of communicating in a crisis.**

* Methodology: we analyzed the sustainability website pages of Forbes top 50 most valuable brands for clichés using word counting software. Analysis conducted August 2020.

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 it is published online. Reporting indices should use direct links to make related information easy to find.

Methodology notes

- For the 2020 review cycle, we broadened our expectations beyond the ease of finding relevant content indices from GRI-only to include additional relevant frameworks in line with reporting trends.

Good practice

Nutrien

Nutrien features a direct link to its **2020 ESG Report** on its homepage and makes it easily available on the sustainability section of its corporate website. Content is available in different formats to engage a range of audience types and the sustainability section of its webpage includes a narrated video which ties Nutrien to external trends. Nutrien supplements the main PDF with an online **ESG Portal**. This features an **ESG Fact Sheet**, ESG-specific interactive data tool, ratings profile and a statements and policies section.

2020 Environmental, Social and Governance (ESG) Report



Nutrien

RY's work

The Battle for Annual Reporting

For some, reporting should focus resolutely on communicating transparent information to investors and analysts, playing a part in maintaining the efficient functioning of markets. For others, it offers an invaluable opportunity to tell a company's story and bring together a year's worth of progress in one place.

Who has it right? What should reporting look like? Who is it for? And who should lead in its delivery? Our project partners at RY spoke to 1,000 informed citizens and business leaders to get answers to these questions – and find out exactly how and why audiences use reporting in practice.

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



Experience: Consistent messaging



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

Key recommendations

- Develop a clear, inspiring and company-specific message to drive the narrative of the report;
- 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 various design elements of the report.
- For the 2020 review cycle, considerations around tone and technical language have been moved from the *Conciseness & alignment* indicator. We have also focused more on the consistency and integration of the message, reflected in the change from *Story & messaging* to *Consistent messaging*.

Good practice

Accenture

Accenture highlights key messaging around building a future of shared success on the cover of its **Corporate Citizenship Report 2019**. It uses the CEO letter to stakeholders to explain this message and make it company-specific, forward-looking and actionable. Throughout the report Accenture uses feature accent text to connect issues back to the overarching theme and quotes that consistently touch on empowerment, advancement and innovation. It also uses an engaging tone of voice and avoids technical language throughout the report.



RY's work

What COVID-19 means for investor communication and narrative reporting

Time horizons for investors have shortened rapidly as markets try to get to grips with the immediate implications of COVID-19 for companies. This publication provides a quick overview of evolving investor priorities, implications for narrative in reporting and investor communications, and key considerations over the next few months and beyond.

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



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 the user 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 to information quickly.

Key recommendations

- Develop a clear line of sight throughout the report by using consistent wireframes, 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

ABB Ltd

ABB presents its **Sustainability Report 2019** in both **microsite** and **PDF** format and pays particular attention to user experience in both cases. A floating navigation bar on its microsite allows users to see sub-topics in each section. Individual pages flag related links and an indication of the previous and next page topics. It also features key additional information across the top including links to a report app, GRI index, interactive key figures, downloads, report archives and a report-specific search function. The PDF document structures content in a similarly intuitive way with a range of interactive navigation features that enhance the user experience.



Good practice

Greif Inc.

Greif takes a digital-first approach to its **2019 Sustainability Report**. The distinct section of Greif's website is clearly structured. It features navigation bars that break down report sections into sub-topics to facilitate an intuitive user experience. Greif features a breadcrumb trail so that users can understand where they are in the report along with references to distinct GRI disclosure elements. The interactive GRI index directly links to distinct pages in the report. Greif also provides a search function that is specific to the contents of the sustainability report, allowing users to easily find topics of interest.



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 that design elements are aligned to content, messaging and corporate branding; and
- Ensure imagery is appropriate and reflects corporate branding and the concepts being discussed.

Methodology notes

- For the 2020 review cycle, we have continued to work towards more consistency and comparability in the application of this indicator. As in previous years, this may impact individual year-on-year company scores.

Good practice

Votorantim Cimentos

Votorantim Cimentos applies a strong creative concept to its **2019 Integrated Report** that is consistent throughout. 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. Votorantim Cimentos accentuates case studies with a darker background color and key messaging with consistent circle motifs to engage users and draw them to key content. It uses interactive tables and graphics to enhance navigation and present information in a compelling way.



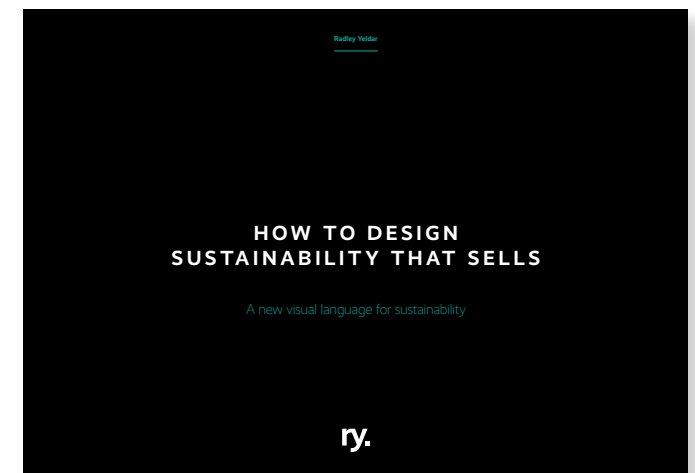
RY's work

A new visual language for sustainability

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

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

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



Our activities in 2020



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

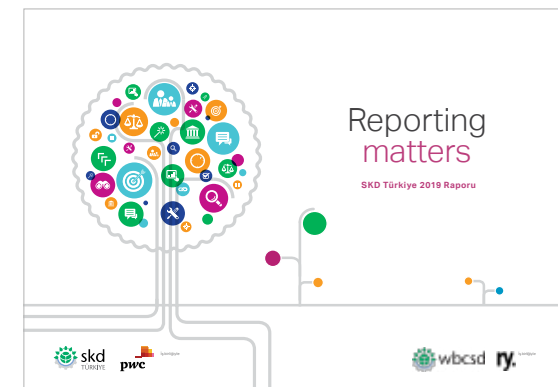
For the third year the **BCSD Australia** members have found the *Reporting matters* approach and methodology an invaluable tool to improve their non-financial performance. This year, with the support of ZOOiD Consulting, the comprehensive assessment and then face to face review has become an integral part of our annual member service offering. The reviews provided to boards and key stakeholders are valued as a trusted and proven approach that is comprehensively updated year-on-year to support their response to ESG accountability and reporting developments.

Taiwan

BCSD Taiwan began implementing *Reporting matters* as a new member service this year. According to the mandatory rules on sustainable reporting from market regulators in Taiwan, our members were required to improve the quality of their sustainability reporting. We believe that *Reporting matters* will be an ideal instrument for improving the effectiveness of their communication and reporting while helping us build stronger relationships with our members.

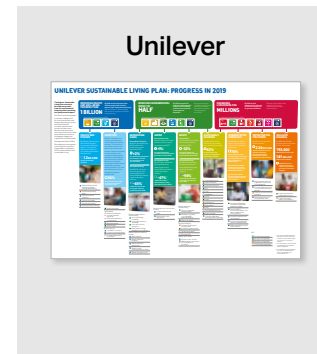
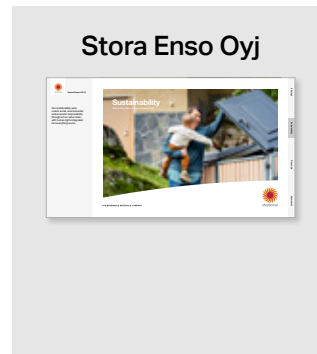
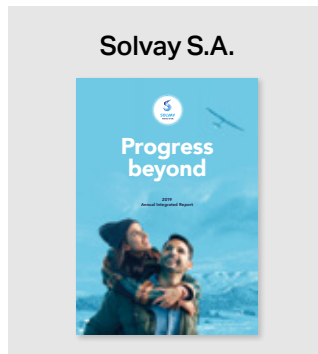
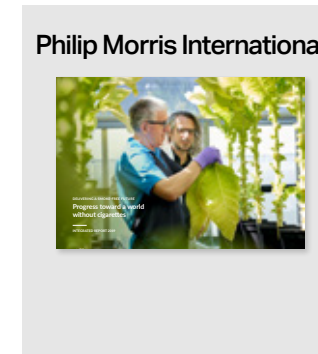
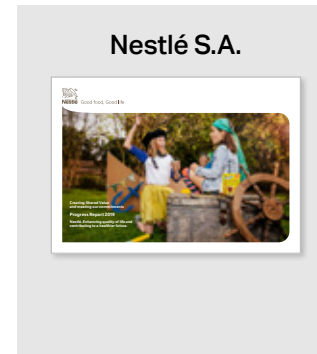
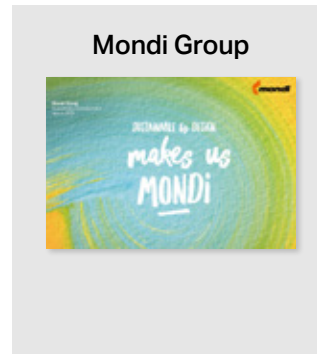
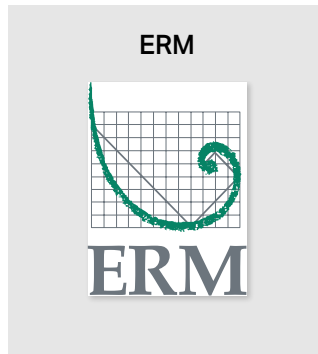
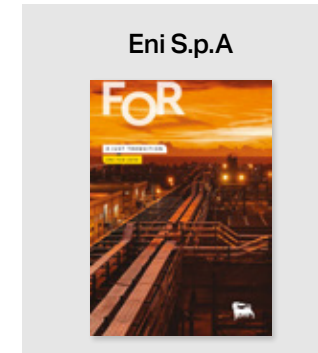
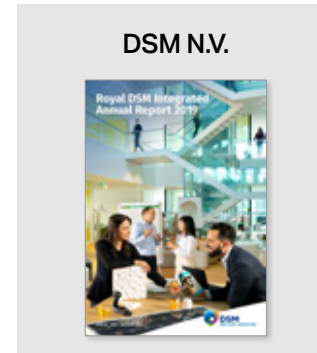
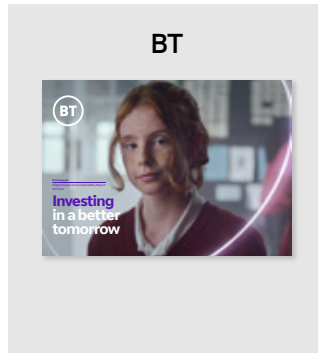
Turkey

The *Reporting matters* methodology gives us a great framework for benchmarking and supporting our members in improving the way they communicate with their stakeholders. The team consists of six consultants from PwC and **BCSD Turkey**. The process is regarded as highly valuable by the member companies and this can clearly be seen in their year-on-year progress. In the past three years, the *Reporting matters* project has become one of the key services BCSD Turkey provides to its members and it plays a great role in acquiring new ones.



Top performers

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



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	BNP Paribas	CLP Group	ENEOS Holdings, Inc.
ABB Ltd.	Borealis AG	COFCO	ENGIE S.A.
Abbott Laboratories	BP International	Compass Group	Eni S.p.A
Accenture Plc	Bridgestone Corporation	Continental AG	Environmental Resources Management Limited (ERM)
Acciona S.A.	Brisa Auto-Estradas de Portugal S.A.	Covestro	Equinor
Acer Inc.	BT	CRH plc	Ernst & Young (SGV Philippines)
Aditya Birla Group (Birla Cellulose)	Buhler AG	Daimler AG	Evonik Industries AG
AkzoNobel N.V.	Bunge Limited	Danone Group	F. Hoffmann-La Roche AG
AlSayer Holding	Canon Inc.	DBS Bank	Galp Energia, SGPS, S.A.
Anheuser-Busch (ABInBev)	Cargill Incorporated	Deloitte	Givaudan International SA
Apple Inc.	CEMEX	DNV GL	GlaxoSmithKline (GSK)
APRIL	Charoen Pokphand Group (C.P. Group)	Dow Inc.	Glencore Agriculture
Aptar Group Inc.	China National Petroleum Corporation (CNPC)	DSM N.V.	Godrej Group
Arcadis	China Petrochemical & Chemical Corporation (Sinopec)	Dunea N.V.	Greif Inc.
ArcelorMittal S.A.	Clariant International Ltd.	DuPont de Nemours, Inc.	Groupe Renault
Archer Daniels Midland Company (ADM)	CLP Group	Eaton Corporation	Grupo Argos
Arkema	COFCO	EDF Group	Hancock Natural Resource Group
Ayala Corporation	Continental AG	EDP – Energias de Portugal S.A.	Hankook Tire & Technology Co., Ltd.
Baker & McKenzie	Covestro	Empresas CMPC S.A.	Henkel AG & Co. KGaA
Barry Callebaut	CPFL Energia	Enel	Honda Motor Co. Ltd.

Iberdrola SA	Mondi Group	Royal Philips N.V.	Tata Group (TCS)
IBM	Natura & Co.	Saint-Gobain	The Goodyear Tire & Rubber Company
IFF	Neste Oyj	Santander Group	The Navigator Company
Ingka Group	Nestlé SA	Saudi Basic Industries Corp. (SABIC)	The Procter & Gamble Company
Inter IKEA Group	New Forests Pty Ltd	SCG	Titan Cement Group
International Paper Company	Norsk Hydro ASA	Schneider Electric	TOTAL
Kellogg Company	Novartis	Shell	Toyo Tire Corporation
Kering	Nutrien	Sika Group	Trane Technologies
Komatsu Ltd	OCP group	Skanska Ab	Unilever
KONE Oyj	Olam International Ltd.	Smurfit Kappa Group	UPL Limited
KPMG (Netherlands)	PepsiCo Inc.	Solvay S.A.	UPS
LafargeHolcim	Petroleum Nasional Berhad (PETRONAS)	Sompo Japan Insurance Inc.	Vale International S.A.
Lanxess AG	Philip Morris International	South Pole	Veolia
LeasePlan Corporation	Pirelli & C. S.p.A.	S&P Global	Verizon
Louis Dreyfus Company	PTT Global Chemical Public Company Limited	Stora Enso Oyj	Volkswagen AG
Mahindra & Mahindra Limited	PTT Public Company Limited	Suez	Votorantim Cimentos S/A
Majid Al Futtaim Holding LLC	PwC (UK)	Sweco Sweden AB	Walmart Inc.
Maple Leaf	Rabobank Group	Symrise AG	Whirlpool
Michelin	Randstad Holding NV	Syngenta International AG	Yara International ASA
			Yokogawa Electric Corporation

Resources

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

Reporting landscape

- Accountancy Europe. **Interconnected Standard Setting for Corporate Reporting**. 2019.
- CDSB. **CDSB Framework 2.2**. 2019.
- CDSB. **First Steps: Corporate climate & environmental disclosures under the EU Non-Financial Reporting Directive**. 2018.
- CRD. **Better Alignment Project**. 2019.
- De Cambourg, Patrick. **Ensuring the relevance and reliability of non-financial corporate implementation**. 2019.
- GRI. **GRI Standards**. 2016.
- IIRC. **International <IR> Framework**. 2013.
- International Organization for Standardization (ISO). **ISO 26000:2010**. 2010.
- OECD. **OECD Guidelines for Multinational Enterprises**. 2011.
- Sustainability Accounting Standards Board (SASB). **SASB Conceptual Framework**. 2017.
- TCFD. **Final Report: Recommendations of the TCFD**. 2017.
- **The Reporting Exchange**.
- UNGC. **The Ten Principles**.
- UN Guiding Principles on Human Rights (UNGPR). **UN Guiding Principles Reporting Framework with Guidance**. 2017.
- World Economic Forum (WEF). **Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation**. 2020.
- **WBCSD External Disclosure Program Area**.

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.
- IIRC. **Aligning the SDGs with corporate strategy for value creation**. 2017.
- 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. **Materiality: it's time for a new mindset**. 2020.
- WBCSD. **ESG Disclosure Handbook**. 2019.
- **WBCSD Purpose-Driven Disclosure Project**.

External environment

- Embedding Project. **The road to context: Contextualizing your strategy and goals**. 2015.
- GRI. **Sustainability and reporting trends in 2025: Preparing for the future**. 2015.
- WEF. **The Global Risks Report 2020**. 2019.
- **WBCSD Vision 2050 Refresh Project**.

External assurance

- Accountancy Europe and WBCSD. **Responding to assurance needs on non-financial information**. 2018.
- 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. **A buyer's guide to assurance on non-financial information**. 2019.
- **WBCSD Assurance & Internal Controls Project**.

Sustainability governance

- WBCSD. **Sustainability and enterprise risk management: The first steps toward integration**. 2017.
- WBCSD and COSO. **Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks**. 2018.
- 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 Enterprise Risk Management Project**.
- **WBCSD Governance & Internal Oversight Project**.

Targets & commitments

- **Science Based Targets initiative**.
- RY. **Sustainability goal setting beyond 2020: How to get it right**. 2018.
- **WBCSD SBT4buildings Project**.
- **WBCSD SBT4utilities Project**.

Performance

- **WBCSD Assess & Manage Performance Project**.

Experience criteria

- Embedding Project. **Storytelling for sustainability**. 2016.
- RY. **How to design sustainability that sells: A new visual language for sustainability**. 2018.

Acronyms

<IR>	International Integrated Reporting Framework	KPI	Key performance indicator
AICPA	American Institute of Certified Public Accountants	METI	Japanese Ministry of Economy, Trade and Industry
CDSB	Climate Disclosure Standards Board	NGO	Non-governmental organization
CEBDS	Brazilian Business Council for Sustainable Development	OECD	Organisation for Economic Co-operation and Development
CEO	Chief Executive Officer	PDD	Purpose-driven disclosure
CII	Confederation for Indian Industry	PRI	Principles for Responsible Investment
CIMA	Certified Institute of Management Accountants	RV	Redefining Value Program
COSO	Committee of Sponsoring Organizations of the Treadway Commission	RY	Radley Yeldar
CSR	Corporate social responsibility	SASB	Sustainability Accounting Standards Board
ERM	Enterprise risk management	SBTi	Science Based Targets initiative
ESG	Environmental, social and governance	SDGs	Sustainable Development Goals
FAO	Food and Agriculture Organization	SDSN	Sustainable Development Solutions Network
GHG	Greenhouse gas	SEBI	Securities and Exchange Board of India
GRI	Global Reporting Initiative	SMART	Specific, measurable, achievable, realistic and time-bound
HLPF	High-level Political Forum	TCFD	Task Force on Climate-related Financial Disclosures
IAASB	International Auditing and Assurance Standards Board	UN	United Nations
ICAEW	Institute of Chartered Accountants in England and Wales	UNGA	UN General Assembly
IIRC	International Integrated Reporting Council	UNGC	UN Global Compact
ISAE	International Standard on Assurance Engagements	UNGP	UN Guiding Principles on Business and Human Rights
ISO	International Organization for Standardization	WBCSD	World Business Council for Sustainable Development
IUCN	International Union for Conservation of Nature	WEF	World Economic Forum

Glossary

Areas of public concern

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

Assurance

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

External assurance

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

Limited assurance

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

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.

Case study

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

Combined report

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

Design concept

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

Enterprise risk management (ERM)

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

External trends

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

Megatrends

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

Industry-specific trends

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

Regulatory trends

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

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

In accordance options

- **Core:** For each identified material topic, the organization reports the management approach disclosures for that topic and at least one indicator.
- **Comprehensive:** For each identified material topic, the organization discloses the management approach disclosures and all indicators 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 under the Material key performance indicator (KPI) definition:

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

Line of sight

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

Materiality assessment

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

Scope and boundaries

Scope

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

Boundary

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

Targets

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

Context-based targets

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

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About the research partners

This project is a collaboration between WBCSD and Radley Yeldar

About WBCSD

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

Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD \$8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. 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 where more than nine billion people are all living well and within the boundaries of our planet, by 2050.

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About Radley Yeldar

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

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