

Table of contents

Foreword	9
Introduction	11

SECTION A — HANDBOOK: BACKGROUND TO SUSTAINABILITY REPORTING

1. OVERVIEW OF SUSTAINABILITY REPORTING	15	2. KEY AREAS FOR IMPROVING THE QUALITY OF CORPORATE SUSTAINABILITY REPORTING	33
1.1. Definitions of corporate sustainability reporting	15	2.1. Materiality	33
1.2. Main drivers for companies to produce sustainability reports	15	2.1.1. Materiality - organizational boundary	34
1.2.1. Global context – environmental and social challenges	15	2.1.2. Materiality – scope of reporting	35
1.2.3. Increasing demands from investors	17	2.2. Context	39
1.2.4. Business performance	17	2.3. Assurance	42
1.3. Benefits of company sustainability reporting to national governments	18	2.4. Inconsistent reporting	44
1.3.1. Fulfilment of international agendas	20		
1.4. Current context	20	3. KEY TOPICS AND INDICATORS IN SUSTAINABILITY REPORTING	45
1.4.1. Sustainability reporting in the global sustainability agenda	20	3.1. Frequently reported environmental topics	45
1.4.2. The Sustainable Development Goals (SDGs)	21	3.2. Frequently reported social and institutional topics	46
1.4.3. Increasing reporting rates	22	3.3. Evolving areas of sustainability reporting	46
1.5. Key existing frameworks driving sustainability reporting	25	3.4. Role of monitoring – indicators	47
1.5.1. AccountAbility Institute	25	3.4.1. Indicator characteristics	47
1.5.2. Global Reporting Initiative (GRI)	26	3.5. Review of existing protocols for social and environmental indicators	48
1.5.3. International Integrated Reporting Council (IIRC)	26	3.5.1. Greenhouse gas emissions	48
1.5.4. OECD Guidelines	27	3.5.2. Water consumption	49
1.5.5. Sustainability Accounting Standards Board (SASB)	27	3.5.3. Waste and materials	49
1.5.6. United Nations Global Compact	27	3.5.4. Sources for social indicators	49
1.5.7. Commonalities of existing reporting frameworks	28	3.6. Core environmental, social, and institutional indicators for reporting and their relevance to the Sustainable Development Goals	50
1.6. Further initiatives supporting sustainability reporting	28		
1.6.1. CDP	29		
1.6.2. Climate Disclosure Standards Board	29		
1.6.3. Group of Friends of Paragraph 47 (GoF47)	29		
1.6.4. International Financial Reporting Standards	29		
1.6.5. ISO 26000	29		
1.6.6. Stock exchanges	30		
1.6.7. The Task Force on Climate-Related Financial Disclosures	31		
1.6.8. United Nations Conference on Trade and Development	32		

SECTION B — CORPORATE SUSTAINABILITY REPORTING TOOLKIT

SECTION B.1 — POLICY REVIEW	57	SECTION B.3 — DATA	85
1. REVIEW OF POLICIES TO ENHANCE CORPORATE SUSTAINABILITY REPORTING	58	1. WHAT IS DATA?	86
1.1. Overview of reporting instruments internationally	58	2. ROLE OF GOVERNMENTS IN RESPECT TO DATA	87
1.1.1. <i>Role of government actors</i>	59	2.1. Providing context and comparability	87
1.2. Policy evaluation process	59	2.2. Aligning corporate sustainability reporting data and the SDGs	
1.3. Overview of national policies on requirements for corporate sustainability reporting	61	3. DATA MANAGEMENT SYSTEMS	90
1.3.1. <i>Evaluating public policy on sustainability reporting</i>	62	3.1. International sustainability reporting databases	90
2. CASE STUDIES OF POLICIES REQUIRING CORPORATE SUSTAINABILITY REPORTING	63	3.2. Regional-level platform – Arab Sustainability	90
3. APPROACHES TO ENGAGE WITH SMES OVER SUSTAINABILITY REPORTING	71	3.3. City platforms	91
SECTION B.2 — MATERIALITY AND SECTOR GUIDELINES	75	SECTION B.4 — DISSEMINATION AND COMMUNICATION	95
1. BACKGROUND TO MATERIALITY ASSESSMENTS	76	1. COMMUNICATING AND DISSEMINATING SUSTAINABILITY PERFORMANCE	96
1.1. Key content principles of a sustainability report	76	1.1. Engaging with companies to enhance dissemination	96
1.1.1. <i>Completeness</i>	76	1.1.1. <i>Company reporting guidelines</i>	96
1.1.2. <i>Stakeholders engagement</i>	76	1.1.2. <i>Sustainability reporting awards</i>	98
1.1.3. <i>Materiality – Definition and approaches</i>	77	2. STRATEGIES TO ENCOURAGE COMPANIES TO DISSEMINATE INFORMATION	99
2. IDENTIFYING WHAT IS MATERIALLY IMPORTANT	79	2.1. Information campaigns and platforms	99
2.1. Materiality assessment	79	2.2. Best-in-class lists	100
2.2. Sector-specific guidelines for sustainability reporting	79	2.3. Worst-in-class lists	102
2.2.1. <i>GRI-related guidance</i>	79	2.4. Link to issue specific initiatives	103
2.2.2. <i>SASB – sector guidance</i>	79		
2.2.3. <i>Sector initiatives</i>	81		

LIST OF BOXES

Box 1: Useful concepts, initiatives, and tools for applying the context-based principle	40
Box 2: Examples of initiatives and guidance to engage with SMEs	71

LIST OF FIGURES

Figure 1. Growth in reporting instruments as identified in Carrots and Sticks (2016) report	14
Figure 2. Breakdown of reporting instruments by type as identified in Carrots and Sticks 2016	14
Figure 3. Scope of a sustainability report as defined in the International IR Framework	32
Figure 4. Examples showing how topics may be relevant inside or outside the organization	33
Figure 5. Example of materiality matrices	34
Figure 6. Schematic materiality matrix	35
Figure 7. One-page summary of South Africa's King IV	68
Figure 8. Example of output from the Corporate Human Rights Benchmark for agricultural products	98
Figure 9. Example of information provided by the Good Shopping Guide	99
Figure 10. Example of information provided by the Environmental Working Group	100

LIST OF TABLES

Table 1. Environmental trends and their implications for companies as identified by UNEP's fifth Global Environmental Outlook	13
Table 2. Comparison of the key principles of the GRI, IIRC, and SASB frameworks	26
Table 3. Summarized example of Brazil's B3 stock exchange factsheet	29
Table 4. Definitions of and approaches to materiality	31
Table 5. Most frequently reported environmental topics as identified in Raising the Bar	43
Table 6. Biodiversity indicators frequently reported on	44
Table 7. Social and institutional indicators frequently reported on, as identified by UNCTAD	44
Table 8. Evolving areas of sustainability reporting	44
Table 9. Most frequently used environmental indicators and guidance for key issues	49
Table 10. Frequently reported social indicators	51
Table 11. Sample of countries with reporting instruments and the number of other existing reporting instruments	56
Table 12. Reporting instruments in Chile and Russia	58
Table 13. Steps in analysing the effectiveness of an existing instrument to drive sustainability reporting	58
Table 14. Definitions of completeness used by main reporting frameworks	74
Table 15. GRI and IIRC approach to stakeholders	75
Table 16. Illustration of where impacts can arise in the life cycle of a product or service	76
Table 17. SASB's sustainable industry classification system	78
Table 18. SASB's universe of sustainability issues	79
Table 19. Context and consistency guidelines for social and environmental indicators	86
Table 20. Energy consumption and carbon emission benchmarks for UK buildings	86
Table 21. Water use benchmarks for offices	86
Table 22. Water use benchmarks for hotels without swimming pools	86
Table 23. Key stakeholders and their specific interests	95

LIST OF CASE STUDIES

Case study – International competitiveness	19
Case study – Demonstrating a commitment to sustainability	19
Case study – Enabling business to make a positive social contribution	19
Case study – Satisfying the needs of investors and civil society	20
Case study – Sustainable procurement standards	24
Case study – Bombay Stock Exchange	31
Case study – Marks & Spencer (M&S), Plan A	42
Case study – Puma and the Natural Capital Protocol	47
Case study – 2.1. United Kingdom (UK) – Integrating policy through the Companies Act	63
Case study – 2.2. European Union (EU) – Legislation: Non-Financial Disclosure Directive	63
Case study – 2.3. Denmark – Making use of Financial Statements Act legislation	64
Case study – 2.4. France – Developing specific reporting regulation	65
Case study – 2.5. Brazil – Sector-specific regulation for the energy sector	66
Case study – 2.6. South Africa – Building on stock exchange requirements	67