

Five Steps to Good Sustainability Reporting

A Practical Guide for Companies



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ABOUT THIS REPORT

The report is based on BSR's long experience working on sustainability reporting with companies, a literature review, and interviews with member companies. Any errors are those of the authors. Please direct comments or questions to connect@bsr.org.

This report was researched and written by Nina Hatch and Adam Fishman, with input from Dunstan Allison-Hope. The authors wish to thank the companies featured in case studies for sharing their perspectives and for participating in this exercise.

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Introduction

Sustainability reporting and disclosure on Environmental, Social, and Governance (ESG) issues is increasing globally. Twenty percent of S&P 500 companies published sustainability reports in 2011, and eight years later, that number reached 90 percent in 2019. Sustainability reporting has moved from a “nice to have” to an expectation of all companies. BSR sees sustainability reporting as achieving two compelling outcomes: informed decision-making by stakeholders and improved sustainability performance by companies. Companies that disclose information in a sustainability report do so because it provides clear external and internal benefits.

Externally, disclosure expectations are increasing. Sustainability reporting helps companies meet disclosure requirements—whether regulatory, insurance-related, or customer-specific—and improve relationships with stakeholders who expect, or would like to review, the company’s sustainability data. Reporting provides critical information for stakeholders to evaluate performance and make decisions (e.g. whether to invest). Reporting also helps companies enhance their reputation and perceived trustworthiness. Finally, investors are increasingly calling for companies to make their sustainability risks and opportunities transparent in a standardized way. Not only does sustainability reporting aim to

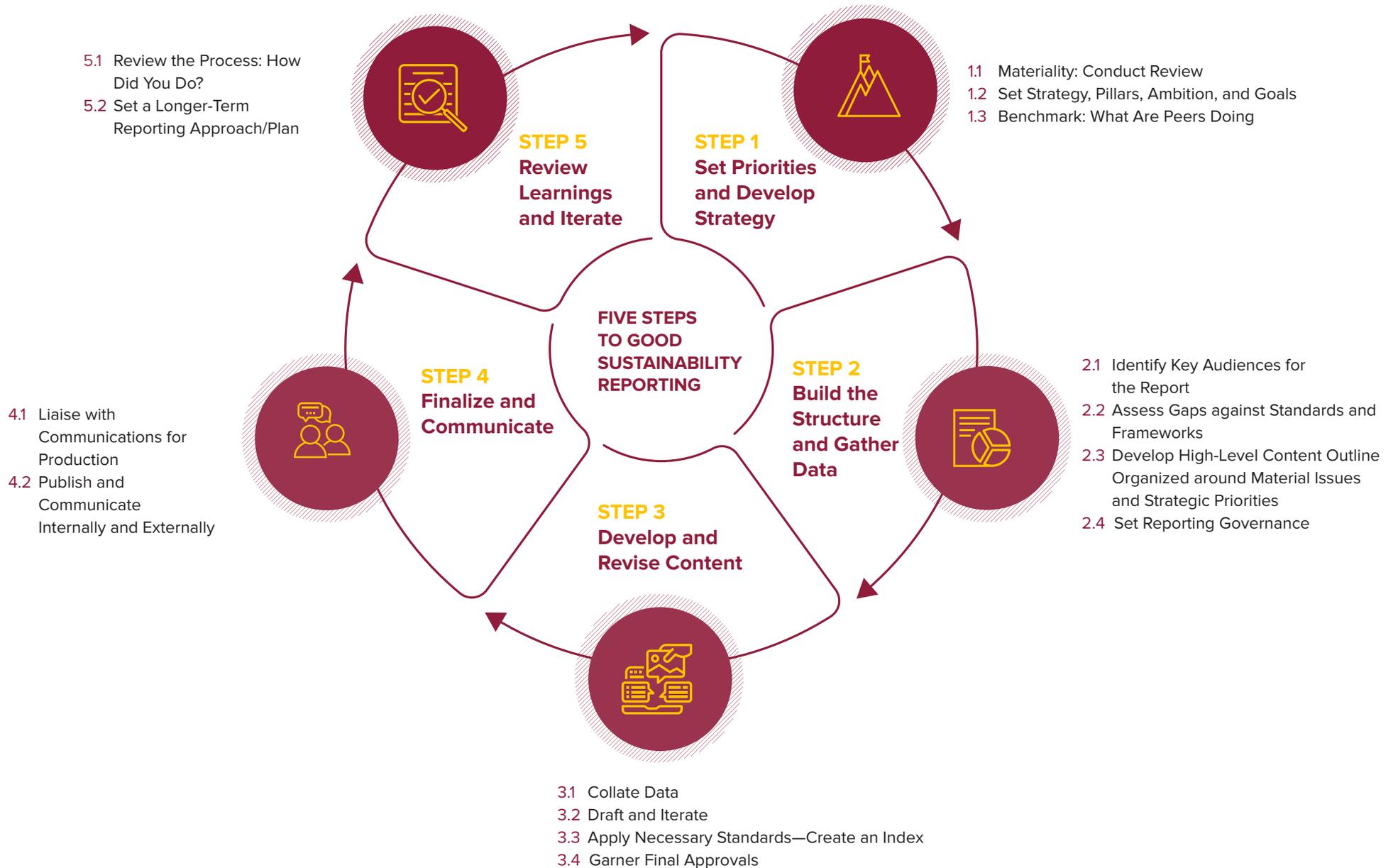
meet these expectations, it underlines the prospect of lower cost of capital tied to sustainability performance.

Internally, sustainability reporting can clarify and improve a company’s performance on sustainability issues. Reporting helps crystallize strategic priorities, demonstrate how these priorities are embedded in business priorities, and pinpoint areas where change, continuous improvement, or innovation is needed to set strategies, meet goals, or align with peers. Disclosure against reporting frameworks’ requirements demands identifying key sustainability risks and opportunities, which helps to increase awareness and management of vulnerabilities. Reporting can alert companies to emerging issues or trends, allowing for early management of risks and improved performance on opportunities. Finally, highlighting strong sustainability programs attracts new purpose-driven talent, improves retention, and increases employee motivation.

So how can you produce a good sustainability report? BSR’s experiences, as consultants and researchers, suggest that best-in-class sustainability reporting follows 10 principles on content and quality. The principles combine and draw on features of several prominent reporting standards and frameworks, namely GRI (formerly Global Reporting Initiative), the Sustainability Accounting

Standards Board (SASB), International Integrated Reporting Council (IIRC), and Taskforce on Climate-related Financial Disclosures (TCFD). The principles apply throughout the reporting process and are tagged where especially relevant. Using this five-step guide and implementing these principles will help you achieve a best-in-class report.

Five Steps to Good Sustainability Reporting



BSR's 10 Principles of Good Reporting

Report Content

BSR Vision

PRINCIPLE 1 

MATERIALITY AND CONCISENESS

Reporting is focused, succinct, and guided by material issues determined via regular, multi-stakeholder assessments. Information is presented in the format and cadence most appropriate for its audience(s), referencing relevant standards (IIRC, SASB, GRI, etc.) for consistency and comparability. The report describes where in the value chain the issue is material.

PRINCIPLE 2 

STRATEGIC AND FORWARD-LOOKING

Similar to financial reporting, sustainability reporting provides both a snapshot of the reporting period and a clear indication of future strategy, goals, programs, and direction.

PRINCIPLE 3 

SUSTAINABILITY CONTEXT

Readers are able to understand and interpret company performance in the broader sustainability context, such as the achievement of Sustainable Development Goals, the two-degree pathway on climate change, and the realization of international human rights. Depending on the company, the sustainability context could be relevant at the local, national, regional, or global level.

PRINCIPLE 4 

KEY PERFORMANCE INDICATORS AND NARRATIVE

Good reports provide key performance indicators (KPIs) and key performance narratives (KPNs). The KPNs are directly linked to the KPIs and explain past and future trends in performance.

PRINCIPLE 5 

COMPLETENESS

Report addresses all material issues with appropriate depth/detail based on importance to the business and stakeholders. The reporting period and boundary are clearly stated and are wide enough to allow accurate assessment of economic, environmental, and social performance.

Report Quality

BSR Vision

PRINCIPLE 6 

STAKEHOLDER ENGAGEMENT

Key internal and external stakeholders are identified and engaged on a regular and structured basis. The results of these engagements are communicated transparently, and company responses to feedback are clear.

PRINCIPLE 7 

BALANCE

The report provides balanced discussion of successes, challenges, and shortcomings. Good reports also share learnings, best practices, and plans for improving performance in the future.

PRINCIPLE 8 

ASSURANCE

Sustainability information should be handled with the same level of rigor as financial information. Quantitative data and relevant company statements should be assured by objective third parties where possible. The report clearly and accurately describes any external review it received.

PRINCIPLE 9 

CONSISTENCY AND COMPARABILITY

Reports are issued on an annual basis in formats that allow comparability between years so that readers can ascertain company progress over time. Metrics should also align with industry and global best practice to allow comparability across companies. Frameworks and standards, such as the IIRC, SASB, GRI, etc., provide useful guidance.

PRINCIPLE 10 

CONNECTIVITY OF INFORMATION

The company's overall sustainability disclosures adhere to BSR's triangle of reporting (page 19). The top of the triangle comprises succinct information relevant for multiple audiences, and as one moves down the triangle, the target audience narrows to those with expertise in a specific field. Individual reports serve different audiences yet are connected to each other as part of a greater triangular whole.

STEP 1

Set Priorities and Develop Strategy



Step 1 is all about getting the basics firmly in place. During this phase, companies should:

- Complete or refresh a materiality assessment that takes into account both the impacts of sustainability issues on the business and the business's outward impacts
- Build or refresh a sustainability strategy and set the vision and ambition for material issues
- Seek to understand how peers are performing and reporting

For first-time reporters, continue to Step 1.1.

For companies that have previously written a sustainability report, start the process by looking back at the reporting cycle from prior years. Identify what worked well and what didn't work, tweak this year's process accordingly, and then skip ahead as needed. The reporting process is a journey of continuous improvement.

1.1 Materiality: Conduct Review

A materiality assessment helps companies identify the sustainability issues



on which the business may have an outward impact and those that stand to impact on the business.

Such assessments help a company build internal alignment



STAKEHOLDER ENGAGEMENT

on sustainability priorities, inform decisions around program investments, and can serve as the basis of resilient sustainability strategies. A materiality process should involve external stakeholders, who can help identify where the company's impacts (or potential impacts) lie and how they manifest. These engagements also serve to build relationships and buy-in for a company's sustainability strategy and programs.

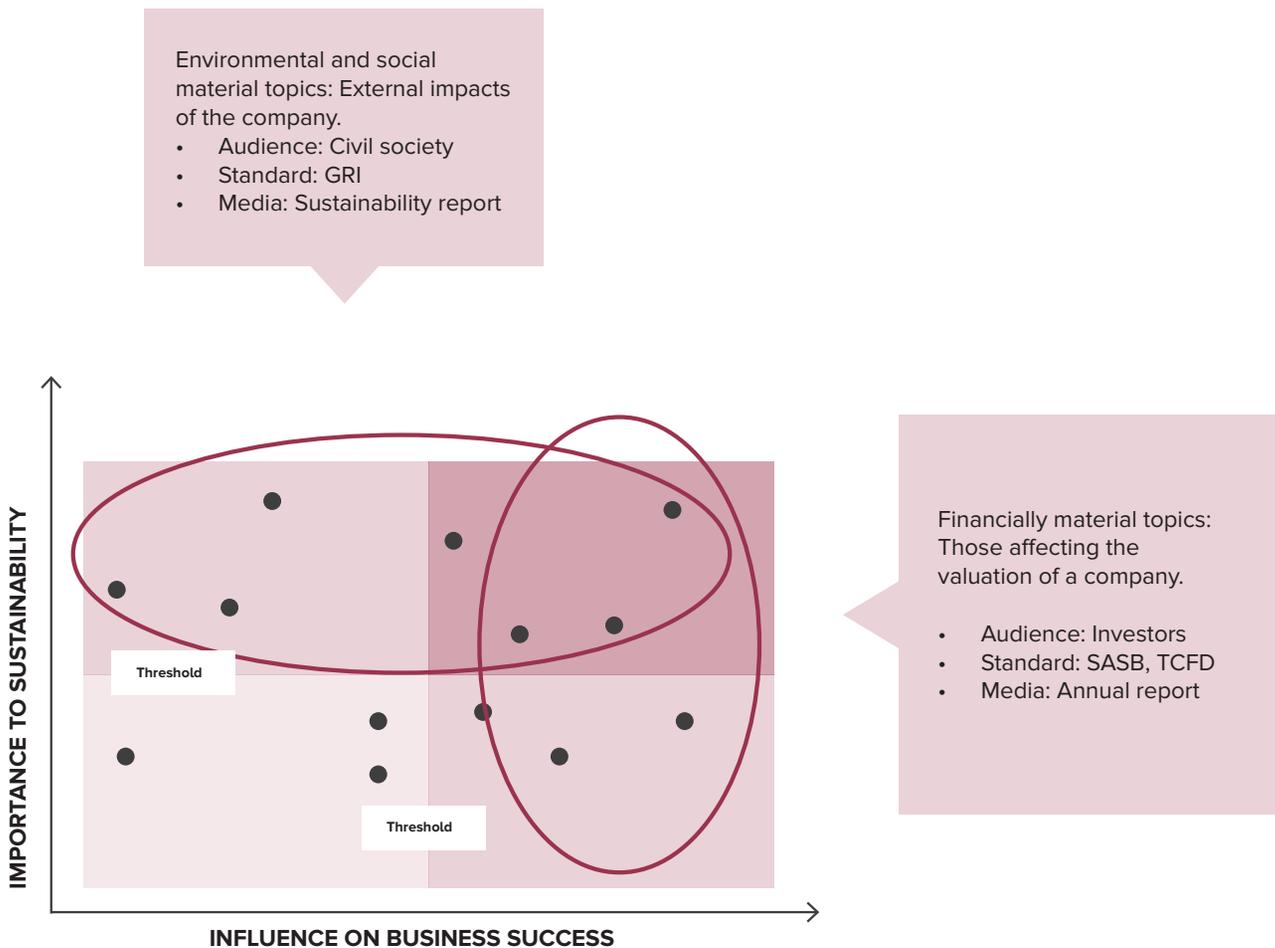
A materiality assessment does not tell a company how to manage an issue nor how well a company is performing. These are not "one and done" exercises, and they should be refreshed regularly (every two to three years) in order to address emerging issues and the business context, which—as COVID-19 has shown—can rapidly shift.



Materiality assessments form the basis of sustainability reporting. Reporters should begin their process by either conducting a materiality assessment or reviewing and refreshing an existing one.

There are multiple ways to conduct a materiality assessment. The most robust materiality assessments incorporate diverse internal and external perspectives and blend qualitative and quantitative analyses. The two preeminent reporting standards, GRI and SASB, take distinct—though complementary—approaches to materiality. These must be accounted for if you plan to report against one or both standards.

SASB’s definition of materiality centers on the impact of sustainability issues on the company’s financial performance, whereas GRI’s centers on the outward impact of the company’s operations and business activity on the economy, environment, people, and human rights. We believe that emerging best practice will be a matrix that incorporates both dimensions of materiality, also known as dual materiality or double materiality. This will clearly distinguish the two complementary approaches to materiality and illustrate the relationship between them.



For additional information on the standards themselves and aligning your reporting with their requirements, see sections 2.2 and 3.3.

Case Study: Q&A with PayPal

How do you conduct your materiality assessment?

PayPal recently completed its first ESG materiality assessment with SustainAbility. The company undertook a three-phase approach to understanding its key ESG risks and opportunities:

1) Research and landscape assessment, reviewing peer disclosures, current company programs, and global ESG standards and frameworks (e.g. SASB, GRI, TCFD, UNGC) to identify 19 key topics.

2) Stakeholder mapping and engagement, engaging over 130 internal and external stakeholders, including members of PayPal's senior leadership team, employees globally, financial health experts, NGOs, customers, business trade groups, and investors. This phase included a governance perception survey with 24 global investors to understand how they consider ESG factors in their decision making and their views on PayPal's current and future ESG program.

3) Topic analysis and prioritization, modeling the data to consider five factors: business impact, stakeholder concern, perceived performance, degree of influence, and societal/environmental impact. PayPal also conducted an in-person workshop to review the findings and incorporate additional feedback. This helped the company identify seven ESG priority topics that are critical to the business and stakeholders.

The results of the materiality process are informing the next steps of PayPal's ESG strategy as well as future disclosures.

Why did you decide to present the matrix in the report?

PayPal chose to publish its full materiality matrix in its [2019 Global Impact Report](#) to ensure transparency on both the process and the results. During PayPal's engagement discussions, a number of stakeholders noted the importance of sharing the materiality assessment process and findings and explaining how they will be used going forward. It was also important for PayPal to articulate that although seven ESG issues

emerged as priorities from the assessment, all 19 are relevant to certain stakeholders and therefore remain a part of PayPal's broader ESG strategy.

Did you incorporate COVID-19 or other emerging trends?

A materiality assessment reflects a snapshot in time. Therefore, considering emerging trends that may influence PayPal's near- to mid-term strategy is an important part of the process. While the project was completed before COVID-19's impacts became evident, the company identified a few emerging trends relevant to the pandemic that are now progressing faster than anticipated. These include changes to the future of work, the importance of employee total wellness, and rising inequality globally, all of which impact PayPal directly. Additionally, the accelerated growth in digital payments and e-commerce provides the company with even greater opportunities to democratize financial services and support people around the world through this unprecedented time.

1.2 Set Strategy, Pillars, Ambition, and Goals

If your company does not have a sustainability strategy in place, the results of your materiality assessment can be



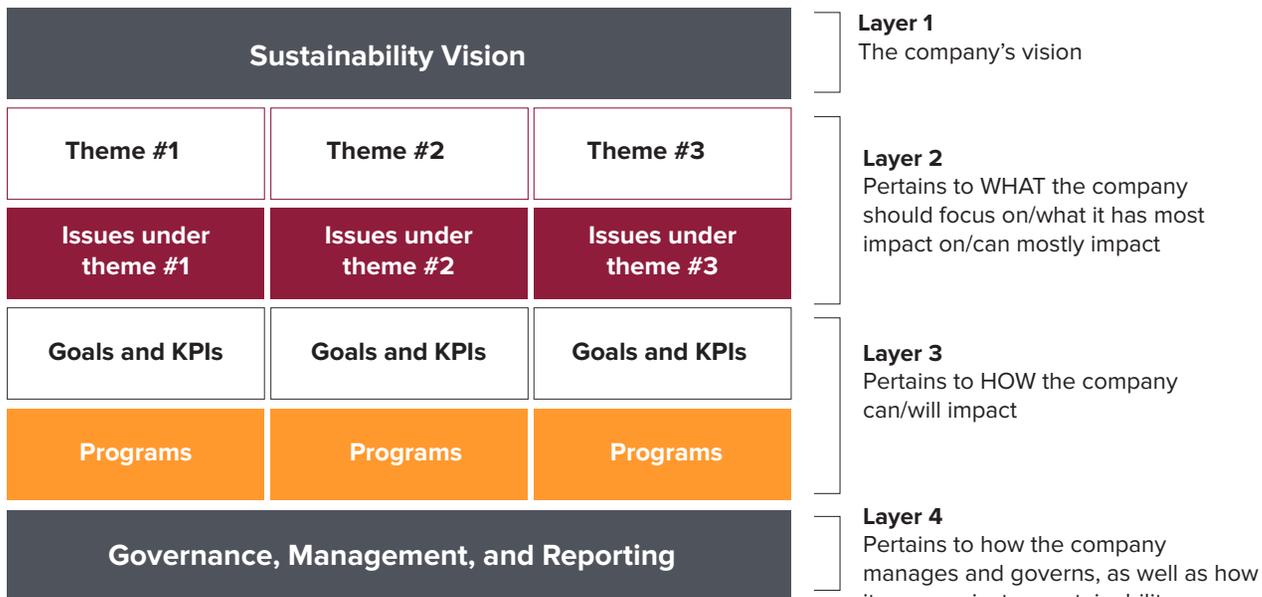
used to build a sustainability strategy. This strategy will drive your company’s sustainability initiatives: helping to improve sustainability performance on material issues and make the business more resilient to future shocks. A strategy will also help to streamline reporting: enabling cohesion and the smooth flow of information, organized by material issue pillars, as well as informing stakeholders on progress of sustainability initiatives.

A sustainability vision helps the company demonstrate the relevance of its sustainability strategy by serving as the top-line message. It is a narrative that explains the relationship between the core business and sustainability.

The strategic pillars support the vision and communicate which sustainability issues are important. By organizing related material issues into

pillars, companies can determine an appropriate governance structure. These can be grouped by type (e.g. environmental, social, or governance), business unit, level of ambition, or other means. There is no “right” way of categorizing. For reporting, however, the sustainability strategy should inform the report’s structure (as the report should include all material issues) and set a path to clear communication. BSR’s work with member companies often starts with a materiality assessment, the results of which we use to build a resilient sustainability strategy that is integrated into the business strategy. We then incorporate

the strategy into a robust reporting approach. This creates alignment among materiality assessment, sustainability strategy, and reporting approach, thus enabling clarity and consistency throughout.



Case Study: Q&A with AstraZeneca

How did you develop your sustainability strategy?

Our strategy is informed first and foremost by our materiality assessments. The latest (2018) assessment centered on a robust stakeholder engagement exercise. The outcome was a strategy comprising 16 priority material issues, categorized into three pillars: access to healthcare, environmental protection, and ethics and transparency. We then worked with AstraZeneca's Sustainability Advisory Board to hone the ambition level for our strategy. The Advisory Board helped us set an ambitious strategy that brings together a representative cross section of functions and integrates with the core business strategy.

How do you integrate your sustainability strategy with your business strategy?

Sustainability is one of four core components in AstraZeneca's business strategy and is an enterprise-wide priority. The business strategy and sustainability components are aligned on timing for delivery, with goals to be met by 2025. We track progress quarterly using a company-wide scorecard that looks

at performance in four categories, including sustainability. Within the sustainability category, each material issue is measured through a total of 180 KPIs, which roll up to an overall sustainability rating for the business.

What is the relationship between strategy and reporting?

The sustainability strategy forms the structure of the sustainability report. Within the report, three chapters mirror the strategy's pillars. Within each pillar, we present an identical section for each material topic area, including the approach, definition, KPIs, associated narratives, and challenges faced. Though we don't generally include information on emerging issues or hot topics outside of our 16 material issues, we do address these on our website. Most importantly, tracking KPIs is a key method for how we operationalize the strategy. One person within the appropriate function or business unit drives performance on a specific material area, helping to implement the strategy. Additionally, since 2018, we've incorporated sustainability into our investor relations team's quarterly financial reviews.

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Most importantly, tracking KPIs is a key method for how we operationalize the strategy.

For each material issue, consider what level of ambition is appropriate: is your aim simply staying legally compliant, achieving parity with your peers, or truly standing out as a leader?



KEY PERFORMANCE INDICATORS AND NARRATIVE

Within your strategic framework, determine which material issues would be appropriately addressed by ambitious goals and targets. Setting ambitious goals and communicating these in the report enable accountability for performance improvement. For each goal, set KPIs and metrics to track performance. Tracking KPIs and metrics associated with each goal not only shows past performance data, but it also signals to your audience where you aim to improve. Furthermore, consider the story you are telling in your report through your KPIs. The narratives surrounding KPIs, known as Key Performance Narratives (KPNs), are equally important to develop throughout your report.



CONSISTENCY AND COMPARABILITY

Assigning KPIs and metrics to targets should be intuitive to the relevant functions and build on existing processes where possible. Do you already track workplace safety incidents? Use this as a metric. Do you measure operational waste reductions? Set this as a KPI. Reporting standards such as SASB also offer recommendations on

which accounting metrics can be used to report on particular material issues or disclosure topics. If you are unsure what KPIs and metrics you should be tracking, you can review peers' sustainability reports and/or consult with subject matter experts (SMEs). SMEs are particularly helpful to understand new and emerging issues since the sustainability landscape is constantly evolving.

It's important to define what is meant by target/goal and to distinguish between goals, KPIs, and metrics.

	Target	KPI	Metric
Definition	An objective that an organization is aiming to achieve, often using the “SMART” framework (specific, measurable, attainable, realistic, timebound)	A directly measurable value that demonstrates performance against a goal. (e.g. percent age of waste reduction, percent age progress to zero waste)	A standard of measurement the is associated with the activities that relate to the KPI, a unit of measure (e.g. total waste by weight)
Example	Reduce total waste by 50 percent by 2020.	Current status: reduced waste by 30 percent	46,418 metric tons of waste 7.55 metric tons per unit

1.3 Benchmark: What Are Peers Doing?

Benchmarking helps a company compare its performance to that of its peers according to a specific set of criteria. However, you must choose your peers wisely! In this [Decisive Decade](#), we need bold action. In addition to immediate competitors, choose companies that you see as industry leaders to ensure you do not compare yourself to average performers alone. Benchmarking against leading companies will help drive ambition and avoid convergence to the median, as can be common in sustainability reporting. Sustainability is a source of competitive advantage, and there are numerous opportunities for differentiation.

Undertaking a benchmark early in the reporting process enables a company to:

- See what other companies are disclosing (material issues) and measuring (KPIs).
- Compare performance on these issues and metrics.
- Determine what leadership looks like and the level of investment required to get there.
- Build an internal business case to colleagues who may be unaware of market dynamics.
- Borrow good ideas and find opportunities for innovation.

You can use the benchmarking process to double check your work to date, as well as to understand which reporting standards and frameworks your peers are using to report. For reporting, we recommend looking at specific criteria:

- **Materiality:** What material issues does the company focus on? Does the process appear robust, or integrated into other systems (e.g. enterprise risk management)?
- **Strategy:** How does the company organize its material issues into a strategy? Is it ambitious? What are the goals for the strategic material issues? Are they SMART?
- **KPIs/Metrics and Narrative:** What are the metrics used to measure progress on material issues? How does the company report on progress? Are the metrics standardized or common for the industry?
- **Reporting:** What reporting standards and frameworks does the company report against, and to what level of depth? What is the style of the report? Is there a clear target audience?

This wraps up Step 1. You now have all the building blocks for reporting in place, including a materiality assessment, resilient sustainability strategy with goals and KPIs, and a benchmark to validate your performance relative to peers and industry leaders.

STEP 2

Build the Structure and Gather Data

Earning - Year review:

	1	2	3	4
USA	21.8	31.36	17.6	
Canada	133.63	151.68	299.1	345.67
China	70.67	70.74	84.41	116.58
East Asia	61.7	50.4	100.2	75.8
Japan		17	7.5	23
Australia	11		34.91	40.11
TOTAL	61	695.4	991.46	1,018.88

Volume - Year review:

	1	2	3	4
USA	173	192	182	117
Europe	85	115	181	186
Canada	368	411	752	804
China	51	69	96	104
East Asia	47	61	108	103
Japan	18	20	11	22
Australia	24	36	43	61
TOTAL	766	904	1373	1397



FIVE STEPS
TO GOOD
SUSTAINABILITY
REPORTING

STEP 1
Set Priorities
and Develop
Strategy

STEP 2
Build the
Structure
and Gather
Data



Step 2 in the reporting process is all about the organizing and structuring the report. This phase is critical to ensuring a smooth reporting process and successful end product that resonates with your key stakeholders.

2.1 Identify Key Audiences for The Report

Before diving into drafting, pause and think: why are you writing this sustainability report, and which audience(s) are you trying to reach? The style, content, and the means by which you choose to convey information (e.g. data tables, imagery and case studies, lengthy narrative, or other means) should be tailored to your top stakeholders to ensure that the report resonates with your intended audience.

Audiences for a sustainability report can include:

- Investors, lenders, insurers, and reinsurers
- Employees (or potential employees)
- ESG rating and ranking agencies
- Senior leadership and Boards of Directors
- Customers, consumers, and users
- Government actors (e.g. regulators and policymakers)
- Broader civil society (e.g. NGOs, activists, academia, and the media)
- Local communities

It may be the case that a particular stakeholder segment is driving your reporting efforts. Clarity on your audience can help you to home in on other aspects of a disclosure strategy, such as whether to report in line with a particular standard or framework. For example, investors exhibited keen interest in SASB and TCFD reporting in 2020, whereas GRI is useful for a broad swath of stakeholders. BSR's perspective is that companies should utilize each of these frameworks and standards in tandem to provide a comprehensive view of a company's performance on key sustainability topics.

The best reporting, no matter the audience, contains a smart mix of data and narratives. Investors, for example, often seek raw performance data and KPIs that enable both year-on-year and peer comparison. That is not to say companies should sacrifice narrative explaining performance or trajectories in favor of data (see Principle 4), but simply that the importance of quantitative data to investors should not be overlooked. Conversely, consumers, employees, or media groups may prefer more human-centric reporting that conveys information through case studies and storytelling in addition to hard numbers that display performance data.

And whereas many investors or data aggregation entities prefer PDF reports that are easily

searched, public audiences may find an online sustainability microsite or interactive report more useful to their decision-making. Firm understanding on who your intended audience is will ultimately help you better communicate with them.

IN PRACTICE

Audiences can shift over time

Target audiences for your sustainability report may change from year to year. While investors are a common target audience, other stakeholder groups may resonate in the wake of a shift in business practices, strategy, or leadership. For example, internal stakeholders have not historically been a primary stakeholder group for many companies, but increased levels of employee activism in recent years, coupled with trends of hypertransparency and the spotlight placed on employee issues by COVID-19, mean that employees are becoming a focus for sustainability reports.

Case Study: Q&A with Adobe

How do you choose your audience for the report? Who is top priority?

Adobe is guided by our mission to change the world through digital experiences. Customers, investors, current and potential employees, and community partners are all stakeholders that seek purpose-driven information and the key is getting the right information to the right stakeholders through the right channels. We use several channels to communicate with our stakeholders so that everyone gets the information that they need. Investors are the top audience for our annual Corporate Social Responsibility report because they have emphasized the particular importance of data-driven disclosures in making informed investment decisions.

How do you present information for your report's target audience? How do you engage your audience or ensure that Adobe's reporting continues to meet that audience's needs?

Because investors seek both data and context to make key ESG decisions, the majority of the Corporate Social Responsibility report is focused on data-driven disclosure. Nearly all

of the information investors and investment analysts seek, from SASB metrics to diversity data to where to find more information on compliance, can be found in the report's data tables. We also provide more detailed information on key material aspects, such as data privacy and cybersecurity, sustainability, and diversity and inclusion, which helps to put our data in context and allows investors to make appropriate investment decisions.

With increasing demands on the types of ESG disclosure that investors are seeking, it helps to stay on top of ESG reporting trends in two major ways: 1) by listening to our investors and incorporating their feedback and 2) through working groups such as BSR's Future of Reporting initiative. Many of our investors tell us that we have best-in-class ESG disclosure, and we couple ongoing investor feedback with industry best practices to ensure our report and ESG communications meet their needs.

“
Investors are the top audience for our annual Corporate Social Responsibility report because they have emphasized the particular importance of data-driven disclosures in making informed investment decisions.”

2.2 Assess Gaps Against Standards and Frameworks

The report’s intended audience affects not only how the publication is drafted but also which reporting standard(s) or frameworks might be utilized and thus what information or metrics are required. In the past, companies have mostly focused on aligning with one standard. Today, to create a robust report, companies should align their reporting with the GRI and SASB standards and the TCFD recommendations at a minimum. Doing so accounts for the two sides of materiality previously described and tests the company’s resilience against a range of future scenarios.

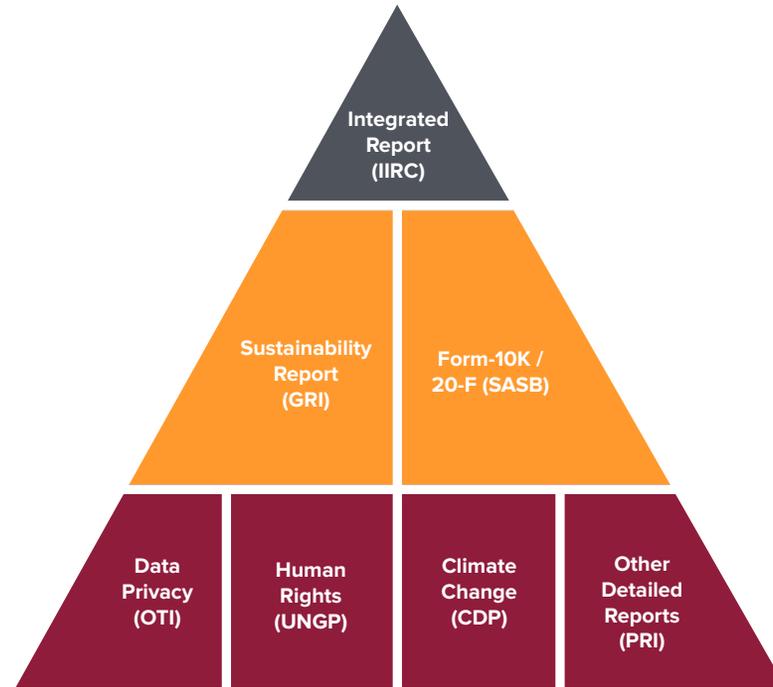
A key challenge is harmonizing these frameworks within a single report or set of reports and identifying areas of overlap where a particular disclosure topic or metric fulfills multiple standards. Efforts to align the standards and frameworks have proliferated in recent years (see [Corporate Reporting Dialogue](#) and [World Economic Forum](#) reports). However, even if one were to map each framework’s alignment and interaction, two issues would remain:

- Each framework features a distinct approach. (For example, GRI and SASB’s approaches to materiality are complementary, and together they fulfill the concept of double materiality, but the two entities ultimately differ in their definitions of ‘material’ issues.¹)
- These standards and frameworks are constantly evolving, meaning that such a mapping or harmonization will quickly become outdated.

Entity	Main Audience	Attributes
GRI	General and multi-stakeholder	Many sustainability reports’ starting point since GRI Standards enable companies to communicate outward impacts
SASB	Investors	Focuses on sustainability issues that have a financial impact on the company
IIRC	Investors, but also general	Follows the “multi-capitals” model of value creation and integrates financials/business information with sustainability disclosures
TCFD	Investors	Framework that focuses on climate through four pillars: governance, strategy (including scenario analysis), risk management, and metrics/targets
SDGs	Multi-stakeholder, governments	Global UN framework that, although not a reporting standard, provides a common language, ambition, and set of universal goals and targets
CDP	Investors	Set of thematic questionnaires (on climate, water, forests, and/or supply chain) that companies may choose to publicize

¹ GRI’s definition of materiality focuses on a company’s “significant impacts outward” on the economy, environment, and people, including human rights. SASB’s definition focuses on sustainability issues’ financial impact on a company.

The BSR Reporting Triangle (right) is a helpful way to visualize how the various reporting frameworks can be used in a complementary fashion. At the top of the triangle, an integrated report collates succinct business and sustainability information relevant for a broad audience. In the middle layer, the report audience becomes more specific. A sustainability report focuses on an ESG-focused audience, whereas financial reporting typically speaks to the investor audience. At the base of the triangle, individual issue-specific reports serve yet more specific audiences, but together these form a critical piece of a company’s overall reporting. Each type of report within the triangle has a specific use, and the frameworks or standards that typically underpin them can be used in a complementary fashion to advance a company’s overall disclosure.



Once you consider which frameworks or standards to align with and have noted the disclosure areas or metrics they require, check to see if there are any gaps in the metrics required to communicate performance on the issues identified in your materiality analysis. There most likely will be disclosure or data gaps, and for first-time reporters, that’s okay. For standards such as GRI and SASB, the key to a robust disclosure is covering your company’s material issues. GRI and SASB take similar approaches in that they both provide lists of potentially material disclosure topics and metrics, and they leave it to companies to decide which

- Clear, concise, integrated story explaining how company creates value
- Entry point to more detailed information
- Utilize IIRC Framework

- Annual Reports/Form 10-K/Doc de Réf focused on information material to investors
- Sustainability reports focused on information material to stakeholders
- Utilize SASB, GRI Standards, and/or TCFD

- Issue- or country-specific reports
- Examples include law enforcement relationship reports, human rights reports, climate change reports, site-based reports
- Utilize specialist guidance, such as CDP, UNGP, OTI, PRI

ones to use based on materiality. Whereas the GRI features a set of generally applicable universal and topic standards, SASB provides sector-specific disclosure topics and accounting metrics. Standard setters understand that every company's situation is unique, and not all metrics will be reported against, especially when early in the reporting journey. However, there appears to be a trend of convergence around disclosure of common topics and metrics on a sector basis, and we may begin to see the standards mandate reporting on certain issues in the near future.

After you've identified your metrics and gaps, the next question is: how do you incorporate all the information required? Do you align the frameworks through a single megatable, individual sections, entirely different standalone reports on GRI, SASB and TCFD? Something else? This is an area that is open for debate, but we'll revisit it in more detail in step 3.3.

The main lesson to keep in mind when approaching these standards is that reporting is a practice, and it is an ever-evolving one. The key to success is striving for continuous improvement. Getting to a best-in-class report will take several reporting cycles. In "year zero", you may simply acknowledge the gaps with honesty and transparency, and articulate a plan to fill them in subsequent years. You can incorporate additional metrics the following

year, and in the meantime, note that

baselines are still

being established while you work to build internal buy-in and readiness. The standards themselves acknowledge this, as seen in GRI's new designations of companies' reporting "in accordance with" versus "with reference to" their revised universal standards.



CONNECTIVITY OF INFORMATION



Case Study: Q&A with Flex

Which standards do you report against, and why?

Flex—a global technology, supply chain, and manufacturing solutions partner—has reported to the GRI since 2013. We do so for two main reasons. The standards provide clear KPIs to use when disclosing our material aspects, and they enable us to clearly convey our progress and results to a broad set of stakeholders, including customers, employees, shareholders, communities, and external organizations.

Many of our stakeholders are taking a stronger interest in sustainability, and we actively consider reporting against frameworks to better disclose our activities. Some of our investors have expressed interest in SASB to understand our sustainability progress in comparison to our industry. For the first time, a section of our [2020 sustainability report](#) is dedicated to aligning with SASB.

Additionally, we are a member of the UN Global Compact and align our activities to specific Sustainable Development Goals related to our operations.

How do you identify gaps in reporting against the standards?

We undertake an annual materiality exercise to help prioritize our focus areas. The assessment considers all GRI topics, which are then reviewed and narrowed down to those of greatest importance to us and our stakeholders. From this process, 15 topic areas emerged as significant and are displayed in our materiality matrix. Once our material priorities were determined, we looked closely at the GRI standards to avoid disclosure gaps in reporting.

SASB features sector-specific lists of material disclosure topics and accounting metrics, which it has determined to have an impact on businesses within an industry. We mapped its recommended disclosure topics to our current metrics, identified gaps in our reporting, and are working to address them.

How do you approach reporting to a standard that asks for information you do not collect or face hurdles disclosing publicly?

Our corporate sustainability team discusses any disclosure gaps with the appropriate content owner to ascertain what information

is missing and whether or not the gap can be filled in the short, medium, or long term. Once this is determined, we develop a plan to enhance disclosures or performance and address gaps in partnership with the content owner.

“

Once our material priorities were determined, we looked closely at the GRI standards to avoid disclosure gaps in reporting.

2.3

Develop High-Level Content Outline Organized around Material Issues and Strategic Priorities

Based on the previous steps, organize a high-level content outline around your strategic pillars, with associated material issues bucketed underneath. A robust sustainability report that adheres to GRI and other standards will also include information on the business, sustainability governance, strategy, stakeholder engagement, material issues, and performance on those issues within a given time frame.

New reporters should consider building the content outline in a spreadsheet, which can help make the document actionable (e.g. noting who is responsible for a certain section or material issue, where you need to gather data from, who needs to sign off, etc.). Be sure to include the recommended disclosure topics, metrics, or standards from SASB, GRI, TCFD, and your other chosen frameworks so that you don't miss any information they require. This can also help identify gaps and overlap in the standards. In



COMPLETENESS

your content outline, be sure to list where in the report you are addressing the various elements of each standard because this will help you build an index later.

2.4

Set Reporting Governance

Having a governance system for the reporting process will help you plan the effort and ensure there is clarity on who signs off the report and makes final decisions on content (see section 3.4 for discussion on the approvals process). Reporting governance processes and systems will be unique for each company. For some companies, the sustainability manager may write the whole report and act as the sole data-compiler. For others, there may be content owners spread across business units who contribute data or language (see section 3.1 for information on data governance). The appropriate approach will depend on a company's size, structure, and culture. Tactically, a company may include information on reporting governance within the content outline for their report, delineating who is responsible for what.



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Setting a reporting governance system not only

reduces the burden on you and clarifies who is in what role; it also helps you to garner support and buy-in across the company. Your content outline and reporting governance structure will help guide you through Step 3 of the reporting process.

When setting up reporting governance, begin to consider who should be involved in the final approval process. A section sponsor may sign off on the information when it comes together, but who should it be sent to next? Some companies have board approval, senior leadership approval, legal team approval, and more. The formal sign-off process, especially with the board and senior leadership, adds rigor and buy-in to the sustainability program and report. For sustainability reporting to have a status and significance akin to financial reporting, formal sign-off mechanisms should match. It is important to keep in mind that a formal sign-off process, which may often include the legal team, can be lengthy and necessitate several rounds of approval or edits.

Case Study: Q&A with SABIC

How have you set up your reporting governance strategy?

At the beginning of our sustainability reporting journey in 2011, SABIC did not have a strong reporting governance or report structure in place. Different parties and functions contributed to the process on an ad hoc basis, with representatives from across the company contributing upon request. Each function collated their own information. Most of the drafting was done by one to three people, supported by BSR and a partner within corporate communications.

Over the past three years, SABIC has structured reporting governance in a more efficient and streamlined manner. Today, we have a dedicated reporting lead and section sponsors from the corporate sustainability department, who interface with designated content owners from different businesses and functions. The lead works between reporting seasons to set our overall reporting strategy for the coming years, and the lead works with section sponsors and content owners to kick off the process in the fall and set the

expectations for the current cycle. Sponsors, along with BSR and content owners, gather content and information from individual data owners. Around February, the sponsors and report steering committee collate all content to ensure it fits the intended report structure and SABIC's larger sustainability strategy and priorities.

What is the relationship between reporting governance, sustainability governance, and corporate governance?

Our executive-level Sustainability Council is chaired by the CEO. This group makes the highest-level strategic decisions regarding sustainability at SABIC. The report's structure and governance align with priorities set by the Council, who also oversee our materiality, target setting, and long-term roadmap development processes. The reporting process is built around our sustainability priorities, which then inform the selection of content owners.

What advice would you give to a new reporter regarding reporting governance?

At the beginning, the reporting process may be a bit chaotic. Once you develop a sustainability strategy and priorities and align your planned report content and structure with this, you can set up a reporting governance structure that centralizes information gathering and engages internal stakeholders in an efficient manner.

“

Over the past three years, SABIC has structured reporting governance in a more efficient and streamlined manner.

STEP 3

Develop and Revise Content



Step 3 focuses on compiling data and drafting the report. Following Steps 1 and 2 will set you up for a smooth reporting process and workflow, ensuring alignment with good practices when you compile your first draft.

3.1 Collate Data

Collating the data for the report can be time-intensive if



measurement systems and a reporting governance structure are not in place. Using your content outline and governance structure or workplan, solicit data from relevant colleagues. Increasingly—and conveniently—data no longer need to be “gathered” by those responsible for reporting because they already exist within company systems. Therefore, the data provider will simply provide the database location to the content owner.

While every company collects and collates data differently, it is critically important that all have a system in place to review or audit the data and ensure their accuracy. What works will vary by company and operating context. For some companies, a spreadsheet-based data collection

and collation method may be sufficient, whereas for others, utilizing tools or proprietary systems may help to streamline the process. While BSR does not endorse specific tools, member companies have utilized providers, including OneReport, Enablon, Intelx, and Thinkstep, for this process.



Case Study: Q&A with Keysight Technologies, Inc.

What is your process for collecting and collating data?

Keysight has a hub-and-spoke approach for data collection and collation of ESG data communicated in our annual CSR reporting. Reporting guidance is provided by the central CSR management team to functional reporting leads through a kickoff meeting that communicates the timeline, reviews new/updated disclosures, identifies improvement opportunities, and provides a one-page reporting process overview as a team resource. Functional team leads then collect the data directly from their extended team of SMEs and review the initial data submissions, primarily using functional spreadsheets and platforms. Once the functional team leads complete an initial review, the data are collated into a central repository where it is reviewed for consistency and legal requirements by the Director of CSR and Legal/Compliance prior to executive review and approval.

How long does the data collation process take, and how frequently are figures updated by data owners?

Data collection and collation typically takes three months. It is more streamlined because Keysight completes annual CSR report disclosures, in accordance with GRI, at the same time as rating organization submittals. Figures are updated annually through the central repository for both the CSR report and rating organization disclosure submittal and verification. Top-level CSR KPIs on key disclosures, programs, and initiatives are tracked quarterly by functional leads and rolled up into a quarterly status review for executive sponsors and the executive steering committee. Within functional teams, data may be updated more frequently and typically at a more detailed level.

What systems ensure accurate data?

Functional and extended team SMEs have individual tracking and measurement approaches related to their functional areas. Keysight's hub-and-spoke structure is not intended to impede or change standard

functional management and reporting. Instead, it is intended to utilize their existing processes to ensure accurate data. In addition, our quarterly KPI tracking ensures accuracy of key data points and highlights any potential concerns before there is an impact in the data.

“

Functional and extended team SMEs have individual tracking and measurement approaches related to their functional areas.

3.2

Draft and Iterate

You don't need to reinvent the wheel every year. It can be perfectly acceptable to keep the report's structure or content the same over several years while updating the data. Changing the narrative may be necessary only when the company's strategy or external conditions change. Structural consistency has the added benefit of making it easier for report readers to connect year-on-year information, facilitating comparability of qualitative information. This helps the user see beyond the insights afforded by data tables, which are often the only area of year-on-year comparison. When deriving your initial outline, consider what content is likely to change each year and what might remain static, shift to a website, or otherwise simply be referenced in future iterations. Once the data have been collated and the report outline is fully prepared, you can begin to draft the narrative, from the foundational elements to the information on KPIs and material issues.

While an important aspect of reporting, KPIs and data tell only part of the story. Even investors who utilize the data tables and KPIs in a report need the background of KPNs. KPNs bring life to the data,

explaining to the reader how they should interpret the KPI and adding context to the numbers. The KPN should not just repeat in words what the KPI says in numbers. Instead, it should rather describe the performance (whether good, bad, or neutral), the reason for the performance (e.g. external shock, new management strategy), and future expectations (e.g. increased investments, bolstered strategy, continued improvement).

When drafting, maintain balance and honesty to ensure an authentic performance narrative. No company is perfect, and audiences will be skeptical of a report that lacks a balanced discussion of successes, challenges, and shortcomings, as well as learnings and plans for future performance improvements.

Companies do not have to include all the information within the sustainability report if their stakeholders or target audiences prefer a more streamlined document. Hyperlinking to issue-specific disclosures (e.g. CDP responses) or other online content (e.g. codes of conduct or corporate policies) enables readers who are interested in the details to explore the subject in more depth on their own. To provide a preview that exemplifies performance, consider callout boxes that contain

brief case studies or links to detailed write-ups, if appropriate for the target audience.



The drafting process is not a "one and done" process. Take time to iterate in several drafts.

Gather feedback from content owners and other functions within



the company (legal, communications, and others). This can serve to both increase the quality of writing and garner internal buy-in.

Case Study: Q&A with Sempra Energy

Describe the report writing process. Who is involved in drafting the content, and how long does it take?

Our annual corporate sustainability report is generated by Sempra Energy's corporate sustainability department in collaboration with our various operating companies. We have refined our process over the 12 years we have published an annual sustainability report. We now look to publish our report in late Q1 or early Q2 to more closely align with our financial reporting.

In creating our annual sustainability report, we typically kick off the data gathering and collection process in December and hold several meetings with key internal stakeholders to determine the direction and content of the upcoming report in order to begin the drafting process early in the year. Each year, we do look to ensure that our sustainability story is directly tied to our overall business strategy and direction, and we periodically refresh our materiality assessment.

Most of the drafting of the report is now done in-house. Once drafted, the report goes through a wide variety of reviews, including SMEs, operating company leadership, and Sempra leadership to ensure accuracy and transparency in the information we are providing in the report. By charter, our Safety, Sustainability and Technology Committee of Sempra's Board of Directors reviews the report prior to publishing. The entire process takes several months.

What earlier step in your reporting process has the most impact on drafting?

We always start with our intended audience: our key stakeholders. Who are they? What is the information they need to understand how we manage ESG risks and opportunities as an integral part of our business? How can we best communicate that information? (For additional information on how Sempra communicates the final draft to its target audience, please see the case study in section 4.3.)

“

We have refined our process over the 12 years we have published an annual sustainability report.

3.3 Apply Necessary Standards—Create an Index

Since you've already identified the standards and frameworks you'll be using in Step 2.2, this phase should largely be a mapping exercise that collates the information you've gathered for your draft and references it in a table or series of indices.

Depending on the standard, you may need to create an index, which can be featured in the back of the report as an appendix or be published separately. GRI and SASB each require an index, though the two can be combined into a single table. Each of the standards offers a range of helpful support materials. [SASB's Implementation Primer](#) provides disclosure guidance, checklists, and worksheets for companies that have chosen to report against their standards, and [GRI's Standards page](#) offers reference documents to help companies get started. Both host regular webinars and trainings.

With frameworks such as TCFD that provide recommendations only on categories of information to report—rather than specifics on disclosure or

means of reporting—there remains a question of how to integrate the information. Some companies issue standalone TCFD reports, but for the purposes of this guide, let's consider the example of a company that already reports using GRI and SASB and is now seeking to integrate the 11 TCFD recommendations.

Based on the four TCFD pillars, the company could 1) map the TCFD recommendations within a combined GRI/SASB index, 2) pull out the TCFD-relevant information in sidebars or callout boxes throughout the report (e.g. in the sections on governance, strategy, metrics, etc.), 3) create an individual TCFD index or standalone report, or 4) include TCFD information in annual or financial reporting.

Similarly, the SDGs are not themselves a reporting standard, and as such, there is a wide variety of means by which companies communicate their contributions to the Goals. Good practice on SDG reporting entails mapping impacts to the target level (rather than Goal level, which is nonspecific and adds little value to report readers) and acknowledging not just where the business contributes to the SDG targets but also where it stands to detract from their achievement. Like the

TCFD elements, a company can incorporate such a mapping into a GRI/SASB table, add the target identification throughout the report, or pull out a brief standalone section on SDGs.² GRI and SASB have also undertaken a mapping of each of their standards or disclosure topics to the SDGs, which can help companies seeking to align with the targets.

Companies stand to benefit from applying reporting standards because they add rigor and accountability to their disclosures. Furthermore, once standards are applied, audiences can more easily navigate and compare reports, driving increased consistency and higher levels of ambition and performance on material sustainability issues.

² Note: the SDGs can also be utilized to help companies set strategy or ambition levels of their sustainability goals and targets. Adopting the relevant SDG targets' level of ambition as agreed by the UN, and meeting or exceeding it when you set your sustainability strategy or measure your company's performance on the issues, can be a powerful message to send to your stakeholders.

Case Study: Q&A with Verizon

How do you align with or report against standards in your disclosures?

Consistent, transparent engagement with our investors helps us to understand their expectations regarding ESG reporting standards and frameworks. Given that investors are the primary audience for our ESG report, these conversations serve as a guide in determining how we report against various reporting standards. Our 2019 ESG Report includes easy-access indices for ESG data, GRI- and SASB-aligned content, and the UN Global Compact principles. We considered creating a similar TCFD index, but given the breadth and depth of the disclosure, we decided to publish a standalone TCFD report and link to it from the ESG report.

We also include a section in the ESG report dedicated to Verizon's contributions to the UN Sustainable Development Goals (SDGs). We highlight the five SDGs toward which Verizon can make a unique and significant impact and link to sections of the ESG report that share more detail on related goals and activities.

What were your biggest challenges reporting against these standards, and how did you overcome them?

While similarities exist, each reporting standard and framework is unique. One challenge we encountered was that some indicators do not align with the measurement systems we have in place for our operational data, making it cumbersome—and in some cases impossible—to match the data to the requested indicator. In these instances, we were as transparent as possible, noting why we couldn't provide the data point in the requested format and linking to other relevant content within the report.

“

We also include a section in the ESG report dedicated to Verizon's contributions to the UN Sustainable Development Goals (SDGs).

3.4 Garner Final Approvals

Sustainability reports must go through an internal approval process to ensure accuracy and quality control. This process looks different for every company. While approvals have historically been ad hoc or informal, the process has gained structure in recent years as companies see the increasing strategic value of sustainability reporting.

The final approval process must have a clear system of governance and should start before you even begin drafting, as noted in step 2.4. Waiting to seek approvals and feedback from the necessary parties until you have a near-final draft in hand risks having to repeat major steps or redo significant portions of the report. To increase the chances of a smooth sign-off process, identify champions within leadership and other necessary teams, engage them from the start by seeking their input on an initial outline, and keep them apprised throughout the process (see Principle 6).

As sustainability information and reporting continues to gain prominence, Board buy-in and approval become increasingly necessary. Engage the Corporate Secretary or other appropriate party to ensure the report is on the next meeting

agenda. Historically, boards (or potentially just one committee) have typically only heard about sustainability in passing. However, as sustainability issues continue to proliferate and their value to—and impact on—company performance becomes clearer, those with robust corporate governance at Board level will be the first to ensure sustainability issues and performance are not seen as a purely tactical play or philanthropic add-on. While few companies currently incorporate Board approval as part of the reporting process, it is a natural outcome of regular reporting to the Board by management of sustainability progress, and it will be increasingly necessary as the body of evidence on the linkages between sustainability performance and finance performance continues to grow. The final approval process may also include assurance by a third party. Though this may not be feasible for new reporters, as it can be expensive and time consuming, assurance helps to bring rigor and quality to the report.



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Case Study: Q&A with BSR Member (Anonymous)

Who approves the final sustainability report?

Historically, our report was approved by the VP of Corporate Affairs. This year, final approval has shifted to the newly created position of VP for Strategy and Sustainability, though by the time it reaches this step, the report will have already gone through several reviews and initial approvals. For example, our CEO comments on and approves the content outline at the start of the drafting process, which ensures there aren't any major course corrections needed later in the report's development. Our legal team and other subject matter experts also substantiate the report to ensure quality and accuracy prior to final sign-off.

Do you seek Board approval for the Sustainability report?

The Board is not a formal part of the approval process, but the board committee that oversees ESG issues does receive updates on the report's status and we receive comments from Board members. The Board hasn't been a part of the formal approval process because the sustainability report historically focused on

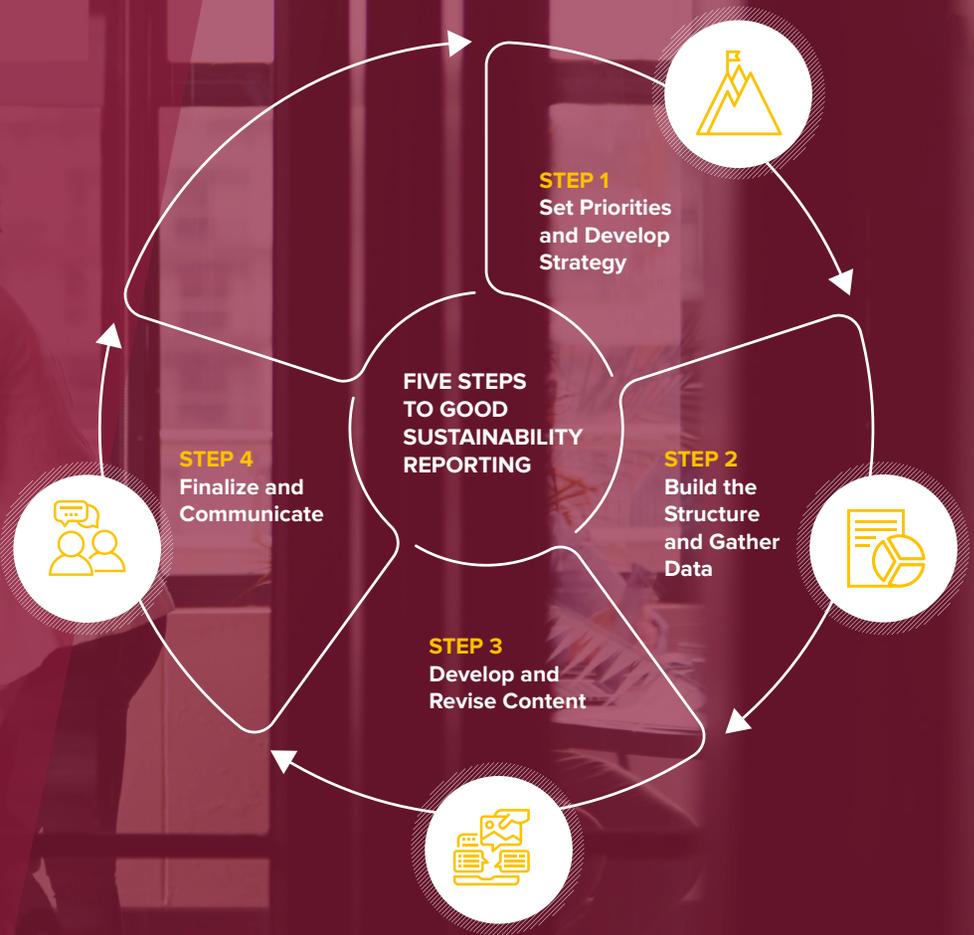
a community audience. Today, the audience has shifted towards investors and employees, and although the report has become more strategic, it remains a voluntary disclosure. As such, the Board is not required to approve the document, and responsibility remains with those in the executive team.

“

Today, the audience has shifted towards investors and employees, and although the report has become more strategic, it remains a voluntary disclosure.

STEP 4

Finalize and Communicate



Once your content is approved, you must finalize and communicate the report. Take a moment to reflect on the original intention for your report: why did you write a report in the first place, and who is the audience that you hope will read it? Step 4 is about getting the report in front of those audiences, both internal and external.

4.1

Liaise with Communications for Production

Many sustainability reports are designed by communications teams for production. During this phase, collaborate with the communications and design team to produce a clear and visually compelling report. The report does not have to be overly designed, but it is important to make the information clear to your audience. Keep in mind that the report should be consistent and comparable year over year. Unless you are changing strategic direction, it is probably best to keep the design and layout similar annually in order to maintain and promote comparability. Doing so will also ease the drafting process in future iterations, as there will be clearer expectations on tone and look and feel, as well as on length and depth (e.g. word count per page and number of pages needed to adequately cover all material issues). As

mentioned in Section 2.1, different audiences have different visual preferences and information needs. For example, some audiences prefer a PDF report that they can use “control-find” (CTRL-F) to look up particular terms or programs. Other audiences may like an interactive report posted on the company website or regularly updated online content that does not neatly conform to an annual cycle. Some audiences like both.

The layout and design of the report itself should reflect your audience. Work



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with designers to best communicate information for your chosen audiences. Are they visually driven? Do they prefer data tables? Do they like stories and pictures? No matter what design you choose, make sure the report information is clear and speaks to the information needs of your target audience, which you identified prior to building out the initial draft. The design or layout should not overshadow the information of your company’s sustainability program and work.

4.2

Publish and Communicate Internally and Externally

Now that the report is designed and ready to be published, be sure to communicate it to both internal and external audiences. Here are a few ways to maximize the impact of your reporting.

Internally:

- **Share the report with employees:** Post the report on your internal intranet, distribute the report via email, place copies in break rooms and cafeterias, or include in new employee onboarding materials.
- **Host internal conversations:** Discuss the sustainability report in a town hall or in local office meetings.
- **Spur action:** Use the metrics and targets from the report to engage key teams in sustainability improvements and innovations. This may take the form of creating “green-teams,” volunteer opportunities aligned with priority areas, or incentives to jump-start performance on critical material issues.
- **Share with those who contributed:** Thank executives, data owners, SMEs, and all those who contributed to the reporting process and

show them the final product to help close out the process.

Externally:

- **Post the report externally:** Post the report on the company website and promote on social media (e.g. LinkedIn).
- **Highlight in recruiting:** Include the report in recruiting materials and link to it on the job posting page.
- **Communicate to investors:** Include top material issues in investor communications and make the report available to analysts. Use the report as a communications tool with ESG analysts, raters, and data providers. Consider creating a short brochure or “cheat sheet” of key ESG information on the issues most relevant to investors. Release this highlights page concurrently with your financial reporting.
- **Respond to inquiries:** Leverage the report in responding to requests from stakeholders (e.g. ratings and rankings agencies).
- **Share with key customers:** Look for overlap in material issues/initiatives or core values, and leverage opportunities to build relationships through collaboration on shared priorities.

Case Study: Q&A with Sempra Energy

How do you launch the report?

The overall preparation around the release of our sustainability report has taken on additional rigor over the past couple of years due to the increased focus and attention on sustainability and ESG performance. While we publish the report itself to our sustainability site on www.sempra.com, we also reach out directly to key stakeholders and across multiple media channels to provide them with information about and links to the report. In prior years, we would send hard copies of the report, but in an effort to be more environmentally friendly, we have greatly reduced the total number of printed reports. We also work to make the printed versions of our sustainability report as environmentally friendly as possible.

Whom do you communicate the report to, and how?

We focus on our key stakeholders: investors, customers, employees, business partners, regulators, elected officials, and other key community leaders. This outreach can take many forms, including emails, personal notes, articles, and social media.

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We focus on our key stakeholders: investors, customers, employees, business partners, regulators, elected officials, and other key community leaders.

STEP 5

Review Learnings and Iterate



After publishing and communicating the report, reflect on the reporting process and plan for an even more successful year 2. Reporting is a continuous learning process, and no one does it perfectly.

5.1 Review the Process: How Did You Do?

Review how the reporting process worked this year. Were there unexpected bottlenecks? Are there internal partners you should have collaborated with earlier or in a different manner? Reviewing the reporting process will help you to learn from any challenges you encountered or to amplify successes. Reporting is a cyclical exercise; utilize the learnings from this reporting cycle to ensure continuous improvement in the next one. Furthermore, consider tracking metrics from the report launch itself (e.g. page views, downloads, social media impressions) and any changes in ratings and rankings before or after a report release.

5.2 Set a Longer-Term Reporting Approach/Plan

The final step in the reporting process is to develop or refine a strategic approach for the years to come. In the strategy, highlight new metrics for potential inclusion next year, identify issue-specific reports you'd like to produce to complement current disclosures, and consider other reporting standards or frameworks to disclose against, as well as the actions that doing so might necessitate. The ultimate goal of reporting is to improve sustainability performance year over year and increase transparency to enable better decision-making by internal and external stakeholders alike. Over time, you can translate more ambitious reporting efforts into industry leadership in terms of both business success and environmental and social impacts.

Case Study: Q&A with Millicom

Why did you develop a long-term reporting strategy?

For Millicom, ESG reporting serves three essential purposes:

1. Disclosure: informing our stakeholders of our ESG performance.
2. Integration: working across the organization to prioritize and manage ESG issues.
3. Continuous improvement: measuring gaps and assessing opportunities for replication across the organization. For this, we needed to strengthen our core reporting practices in the short term and build a long-term strategy.

Our earlier reporting experiences have shown that some capabilities need multi-year time horizons to develop (e.g. adopting new metrics and indicators in line with reporting standards). A long-term strategy allowed us to build capabilities over several years while driving toward specific goals each year. The underlying analysis for our strategy included:

- Determining, in a proactive way, which reporting frameworks/standards made sense for our business and stakeholders.

- Addressing improvement opportunities identified during the independent assurance process.
- Establishing clear goals and related timelines.
- Building flexibility and monitoring capabilities for emerging trends.
- Building consensus and mechanisms for systematic collaboration with colleagues across the organization, and with Investor Relations and Finance in particular, to continue integrating ESG issues throughout the different sections of our Annual Report and to minimize redundancies.
- Prioritizing multiple ESG queries received throughout the year.

What is your goal for your reporting strategy?

Our long-term “Lead and Shape” strategy can be boiled down to four objectives:

1. Create a succinct annual report and issue-specific reports with decision-useful information for target audiences.
2. Use harmonized and relevant metrics from reporting frameworks and standards, so we can stay relevant with today’s dynamic and demanding reporting scene.

3. Use these frameworks to drive and improve the company’s sustainability performance.
4. Generate reliable data by identifying and developing the right capabilities so we can maintain a close link between the report content and goals and performance.

How has it been helpful with your reporting process thus far?

A long-term strategy allowed us to build consensus and integrate the reporting process into everyday workflows across the whole company. The resulting “Lead and Shape” strategy—developed jointly with BSR—was well received by key internal stakeholders. It has allowed us to foster awareness, consensus, and knowledge among internal partners on the business value of having consistent and reliable data that adhere to the most current standards and procedures, along with clear milestones and a multi-year roadmap to which all parties can align and contribute. This provides a sound structure for systematic continuous improvement and is already becoming, as we had envisioned, a driver for better performance as much as a driver for better reporting.

Concluding Thoughts

As the role of sustainability reporting expands, there is an increasing need to ensure standardization and clarity. While this is to a large degree already demanded by investors, sustainability reporting is also in the nascent stages of formalization through regulatory and legislative processes such as the European Union's Non-Financial Reporting Directive. These are expected to crystallize current trends and cement the two dimensions of materiality as a cornerstone of sustainability reporting.

Disruptions like the COVID-19 pandemic have clearly demonstrated the interdependence of sustainability and business performance. Moving forward, companies should develop reporting strategies that more clearly reflect the link between financial reporting and sustainability. More integrated, comparable, and standardized reporting will be needed to ensure businesses' resilience. Such reporting can both meet the new information needs brought to light by COVID-19 and other systemic shocks and strengthen companies' decision-making, risk management processes, and overall performance in the long term.



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