Changing gears:
How are companies navigating higher expectations and demands in sustainability reporting?

Reporting matters 2024

World Business Council for Sustainable Development

In partnership with ry.

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Changing *gears*

Companies are navigating higher expectations and demands in sustainability reporting...

...but how?

With major changes fast approaching, the sustainability reporting landscape has never looked this complex or interconnected. New regulations and framework updates are bringing sustainability and financial reporting closer than ever before and pushing the boundaries of corporate disclosure. But where companies previously had decades to evolve and align with financial reporting regulations, they now have a fraction of this time to prepare for compliance-driven sustainability reporting, making it a significant learning experience for everyone.

While the Corporate Sustainability Reporting Directive (CSRD) has long been on the horizon, the first year of compliance is now just around the corner, the impacts of which will extend far beyond the European Union. Other jurisdictions are making their own endorsement decisions based on the International Sustainability Standards Board (ISSB) standards, with over 130 countries either mandating sustainability reporting or calling for the voluntary adoption of disclosure frameworks.

This evolution requires companies to rethink and reorganize internally, including upskilling, increasing boardroom involvement, investing in data infrastructure, building relationships throughout the value chain and integrating across functions. Materiality is establishing itself as a strategic tool for companies to comprehensively assess and prioritize their business risks and opportunities and sustainability impacts on people and the environment. The focus is clearly shifting to describing and disclosing significant impacts, financial effects and the integration of sustainability in governance, strategy and risk management.

While expectations and requirements in reporting are rising, many organizations are facing the challenge of the practicalities of implementation. Emerging and supportive guidance often lacks specifics, leading to varied interpretation. A key challenge remains how to provide the necessary data and detail required to deliver impactful and engaging communications. The struggle is real – as is the opportunity – given the clear mandate to push sustainability reporting on an equal footing with financial reporting. Many are exploring how their reporting and wider communications can add greater value in this shifting landscape.

This year's edition of *Reporting matters* zooms in on how companies are changing gears for a new era of sustainability reporting that looks to present higher expectations and demands.

It includes perspectives, experiences and voices from a diverse group of leading businesses.
It explores how companies can effectively implement double materiality, innovate internally for greater sustainability integration across teams, functions and levels of leadership and continue to effectively engage different audiences on this journey.

Introduction

Welcome message from John Revess and Louise Ayling

Corporate reporting is entering a new era as mandatory requirements push sustainability reporting on an equal footing with financial reporting. As expectations evolve, companies must adapt to leverage sustainability reporting as a strategic tool for transformative business action that moves beyond compliance. *Reporting matters* supports this by continuously raising the bar and empowering organizations to drive sustainable impact.

In today's business landscape, expectations around corporate sustainability are higher than ever before. We are witnessing unprecedented advancements in sustainability disclosure frameworks that make mandatory reporting a reality in many parts of the world. Frameworks like the Corporate Sustainability Reporting Directive (CSRD) and the International Sustainability Standards Board (ISSB) are pushing sustainability reporting on a par with financial reporting. As businesses keep pace with the rapid shifts in reporting, moving from voluntary to compulsory disclosures offers a unique opportunity to use sustainability as a catalyst for transformative change, beyond compliance.

Companies are increasingly required not only to meet regulatory demands but also to communicate their sustainability efforts with greater transparency and accountability. While these developments aim to enhance comparability, the spotlight is on impact and performance. Are companies living up to their climate and nature commitments? Are we seeing companies embed the respect for human rights across their operations and walking the talk on their commitments to diversity, equity and inclusion?

While many businesses adapt to these developments, the complexity of reporting can be overwhelming, especially for those at the early stages in their reporting journey. Companies with more established sustainability teams and resources may be better equipped to align their reporting with the requirements more smoothly. In any case, the road ahead demands a significant shift in collecting and validating sustainability data, often requiring an overhaul of internal systems. Companies must build new capabilities and governance structures to ensure that their sustainability claims are not only reported but matched with ambitious action plans and transparent disclosures on progress.

In these challenging times, we see several encouraging trends, particularly with respect to materiality and governance, both of which are critical to successful reporting. Organizations use materiality assessments more strategically to align their sustainability goals with the real-world impacts they need to manage. This year's analysis shows a significant 22% increase in companies following a double materiality approach, now standing at 77% of the 91% of companies disclosing their materiality process. Additionally, by building material topics into business strategy and governance companies can drive transformation across all levels of business. Businesses can use these changes to reduce the risk of greenwashing, ensuring that sustainability reporting is rooted in accuracy and transparency, further helping to build trust with stakeholders.

It's vital to remember that disclosure is not the same as communication. Looking ahead, we anticipate seeing more regular communication about sustainability, across broader channels, to engage a wider range of stakeholders. Comprehensive annual reporting will be complemented with engaging, accessible and ongoing updates through digital channels, podcasts and social media content. We'll also see more specialist deep-dives on topics like biodiversity and human rights. Critically, the granular and detailed information required by the disclosures associated with the regulations will need to be 'translated' into digestible, meaningful information for wider audiences, that'll unlock the change and drive the sustainable transformation we need to see.

Reporting matters lies at the heart of these developments as we aim to provide valuable support for companies in navigating this transformative period. By assessing and benchmarking good reporting practices, offering targeted feedback and raising the bar on what constitutes effective sustainability reporting, we want to help businesses use reporting as a tool for strategic engagement and positive impact.

Collectively, we must seize the opportunity to drive meaningful, lasting change – ensuring that sustainability is embedded at every level of corporate decision-making and operational activity, and that companies can clearly demonstrate their contributions to a net zero, nature-positive future and a more equitable world.

John Revess
Vice President Business Engagement, WBCSD

Louise Ayling
Director of Sustainability, Radley Yeldar

Introduction

In conversation with Simon Rawson

In recent years, the sustainability reporting landscape has evolved significantly, driven by shifting investor demands. Simon Rawson from ShareAction offers insights into these changes, highlighting the critical role of transparency and genuine corporate responsibility.

Q. How have you seen investor needs and expectations for sustainability reporting change in recent years?

A→ In the past two years, we've witnessed political discourse becoming louder alongside a deepening polarization around so-called "environmental, social and governance (ESG)" investing – that is, investing that considers these factors. Just as companies in some geographies have faced increased scrutiny of their sustainability initiatives, investors have found themselves having to navigate conflicting pressures. However, the core principle that sustainability risks and opportunities are financial risks and opportunities remains unchanged. Investors may not highlight efforts as they did in recent years but they continue to seek companies that are leading on climate, nature and social challenges.

This context calls for companies to avoid inflating their sustainability credentials. They must ensure their sustainability reporting provides high-quality, meaningful and comparable disclosures addressing the risks and opportunities central to their business. Regulators are reinforcing this need for robust and genuine disclosure through increased scrutiny of greenwashing.

Q. How are companies changing gears in response to evolving investor demands?

A→ The emergence of global and regional standards that are – or are becoming – mandatory is hugely helpful to addressing evolving investor demands. However, the quality and usefulness of disclosures remain in the hands of report preparers, from the robustness of materiality assessments to the integration of sustainability into business activities and practices.

Leading companies realize that many investors consider corporate impacts on systems as financially material, including nature and social inequality, even if these impacts do not show up (in the short term) in enterprise value. For climate change, this means looking beyond reporting metrics and targets to set out credible transition plans with short-, medium- and long-term science-based targets underpinned by capital expenditure plans. Increasingly, investors want to see beyond the top-line figures to understand whether the company really is delivering on the aspirations it has communicated.

Q. What is ShareAction doing to support the investment community and push organizations to go beyond compliance?

A→ **ShareAction** works to define the highest standards of responsible investment and to drive the change needed until stakeholders worldwide adopt such standards. Credible corporate disclosure is the foundation of investor action on environmental and social issues. We help investors understand what meaningful metrics and targets might look like for business impacts that investors are not widely addressing, such as corporate determinants of health – the things companies do that influence population health, from air pollution to the healthiness of the foods and beverages they sell. We convene collaborative investor initiatives to engage with companies on these expectations.

In areas where corporate responsibility is more established, such as climate, we work with investors to escalate unmet expectations with companies. This year, in partnership with Pensions & Investment Research Consultants (PIRC), we published proxy reports for several high-emitting companies. Based on our assessment of how companies' targets, strategies, financial disclosures and audit reports met investor expectations, we recommended shareholders vote against or abstain from annual general meeting (AGM) votes on financial statements and auditor appointments to clearly signal this expectation. Companies that fail to respond will face increasing votes against standing items at their AGMs. This is one example of the mainstreaming of reporting expectations beyond investors who might be willing to take a more activist approach.

Q. What should Reporting matters focus on to help companies "gear up" and where do you see the main gaps in sustainability reporting?

A→ I'd like to see guidance that helps companies understand the broader systems they might impact (and depend on), beyond single issues that may affect their business. For example, low pay drives inequality, creating system-level risks that matter to investors and their clients. Frameworks and examples that help companies identify system-level impacts, particularly on nature and social issues, will help preparers meet increasing investor expectations.

Simon Rawson
Deputy Chief Executive, ShareAction

Introduction

Foreword by Fiona Watson

Rising expectations and evolving reporting requirements present near-term challenges worth rising to as we increasingly experience the impacts of a changing world. This requires an enterprise-wide approach across value chains for the integration of sustainability into the heart of business strategy to drive resilience and realize strategic competitive advantage.

Fiona Watson
Senior Director, Corporate Performance & Accountability
WBCSD

No board of directors can ignore the significant pace and impact of changes in the physical, financial and regulatory landscape of sustainability in recent years. As guardians of enterprise value, boards play a central role in supervising the assessment, management and reporting of impacts, risks and opportunities. In the face of new transparency requirements, companies require both incremental adjustments and a fundamental shift in how they approach sustainability reporting and the integration of sustainability into the heart of business strategy and decision making.

However, despite growing sustainability commitments and sustainable products, a significant gap persists between public expectations and the reality of many companies' practices. Issues like rising greenwashing allegations and climate-related litigation are eroding public trust in the corporate community's commitment to sustainability and its role in civil society.

To meet expectations, reporting approaches should transcend compliance to focus on the consistent measurement, management and reporting of related impacts, risks and opportunities, connecting financial performance to sustainability outcomes and improving accountability mechanisms. This is a systemic shift in which we are all finding our way and developing new ways of working across value chains. But as the world changes around us, we need to act fast to accelerate our understanding of the value at risk from inaction and increased exposure and potential future losses. Transparency will help build the business case for sustainability and realize opportunities for growth, gains in productivity and efficiency and more resilient business models and supply chains.

To support businesses as they navigate the evolving sustainability reporting landscape, WBCSD has established the Preparer Forum for Sustainability Disclosure (PFSD) – an online community for our members to convene on common challenges and opportunities in their efforts to gear up to address evolving mandatory reporting requirements. This is part of our wider effort to create shared understanding and align goals to enhance corporate performance and accountability.

This perfectly complements the long-standing work of *Reporting matters* in supporting our global membership to improve their sustainability reporting, making it more effective, impactful and inspiring.

We've entered a new era of corporate reporting and we aim to support and empower you in finding responses to the growing demand for performance and accountability.

Preparer Forum for Sustainability Disclosure

The Preparer Forum for Sustainability Disclosure (PFSD) is an online platform for WBCSD member companies and Global Network partners that supports and encourages peer-to-peer sharing, discussions and learning to adapt effectively to the changing reporting landscape.

An unprecedented pace of change from voluntary to mandator reporting is affecting businesses worldwide. While many companies already have some form of corporate sustainability reporting, they need to be prepared to meet new requirements and challenges, even the most advanced companies.

The PFSD covers a breadth of topics across the sustainability reporting space globally, including mandatory requirements (such as Corporate Sustainability Reporting Directive (CSRD), International Sustainability Standards Board (ISSB) standards, US Securities and Exchange Commission (SEC) rules and specific topics (like climate, nature, equity) and more). Request access for you and your colleagues with the PFSD Access Request Form.

Introduction

Reporting matters around the globe

Over the years, several WBCSD Global Network partners have applied *Reporting matters* to their members, extending the framework to different geographies and stakeholders. To explore the impact of this approach, we asked BCSD Türkiye and CEBDS in Brazil about their experiences and progress in supporting their own member companies' reporting journeys.

The WBCSD Global Network is an alliance of over 60 independent, business-led organizations worldwide. Together they represent some 6,500 companies united by a shared commitment to providing business leadership for sustainable development around the world.

As part of our continuous effort to strengthen sustainability competencies, WBCSD has started to invite Global Network partners to join the annual kick-off training for *Reporting matters* in Amsterdam. In 2023, CEBDS in Brazil, BCSD Türkiye, Acción Empresas – Chile, Peru Sostenible and The Shift – Belgium participated, and colleagues from FIBS – Finland, BCSD Taiwan and Forética – Spain joined us in 2024.

In addition, we continue to host online training sessions with over 40 Global Network representatives to upskill new analysts and discuss framework updates.

By leveraging the *Reporting matters* framework, Global Network partners actively support the reporting and transformation journey of businesses in their respective geographies.

CEBDS, Brazil

This year – 2024 – marks the second year of *Reporting matters* for the Brazilian Business Council for Sustainable Development (CEBDS) and its member companies have embraced its adoption, with 77 participating in the project. The globally relevant nature of the framework helps businesses in Brazil navigate the complexities of reporting. The recent resolution by the Brazilian Securities and Exchange Commission mandating the use of the ISSB methodology from 2026 has further underscored the importance of such initiatives. CEBDS provides a relevant indicator for Brazilian companies in this context, aligning them with a more significant global movement towards sustainability and more impactful and effective reporting.

BCSD Türkiye

BSCD Türkiye has been implementing *Reporting matters* since 2017. Over time, it has expanded member participation from 23 to 75 companies. In 2023, following the implementation of the revised assessment framework, the organization introduced new focus areas, including target setting and improving performance on nature and biodiversity. Companies that consistently participate in the project have demonstrated improvements, for example in the criteria related to alignment, strategy and ease of access. The introduction of Türkiye Sustainability Reporting Standards, aligned with International Financial Reporting Standards (IFRS), increased interest and accelerated the development of corporate transparency and reporting quality. Members of BCSD Türkiye regularly confirm that *Reporting matters* is their most valued project in satisfaction surveys, demonstrating its role in driving sustainability reporting and business transformation.

Introduction

Recommendations from the Advisory Group

We asked the Advisory Group how they are preparing for rising demands in sustainability reporting and what their recommendations are for *Reporting matters* to continue supporting the reporting journey of companies in a meaningful and effective way.

In 2024, we established an Advisory Group to draw on the expertise and experiences of a diverse group of WBCSD members in terms of sector and geography to help us promote reporting excellence.

Advisory Group members

Arçelik (now Beko)[1]
→ Seda Karataş, Sustainability Senior Specialist

CLP Group
→ Hendrik Rosenthal, Director, Group Sustainability

dsm-firmenich
→ Simon Gobert, Director Sustainability, External Reporting

EDP
→ Nuno Jóia, Sustainability and IR Global Unit Reporting

Ingka Group (IKEA Retail)
→ Paulien Eckhardt, Global ESG Lead, and Hugh Corbett, Transparency Communications Specialist

Sumitomo Forestry
→ Yuuko Iizuka, Head of Sustainability

Vale International
→ Roberta Mendes, Transparency Manager, and Camila Cantagalli, Sustainability Analyst Specialist

→ **See more on page 57**

1 As of April 2024, the company is active in the global market under the name Beko.

We are experiencing an unprecedented shift from voluntary to mandatory reporting requirements that are affecting companies worldwide. This underscores the need for a comprehensive approach to sustainability reporting that aligns with international standards, addresses the expectations of different markets and investor audiences and drives more sustainable outcomes. While the transition to new standards presents challenges, we, like many companies, recognize the opportunity to gear up our sustainability reporting efforts to ensure our disclosures meet mandatory requirements, reflect our companies' sustainability impacts and provide useful information to our stakeholders.

Over the years, *Reporting matters* has proven to be a highly valuable resource serving as a benchmark for external reporting practices, offering insights into leading practices and areas for improvement. As users, we often analyze the report's insights, recommendations and case studies to identify opportunities to enhance our own reporting.

In the fast-evolving reporting landscape, we believe *Reporting matters* is in the best position to expand its focus on providing practical guidance and analysis of the application of emerging sustainability reporting standards and frameworks that could provide insights to help evolve and improve them. More comprehensive and comparable data, including regional breakdowns, and criteria for selecting case studies would be very useful.

Additionally, *Reporting matters* could delve deeper into assessing the impact of sustainability initiatives and address growing concerns about reporting responsibilities. By offering tailored content for different company sizes and industries, and incorporating emerging concepts such as those focusing on value creation and societal impact, *Reporting matters* can underpin its position as a leading resource in navigating the complex sustainability reporting landscape.

Finally, future reporting needs to include material sustainability-related financial and impact information and ultimately reflect a company's sustainability performance. This presents an opportunity to further review and evolve the *Reporting matters* assessment framework and put the accent on the performance and impact criteria.

This would result in more actionable insights into how companies can leverage transparent reporting to effectively engage stakeholders, attract investors and ultimately drive positive societal impact and build long-term trust.

As members of the Advisory Group, we found it enriching to have played an important role in shaping the content of *Reporting matters* this year and in offering strategic direction for the years to come.

By providing preparers' perspectives and input on content focus and trends, we have contributed to the publication's relevance and effect. We hope that our recommendations will guide *Reporting matters* on its journey to remain an insightful, valuable and inspiring resource for diverse audiences. In addition to sectoral and geographic diversity, we recommend inviting companies at different stages of reporting maturity to the mix of companies in the Advisory Group to deepen discussions and help identify emerging sustainability reporting trends, challenges and opportunities going forward.

General *findings*

Top reporters

For the second year, we applied the impact criterion to help determine the top reporters from the pool of 181 reports reviewed.

The impact criterion aims to assess evidence of progress and performance against climate- and nature-related commitments in reports and the extent to which the company has integrated such goals into broader strategic and financial planning, beyond their immediate operational boundaries.

We first listed companies in order of their overall scores for each region – Americas, Asia-Pacific, and Europe, the Middle East and Africa (EMEA). We then applied the impact criterion to the top reporters in each region. Finally, we selected the top 14 companies based on their overall score and impact score. We congratulate these companies for their continued commitment to reporting excellence and note the greater geographical diversity among the top reporters.

These reports reflect maturity across all three evaluation categories: principles, content and effectiveness.

In recognition of emerging mandatory reporting requirements, our lessons learned and feedback from companies, we will continue to learn and discuss how to further evolve and strengthen the impact criterion.

On the right, we have provided the list of the top reporters in alphabetical order.

Spotlight

Materiality

The number of reports that disclose a materiality process remained consistent with last year. The vast majority of companies disclose details of their materiality process and there has been a marked increase in companies reporting on double materiality.

More than 90% of reports disclosed a materiality process. Of those disclosing a materiality process, there is a sizable (22%) increase in reports disclosing a double materiality process, from 55% in 2023 to 77% in 2024. At the same time, we found fewer reports (14%) disclosing a single materiality process, leaving 9% of reports where the materiality process is unclear.

We expected the adoption of double materiality to increase substantially considering the preparation of companies for CSRD. It is worth noting that the 22% shift we observed towards double materiality does not only concern companies in the European Union as we saw 78% of members in Asia-Pacific also reporting on double materiality.

Dynamic materiality refers to how topics evolve or change over time, either in terms of significance or the nature of the impact. More than half (55%) of reports with a materiality process include some narrative on how topics evolve, while only 9% report robustly on dynamic materiality.

Evidence of the validation of the materiality process by the board or senior management was in 59% of reports. This type of validation indicates that the company integrates materiality into corporate decision-making processes and adds a degree of credibility to the process.

Figure 1: Materiality process (% of reports)

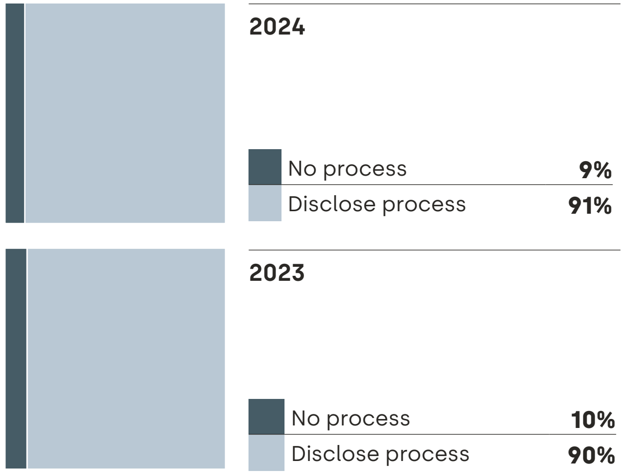


Figure 2: Materiality approach
(% of reports that disclose a materiality process)

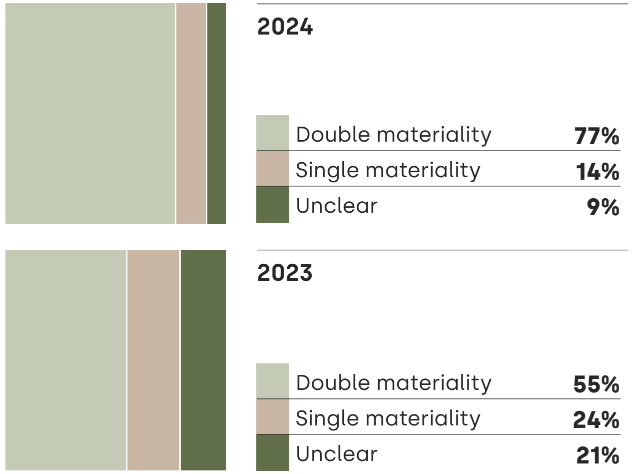
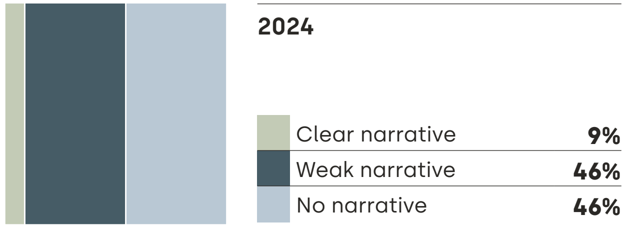


Figure 3: Dynamic materiality
(% of reports that disclose a materiality process)



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

Spotlight

Frameworks & standards

There is an upward trend in the number of reports referencing key frameworks and standards. This aligns with the change in the reporting landscape and companies' ambitions to increase the rigor of their reporting.

We noted an increase in references to all the frameworks and standards we collect data on, apart from the Global Reporting Initiative (GRI) Standards, which remained at 83%.

There has been a small increase in reports referencing the <IR> Framework (or IIRC). This aligns with the increase in "self-declared integrated reports" published.

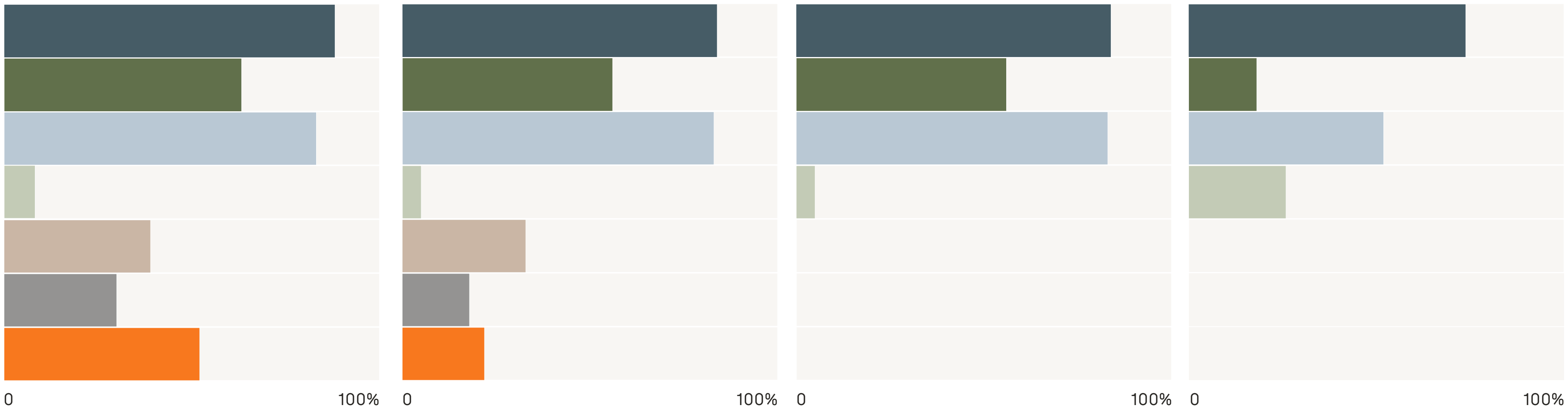
The Sustainability Accounting Standards Board (SASB) Standards have been slowly increasing in popularity, with references increasing from 56% to 63% this year.

References to the Task Force on Climate-related Financial Disclosures (TCFD) have increased from 84% to 88%, confirming a continued upward trend since we started tracking this in 2020.

Some 39% of reports include a reference to the EU Taxonomy, of which 68% of reports are from companies based in EMEA. In addition, in 2024, half of the companies (49%) referenced CSRD or the European Sustainability Reporting Standards (ESRS), with a notable prevalence of 72% in the EMEA region.

In 2024, the uptake of Taskforce on Nature-related Financial Disclosures (TNFD) has more than doubled compared to 2023, with the highest increase in the Asia-Pacific region, where 64% of reports reference it. Across all reports reviewed, references to the Science Based Targets Network (SBTN) increased substantially too, from 14% to 30%.

Figure 4: Reference to standards and frameworks (% of reports)



2024

TCFD	**88%**
SASB	**63%**
GRI	**83%**
IR	**8%**
EU Taxonomy	**39%**
SBTN	**30%**
TNFD	**52%**

2023

TCFD	**84%**
SASB	**56%**
GRI	**83%**
IR	**5%**
EU Taxonomy	**33%**
SBTN	**14%**
TNFD	**22%**

2022

TCFD	**84%**
SASB	**56%**
GRI	**83%**
IR	**5%**

2021

TCFD	**74%**
SASB	**18%**
GRI	**52%**
IR	**26%**

Spotlight

External assurance

While there has not been an increase in the number of reports with external assurance, there has been an upward trend in the level of assurance, moving towards including reasonable assurance for some key indicators.

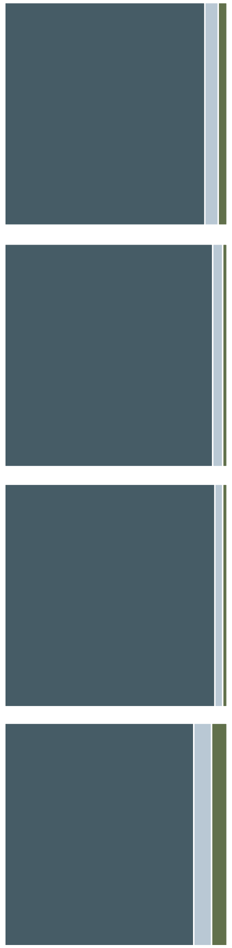
Most reports (90%) have external assurance for key sustainability performance indicators or reporting process, of which 4% provided assurance at a reasonable level and 80% at a limited level. These findings remain consistent with last year.

We observed a trend similar last year's, with around 20% of companies providing either a reasonable level of assurance for sustainability reporting or a combined level, which refers to a mix of reasonable and limited assurance. As CSRD includes a provision to move towards reasonable assurance once the standards are active, in time we expect to see an increase in the level of external assurance.

Members headquartered in EMEA continue to lead on the level of assurance, with 23% of reports including assurance at a combined level and 4% at a reasonable level. In Asia-Pacific, 97% of reports have some level of assurance. This is higher than in EMEA and the Americas, which respectively have 94% and 76% of reports with external assurance.

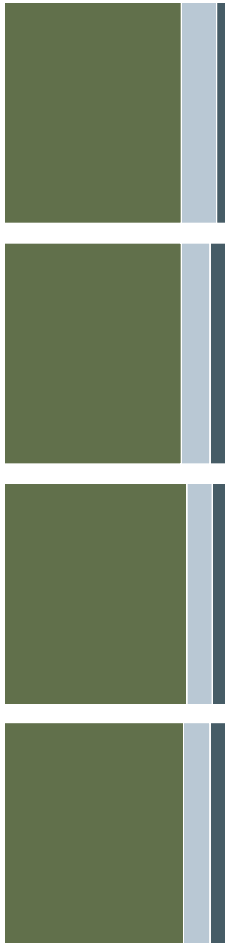
We also assess whether companies have their materiality process externally assured. About a quarter (23%) of materiality processes from EMEA have external assurance, 17% from Asia-Pacific and 3% from the Americas. We expect this percentage to increase in the coming years, as this is a requirement under CSRD.

Figure 5: Types of assurance (% of reports)



	External assurance	Internal audit only	No assurance
2024	90%	6%	4%
2023	94%	4%	1%
2022	95%	3%	1%
2021	85%	8%	7%

Figure 6: Levels of external assurance (% of reports)



	Limited	Combined	Reasonable
2024	80%	16%	4%
2023	80%	13%	7%
2022	82%	11%	6%
2021	81%	12%	7%

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

Spotlight

Timeliness & level of integration

The majority of reports we reviewed were published between one to three months following the end of the financial year. Reports from EMEA-based companies tend to have a shorter publishing timeframe. While sustainability reports are still the most common report style, our analysis shows a shift towards integrated reporting.

Timeliness

The timeliness of publishing non-financial disclosures affects stakeholder decision-making. The average time needed to publish non-financial disclosures after the end of the financial year is four months. This has not changed significantly over the last two years, with an average of 3.8 months recorded in 2023 and 4 months in 2022.

The number of reports published within three months increased slightly, to 41%. Generally, trends in reporting timeliness have remained consistent with last year. However, there has been a noticeable increase in reports with a clear publication date and reporting period stated.

The average publishing time is shorter in EMEA (3.1 months) than in Asia-Pacific (5.5 months) and the Americas (4.9 months). In both Asia-Pacific and the Americas, the most common reporting timeframe is 4 to 6 months from the end of the financial year. The regulatory landscape likely influences the divergence in the timeliness. In the EU, mandates ensure a lot of the reporting aligns with financial reporting. This is not a requirement in Asia-Pacific and the Americas, where most sustainability reporting is still voluntary.

State of integrated reporting

There has been a noticeable trend towards self-declared integrated reporting, with 27% of reports reviewed considered to be integrated reports. Concurrently, the number of stand-alone sustainability reports has dropped slightly, from 62% in 2023 to 59% in 2024. Despite this shift, stand-alone sustainability reports remain the predominant way companies report.

In the Americas, stand-alone sustainability reports are the norm, at 84%. There is greater variety in reporting style in Asia-Pacific and EMEA, where integrated reporting makes up 36% and 29% of reports respectively.

Combined reports are typically annual reports or universal registration documents that include both financial and non-financial disclosures. While this reporting style is not common in the Americas or Asia-Pacific, 24% of reports reviewed in EMEA were combined. This also contributes to the timeliness of EMEA reports.

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

Figure 7: Time between end of reporting period and publication of report (% of reports)

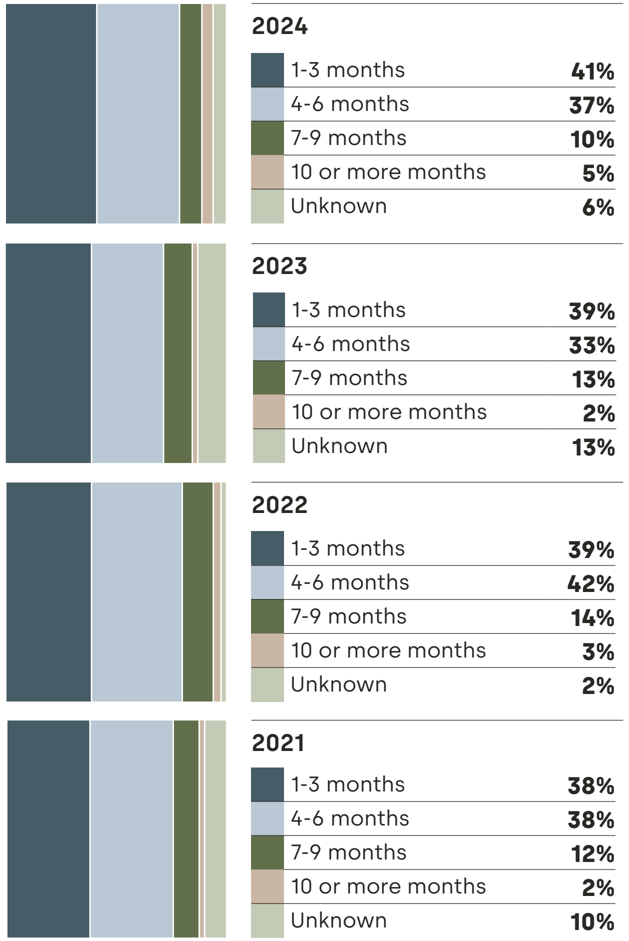
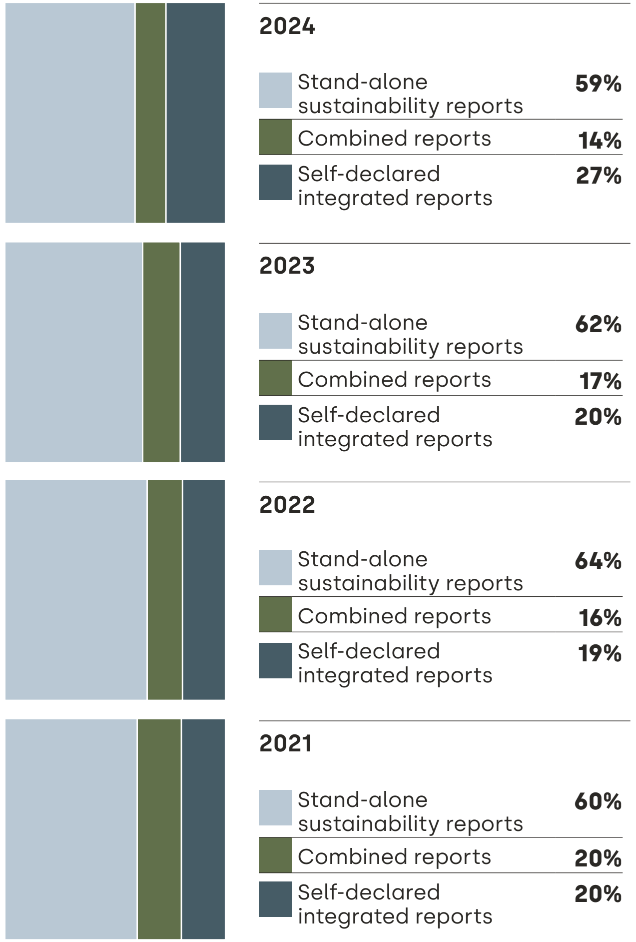


Figure 8: State of integrated reporting (% of reports)



Spotlight

Sustainability governance

There has been an upward trend in reporting on sustainability at the board and executive level. This indicates an increased focus on integrating sustainability into strategic decision-making and accountability for sustainability performance.

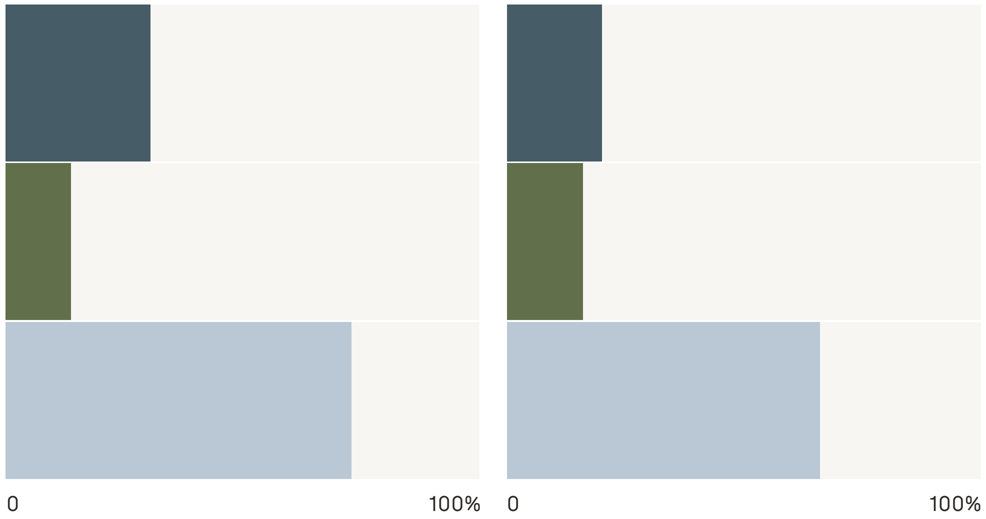
We began tracking data on sustainability governance in 2023 to assess the extent to which companies embed sustainability in top-level decision-making and how accountability cascades into actions across operations and the value chain.

Reporting on the sustainability responsibilities of individuals from the board or executive committees increased substantially, from 20% in 2023 to 32% in 2024. This supports a shift in accountability, with the move away from committee-level responsibilities towards more granular reporting on specific roles within committees.

Reporting on the sustainability expertise of the board is similar across the three regions. On average, 14% of reports disclose board-level sustainability expertise and training, a slight decrease compared to last year.

We noted an increase in companies reporting on executive compensation linked to sustainability performance, with 73% reporting on this globally. More than 70% of reports in Asia-Pacific and EMEA disclose compensation, compared with 56% in the Americas. Of those companies that report on compensation, 62% include a specific percentage contribution, up from 31% in 2023.

Figure 9: Governance – leadership and accountability



	2024		2023
Sustainability responsibilities attached to individual board or executive committee members*	**32%**	Sustainability responsibilities attached to individual board or executive committee members*	**20%**
Sustainability expertise at board level	**14%**	Sustainability expertise at board level	**16%**
Executive compensation linked to sustainability performance	**73%**	Executive compensation linked to sustainability performance	**66%**

* Attached to individual persons on the board or executive committee.

Detailed *findings*

The evaluation

Framework

Reporting matters holistically evaluates sustainability reporting across three main categories: Principles, Content and Effectiveness. The aim is to identify key trends and leading practice and to provide practical guidance to companies to progress on their reporting journey. We also assess the level of integration of the Sustainable Development Goals (SDGs) in disclosures.

Principles

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

- Completeness
- Operating context
- Materiality
- Alignment
- Stakeholder engagement
- External assurance
- Balance

Content

This category analyzes how the company manages and discloses priority material issues in the report.

- Sustainability governance
- Strategy
- Partnerships & collaborations
- Implementation & controls
- Targets & commitments
- Performance

Effectiveness

This category looks at how the company uses the report to meet the needs of specialist and generalist audiences. It also assesses the extent to which the report drives action and impact.

- Ease of access
- Compelling design
- Impact

SDGs

The Sustainable Development Goals (SDGs) represent the global agenda for sustainable development and can serve as a contextual framework against which companies can report their impacts – both positive and negative – on the external environment. This category looks at the extent to which the company has integrated the SDGs into the report. It does not contribute to the overall score.

→ **Read more about the SDGs**

Detailed findings

→Principles

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

Materiality Q&A

Royal Philips and Yokogawa Electric Corporation

In this discussion, Yokogawa and Royal Philips explore the evolution of their materiality processes. They share insights on adapting to new requirements and offer advice for organizations seeking to enhance and get more value from their own materiality assessments.

Chika Furukawa
Chief Sustainability Officer, Yokogawa Electric Corporation

Yokogawa is a Japanese electrical engineering and software company with a global workforce of over 17,000 employees and operating in 60 countries. It is a leading provider of industrial automation and test and measurement solutions.

Simon Braaksma
Senior Director, Group Sustainability, Royal Philips

Royal Philips is a diversified health and well-being company focused on improving people's lives through meaningful innovation. Headquartered in the Netherlands, it employs over 69,000 people in more than 100 countries.

Q. How have your materiality assessment processes evolved to adapt, anticipate and better respond to evolving requirements and expectations?

Yokogawa → Our journey with materiality began in 2018, when we introduced our first assessment into our sustainability reporting. Initially, we developed a scoring methodology aligned with GRI Standards. We conducted another assessment in 2023, which we used as the foundation for formulating our mid-term business plan starting from financial year 2024. As a Japanese company, we're following global developments like CSRD closely. While our group companies in the EU are gearing up to comply with CSRD from 2025, there will be a requirement for the broader group to align by financial year 2028.

Undertaking materiality assessments for both our EU and global operations presents a significant challenge. We're currently doing a new materiality assessment that employs a double materiality approach to align with CSRD and GRI Standards. This assessment features a unique scoring methodology that we have developed internally. For Yokogawa, materiality enables us to identify big business opportunities that employees can also understand and engage in. We will unveil the results of our latest assessment in our upcoming sustainability report in October 2024.

Royal Philips → Royal Philips has published integrated reports for the past 16 years, disclosing sustainability impacts with reasonable assurance for 12 years and conducting materiality assessments that align with global standards. In 2023, we completed our second double materiality assessment and we're currently in the middle of a new assessment. Our approach has evolved significantly, including its visualization. This provides a holistic view of our societal impact and the impact of society on Royal Philips in an innovative infographic which we call our "tornado visual".

We obtained reasonable assurance on our materiality assessment in line with the GRI Standards in anticipation of CSRD requirements. The volume of disclosure requirements has greatly increased and auditors are exercising caution in applying criteria not yet enforced; everyone is having to learn and evolve together.

Materiality

Q&A with Royal Philips and Yokogawa (continued)

To what extent does your enterprise risk management feed into the materiality process and vice versa?

Yokogawa → Enterprise risk management (ERM) plays a crucial role in our materiality process. We conduct annual risk assessments that closely align with CSRD's financial materiality requirements and have applied a risk management framework in our current CSRD-based double materiality analysis, so both processes will evolve and become more efficient and aligned. Our ERM framework involves many stakeholders across all business activities, covering almost all of them. We recognize the need to add a stronger "opportunity" perspective to align our materiality assessment with CSRD. Feedback from our Board of Directors and insights from ESG evaluations such as CDP and the Dow Jones Sustainability Index (DJSI) are also helping us prioritize actions to ensure business resilience and respond to stakeholder expectations, especially those of investors.

Royal Philips → We already had close collaboration between our experts internally, including the ERM and the Insurance Risk Management departments. The big difference in 2023 was that we analyzed our top 20 risks against identified sustainability-related material topics. We saw nearly perfect alignment and identified certain financial risks, such as pension risks, that we had not previously categorized as material through our standard assessment processes.
The double materiality assessment is now part of the quarterly enterprise risk management review, so the whole process will become even more integrated.

How are you using stakeholder engagement to add value to your evolving approach?

Royal Philips → Effective stakeholder engagement goes beyond just organizing an annual survey or conducting a few interviews. While this can offer some insights, having some stakeholders who are not deeply familiar with our company limits its value. We aim for more targeted and meaningful engagement. For instance, we recently organized an event where we invited about 40 participants – including representatives from NGOs, suppliers and academia – to focus specifically on the impacts in our supply chains. This allowed for a rich and in-depth discussion on topics that these stakeholders had previously identified as material to them.
To enhance the functionality of our double materiality assessment, we again used Datamaran, an artificial intelligence (AI)-driven platform. We conducted a comprehensive survey, sending it to 150 internal and 180 external stakeholders. This calibration survey is now yielding feedback, helping us refine our approach and ensure that we capture the most relevant and impactful insights from our stakeholders. Next, we organized several calibration sessions, including for the Board of Management and Supervisory Board.

> *"Effective stakeholder engagement goes beyond just organizing an annual survey or conducting a few interviews.*
>
> Simon Braaksma, Royal Philips

Yokogawa → Stakeholder engagement plays an integral role in our materiality process and it is an area where we plan to do more. We've not yet conducted a full-scale stakeholder engagement assessment. Currently, we are conducting a double materiality assessment using various data sources, such as ESG evaluation results and risk assessment outcomes.
In our previous materiality assessment, we sought reflections from all board directors. Their insights were particularly valuable as they offered both internal and external perspectives, as well as long-term viewpoints. The board's reflections highlighted certain elements in our evaluation that required adjustments.

What piece of advice would you give organizations in the process of or preparing to redesign their materiality processes?

Royal Philips → The first thing to consider is that you are probably not the only department or team in the company that is soliciting this information – risk management, strategy and others may be going through similar processes. It makes sense to see how you can best team up. Next, really see what you can do to maximize the value of the outputs beyond reporting. Another piece of advice is not to get too carried away by the regulatory requirements and associated documentation. You need to work collaboratively with your auditor and support each other in the process to ensure the right balance.
The double materiality assessment and assurance on this is new to many auditors and companies, so it is a learning process. The goal isn't to merely produce a well-documented list of topics for reporting's sake; instead, companies should look beyond this exercise to focus on the real end goal: driving meaningful action and improvements based on the identified topics.

Yokogawa → Our advice is to start by understanding what CSRD requires from a materiality standpoint and consider implementing it, even in a simplified manner. While the ESRS provide a comprehensive list of sustainability topics, they will likely not encompass all relevant items specific to your company, so you'll need to supplement them. It is also valuable to adopt a lens for opportunities in materiality assessments – this can significantly influence the strategic direction and stakeholder engagement, including that of employees.

> *"Our advice is to start by understanding what CSRD requires from a materiality standpoint and consider implementing it, even in a simplified manner.*
>
> Chika Furukawa, Yokogawa

Completeness

Company impacts are often so widespread that it is important to report on the broader value chain, beyond the 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, to include in the report.
- → Describe the stages of the organization's value chain or value creation process and map direct and indirect material impacts to different stages.
- → Discuss material impacts beyond direct operations, including indirect upstream and downstream considerations.

Methodology notes

- → Clear disclosure of value chain boundaries for material topics and a centralized narrative that explains the value chain considerations in detail.

Veolia

Veolia's *2023 Universal Registration Document* includes a value creation model focused on stakeholder value, including environmental, social, economic and commercial impacts (p. 30-31). The report recognizes direct and indirect impacts along the value chain.
On upstream impacts, it discusses supply chain decarbonization, supplier circularity, human rights audits and health and safety measures. Downstream, it covers efforts to help third parties reduce raw material consumption, support for customer decarbonization and the tracking of scope 3 emissions. This comprehensive approach highlights Veolia's commitment to holistic sustainability reporting.

Petroliam Nasional Berhad (PETRONAS)

PETRONAS' *2023 Integrated Report* outlines how inputs, activities and outputs contribute to stakeholder value (p. 38-41). It provides a detailed overview of direct impacts, such as environmental effects from operations, and downstream impacts related to product stewardship and efforts to manage emissions. The report includes discussion of actions to enhance outcomes, such as financial management and technological investments, and addresses trade-offs like balancing emissions reductions with financial considerations, reflecting PETRONAS' approach to comprehensive and transparent reporting.

> *"Mandatory reporting frameworks are driving improvements and standardization in reporting. At the same time, these developments demand considerable investment from companies to ensure immediate compliance. Reporting matters needs to reflect how companies are navigating these developments, while continuing to signpost leading practices that go beyond compliance.*
>
> Simon Gobert
> dsm-firmenich

Principles

Operating context

Operating context refers to actual and potential changes to an organization's operating environment that could impact its strategy and performance. This can include ESG risks and opportunities arising from megatrends, industry-specific trends and shifts in regulation.

Key recommendations

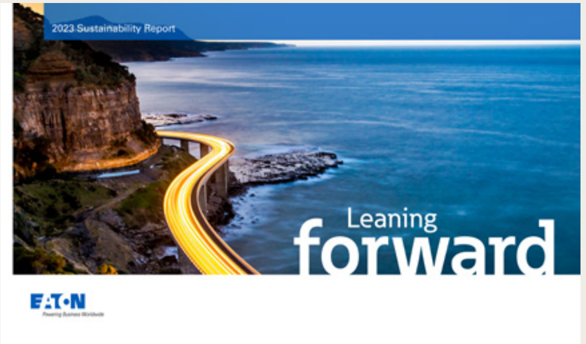
→ Identify key megatrends, industry-specific trends and regulatory trends affecting the organization.
→ Discuss forward-looking information on how the external environment could impact strategy, risk and performance and how it factors into the materiality assessment process.
→ Discuss financial impacts of the company's climate-related transition plans, describing the metrics used linked to physical and transition risks.

Methodology notes

→ Clear and varied disclosure on these trends and how they impact the company's strategy, performance and the resulting risks and opportunities for the business.
→ Robust description of climate-related scenario analysis and the extent to which they align with TCFD recommendations or other reputable frameworks, such as CDP.

Eaton Corporation

Eaton's *Sustainability Report 2023* includes a robust discussion of regulatory trends and impacts on business strategy. Eaton is proactively addressing the upcoming CSRD regulation by aligning its disclosures with the ESRS standards ahead of the 2026 mandate. The company is investing in R&D through Eaton Research Labs, focused on future megatrends such as energy systems, additive manufacturing, grid intelligence and power electronics. In 2023, Eaton updated its climate scenario analysis and incorporated a transition plan into its governance, climate and sustainability disclosures.



Panasonic Group

Panasonic's *Sustainability Data Book 2023* provides a thorough overview of its operating context, addressing key external trends and regulatory changes. The report highlights major strategic risks – including climate change and economic shifts – while noting industry-specific trends such as advancements in automotive electrification. It discusses the company's responses to emerging regulatory requirements, including environmental compliance and recycling laws in China and South-East Asia where it has based many of its operations. Panasonic integrates key considerations into its comprehensive climate scenario analysis and transition plan aligned with TCFD recommendations.

Thought leadership

Harnessing taxonomies to help deliver sustainable development

Leveraging the potential of sustainability taxonomies and avoiding the pitfalls

Sustainability taxonomies are becoming central to the regulatory landscape, defining and classifying sustainable economic activities. Properly leveraging these frameworks is crucial for companies to align with governmental sustainable development priorities and to attract capital. In response to growing corporate needs to understand and align with taxonomies, WBCSD, in collaboration with Deloitte, presents the first paper in the *Harnessing Sustainability Taxonomies* series: *Harnessing taxonomies to help deliver sustainable development.*

→ **Read more**

Principles

Materiality

A materiality assessment identifies and assesses an organization's sustainability-related impacts, risks and opportunities. The process involves engagement with key stakeholders and evaluates changes in impact over time. The outcomes of the assessment should inform the organization's strategy and determine reporting content.

Key recommendations

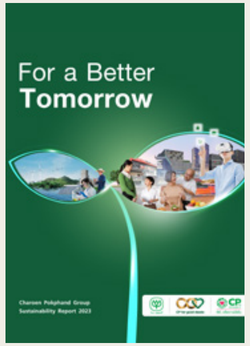
- → Describe steps taken to identify, assess and validate key impacts, risks and opportunities, including how the company considers stakeholder perspectives.
- → Describe how the company determines actual and potential impacts on the environment and people as well as risks and opportunities that affect or may affect the company's development and performance.
- → Describe how material issues can evolve over time.
- → Clearly disclose assessment outcomes.
- → Demonstrate the involvement of management in the process.
- → Explain how the process aligns with enterprise risk management.
- → Provide external assurance for the process.

Methodology notes

- → Information in the body of the report or through clear links to additional resources.
- → Disclosure of outward impacts, financial impacts and dynamic materiality.

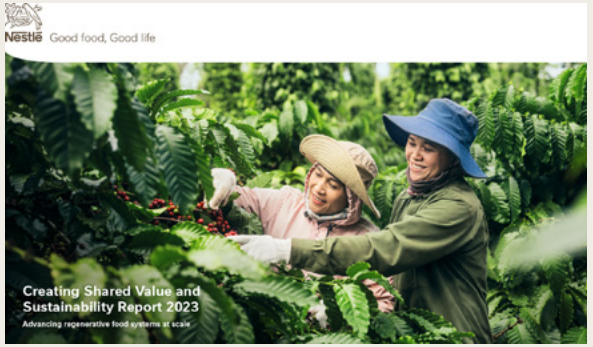
Charoen Pokphand Group

CP Group's 2023 Double and Dynamic Materiality Assessment follows a five-step process involving the active participation of internal and external stakeholders. The assessment (p. 46 of the *Sustainability Report*) identifies and evaluates material issues based on their potential impact on both the company and broader society. A matrix highlights the most salient issues and the text details how their significance may change over time in terms of sustainability and financial impact. The Sustainability Committee reviews and verifies the results before submission to the Executive Board. CP Group integrates material issues into its enterprise risk management framework to address emerging risks.



Nestlé

Nestlé conducts a materiality assessment every two years. The process – described in its *2023 Creating Shared Value and Sustainability Report* – involves third-party research and stakeholder interviews and the ESG and Sustainability Council oversees it. The process integrates with enterprise risk management, ensuring that the company considers sustainability issues and stakeholder concerns, such as supply chain impacts and human rights risks, in its strategic risk and opportunity assessments. Nestlé's materiality assessment informs its business model, with strategies for key topics and performance indicators demonstrating the effectiveness of actions (p. 3-5).



Thought leadership

Fostering long-term resilience through a dynamic approach to ESG risk management

Key lessons learned & actions for business

How can businesses use enhanced risk assessments to create climate, nature and equity solutions that promote sustainability and boost performance across operations and value chains?

Dynamic risk assessment provides companies with insights into the complexity and connectivity of risks, how risks interact and combine and key areas of intervention and risk and opportunity management to deliver long-term performance.

→ **Read more**

Principles

Alignment

Aligned reports demonstrate that the disclosures align with the outcomes of the materiality assessment and prioritize quality over quantity.

Key recommendations

→ Align contents of the report to the outcomes of the materiality assessment to avoid over or under disclosure.

→ Align the contents of strategy and report with the outcomes of the materiality assessment.

Methodology notes

→ Scores are limited for companies that do not undertake a materiality assessment.

The Goodyear Tire & Rubber Company

Goodyear's *Corporate Responsibility Report 2023* demonstrates strong alignment with the materiality assessment by covering each material topic under four pillars: climate, circularity, human and labor rights and supply chain governance and transparency. It discusses each material topic in the report in these pillars, with enhanced focus for critical issues such as decarbonization.

Nomura Research Institute (NRI)

NRI's *Integrated Report 2023* includes a graphic that clearly maps out the connections between material topics, key performance indicators (KPIs) and targets. It structures the eight material topics into three layers: value creation, which outlines the goals for stakeholder impact, value creation capital, encompassing human and intellectual resources, and management basis, reflecting the company's contributions to ESG. Following an overview of the company, the strucutre of the report's content is logical and engaging, ensuring balanced disclosure of all material issues.

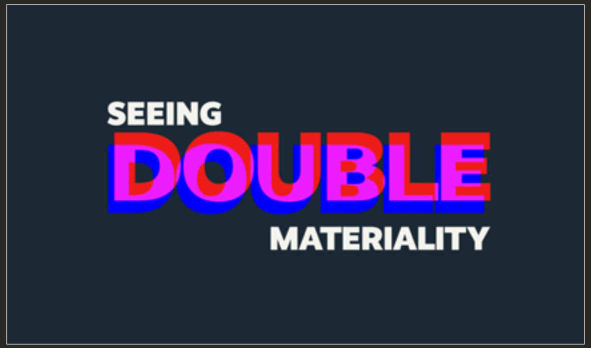
Thought leadership

Seeing double materiality

Well-aligned reports are those that closely align with materiality outcomes. But does CSRD have you seeing double?

The intent at the heart of CSRD is admirable. It's driving a shift towards recognizing – and quantifying – both outward and financial impacts, which is exactly the shift that's needed if we're to embark on a more sustainable trajectory. But it's not designed to be easy, it's designed to affect change.

Radley Yeldar have distilled some key lessons for how to unlock its value without losing your mind.



→ **Read more**

ry.

Principles

Stakeholder engagement

Stakeholder engagement is an open dialogue process with people or groups who actively engage with an organization and who its current or future activities influence or impact. Engagement mechanisms range from surveys and questionnaires to forums, stakeholder dialogues and advisory committees. Reporting on stakeholder engagement should demonstrate a robust process and reflect company responses and understanding of stakeholder needs.

Key recommendations

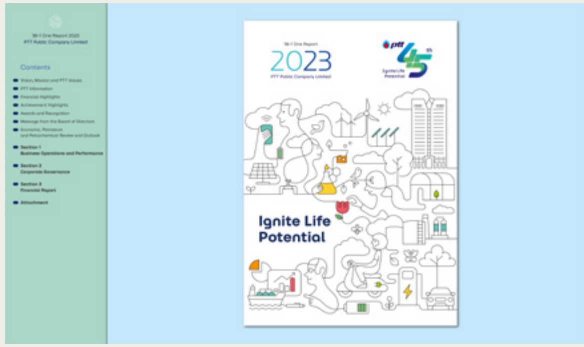
- → Identify the organization's main stakeholder groups, such as investors, customers, employees and local communities, covering the entire value chain.
- → Disclose the formal engagement mechanisms used to engage with identified stakeholder groups.
- → Outline the needs of specific stakeholder groups and provide evidence that the company has considered and, where appropriate, acted on their basic needs and interests.

Methodology notes

- → 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).
- → Stakeholders identified from across the entire value chain.

PTT Public Company Limited

PTT's *56-1 One Report 2023* features an insightful stakeholder engagement section (p. 144-149). It divides stakeholders into six categories across the value chain, with engagement results compiled in a centralized table. For each group, the report discloses engagement channels, with a description and variety of mechanisms going beyond business as usual. The table details each group's needs, expectations and concerns by prioritized topics, along with PTT's responses to address their concerns.



Bayer

Bayer's *2023 Sustainability Report* details the company's engagement with key stakeholder groups, including partners, financial market participants, social interest groups and regulators. The company actively seeks employee feedback through various platforms and integrates insights into its practices and decision-making. Bayer uses diverse engagement methods, including local and international dialogues, committee involvement and multi-stakeholder events, detailed on p. 43 of its report. For example, Bayer engaged in discussions about patient care and co-developed solutions with patient advocates through collaborative forums. Feedback on issues such as sustainable agriculture, climate change and human rights has shaped Bayer's strategies on these topics.

> *"Building strong bonds with internal and external stakeholders, including employees, suppliers, customers, consumers, investors, partners, and NGOs is key to creating shared value. Our sustainability department has increased responsibility in following and implementing upcoming requirements, while managing relationships with relevant internal or external stakeholders. Quarterly meetings of our Sustainability council led by the CFO enable the implementation of actions and integration of sustainability into strategy and reporting.*
>
> Seda Karataş
> Arçelik (now Beko)

Principles

External assurance

External assurance of sustainability information increases the credibility and reliability of the report for users. It goes beyond internal controls and audits 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).

→ Reach a reasonable level of assurance to ensure sustainability information is financial grade.

→ Ensure the assurance statement is easily accessible in the report or via direct links to where the company publishes it online. It should specify scope, boundaries, the applied standard and level and a statement of independence.

Methodology notes

→ Focus on scope (the range of information covered) and level (the robustness of the assurance engagement process).

→ Scores limited for companies that do not undertake a materiality assessment.

The VELUX Group

VELUX Group is working to enhance the assurance of its sustainability data to match the scrutiny of its financial data. Since 2022, VELUX Group has provided reasonable assurance across six indicators and limited assurance of others. In 2023, it maintained the combined assurance approach in preparation for the expanded sustainability reporting mandated by CSRD. The Audit Committee regularly discusses sustainability assurance progress. VELUX Group includes an Independent Auditor's report and an accounting practices section, clearly marking topics with limited or reasonable assurance using different icons.

BASF

The BASF's assurance of its 2023 non-financial data includes KPIs that address their material topics. It applies a combined assurance approach: obtaining a reasonable level of assurance on data related to absolute CO_2 emissions (scopes 1 and 2) while the combined non-financial statement (NFS) received limited assurance. This approach anticipates future assurance requirements such as those under CSRD. The audit was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 and ISAE 3410, which are relevant international auditing standards for sustainability reporting.

"Like many jurisdictions making non-financial disclosures mandatory, the Sustainability Standards Board of Japan has also announced its draft guidance for mandatory sustainability disclosure, with third-party assurance. In preparation and to keep pace with the developments of these global standards, we formed a task force among Corporate Planning, Finance and Sustainability Departments under the CFO to coordinate how to collect non-financial data effectively and accurately and to allow more time in the reporting process to receive the third-party verification.

Yuuko Iizuka
Sumitomo Forestry

Principles

Balance

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

Key recommendations

→ Report on key challenges and areas of public concern encountered during the reporting cycle and discuss concrete examples that relate to the organization.

→ Include narrative and graphics that clearly highlight and explain areas of weak performance and missed targets, as well as areas of strong and positive performance.

→ Incorporate balanced external voices to bring additional perspectives and highlight potential areas for improvement.

Methodology notes

→ Consider high-risk incidents from the RepRisk platform to flag issues of public concern and specific incidents that relate to material issues.

→ Performance narrative includes both areas of weak and strong performance.

Port of Rotterdam

Port of Rotterdam's *2023 Annual Report* maintains a balanced narrative that highlights both positive and challenging aspects specific to the company. They outline efforts to mitigate the environmental impacts of projects that are under public scrutiny. The report features external voices addressing labor market mismatches and electricity demand exceeding supply. While acknowledging these challenges, the report highlights the company's commitment to sustainable development and innovation. It demonstrates notable improvement from last year in discussing specific topics of public concern and identifying challenges and opportunities for growth.

Sappi

Sappi achieves balanced reporting by highlighting both achievements and challenges in its *2023 Group Sustainability Report*. They acknowledge industry challenges affecting their operations, particularly in the pulp and paper sector and in specific regions. The report uses performance trackers to visually display strengths and areas for improvement at global and regional levels. This, coupled with explanations throughout the report (p. 150, p. 159), enables readers to understand Sappi's performance. It cross references external insights from industry voices, further supporting a balanced tone.

Thought leadership

Behind the green

Companies continue to fall afoul of greenwashing. RepRisk's report highlights a 35% increase in documented greenwashing incidents last year, with several organizations having to retract their misleading claims in recent years.

As a result, we teeter dangerously close to straying into an era of "greenhushing", whereby companies are reluctant to disclose their successes, failures, challenges or opportunities. Balanced reports are key to avoiding greenwashing and greenhushing.

Radley Yeldar have developed four principles to put an end to duping customers and regain trust through informative, engaging and responsible communications.

→ **Read more**

ry.

Detailed findings

→*Content*

This category analyzes how the company manages and discloses priority material issues in the report.

Sustainability governance Q&A

Arkema and CMPC

In this discussion, Arkema and CMPC delve into the evolving intersection of sustainability governance and regulatory shifts. They explain the importance of keeping senior leadership informed of sustainability reporting trends and offer insights for companies initiating or refining their sustainability governance frameworks.

Emmanuelle Bromet
Vice-President of Sustainable Development, Arkema

Arkema is a global leader in specialty materials serving major societal and ecological challenges. With 21,100 employees in some 55 countries, Arkema aims to address the ever-growing demand for innovative and sustainable materials.

Verónica de la Cerda Gubler
Vice-President of Corporate Sustainability, CMPC

CMPC is a forest and pulp & paper company headquartered in Santiago, Chile, with operations throughout Latin America and the US. As the largest paper manufacturer in the country, it focuses on meeting the needs of customers and consumers with innovative solutions based on natural and renewable fibers.

Q. How is the fast-evolving sustainability regulatory landscape influencing your sustainability governance approach and how is your governance approach helping you navigate this landscape?

Arkema → Integrating sustainability into our governance is crucial to navigating the current complexity. With CSRD, we have to make significant changes in a short timeframe, which means our teams and leadership must constantly learn and adapt. We're working to disclose comprehensive CSRD-related information for the 2024 reporting period, which requires a rigorous double materiality assessment, detailed data collection and effective internal controls to ensure the quality of the information. Our governance structure supports this integration with a collaborative approach that spans all functional departments and is crucial in staying compliant and achieving our sustainability goals.

CMPC → Sustainability is one of the three pillars of our 2030 Strategy, ensuring we integrate it directly into our business operations. Every part of the company understands and aligns with our sustainability goals. Although regulations alone do not drive our approach – the market itself and investors play a big role as well – increasing regulatory demands globally indeed have an indirect impact. These regulations raise the bar and help us standardize processes and disclose appropriately. Companies must have robust processes in place and demonstrate performance against impacts. Our governance approach helps us navigate this landscape by embedding sustainability deeply into our business strategy and operations. We implement sustainability-linked incentives, such as compensation and bonds tied to our goals, to further integrate sustainability into our financial and performance frameworks. This integration, along with stakeholder engagement, ensures we continue to meet and exceed evolving standards that are relevant to our company, ultimately driving our sustainability performance and business success.

Sustainability governance
Q&A with Arkema and CMPC

Q. How do you keep senior leadership engaged and abreast of developments in the sustainability landscape?

CMPC → We face a unique challenge in keeping senior leadership engaged due to our company's structure. Despite being publicly listed, we have a single major shareholder as the company originated as a family brand. This situation differs from typical US companies with nomination committees and specific regulatory requirements. However, the commitment of the company's owners to sustainability naturally influences invitations to join the board and ensures board members understand and prioritize sustainability issues. Our Sustainability Team assists them in staying informed about international agendas and developments. For topics like materiality assessments, we have established regular reporting and updates to leadership that ensure the provision of information throughout the year. For other critical issues – such as addressing inequality or conducting human rights due diligence (HRDD) – we proactively provide explanations as required. We also engage with external advisors who provide valuable, credible insights to enhance our understanding and decision-making. This collaborative approach ensures the integration of external perspectives into our committee discussions and that our Board is aware of evolving sustainability topics.

Arkema → It's essential to invest time in educating top executives on the relevance of sustainability initiatives. When leadership is engaged and understands the strategic value, they can effectively champion these efforts within the organization. At Arkema, the CEO and senior management actively drive sustainability initiatives and challenge our company to continually improve and investigate new opportunities. Educating the Executive Committee and the broader organization about the intricacies and importance of conducting a double materiality assessment has been a high priority. Everyone must understand the financial impacts and the broader societal and environmental impacts of our operations. Despite our advanced maturity with over 120 key performance indicators, achieving compliance with new sustainability requirements remains a significant ongoing effort for our leadership and all functions. We are evolving the incentives associated with sustainability goals and sustainability has become an increasingly prominent feature presented to investors at our Capital Markets days.

> *“When leadership is engaged and understands the strategic value, they can effectively champion these efforts within the organization.*
>
> Emmanuelle Bromet, Arkema

Q. What advice would you give other companies in the process of developing their sustainability governance approach?

Arkema → Establishing a robust governance approach is crucial for companies beginning their sustainability journey. It is key to start with a clear commitment from top management. Another critical aspect is to seek external support and expertise, such as from consulting firms specializing in sustainability. These partnerships provide insights and recommendations aligned with industry best practices and regulatory requirements, which help streamline efforts and ensure a focus on the most impactful areas. Additionally, engaging stakeholders early on, both internally and externally, helps set clear expectations and gain valuable insights into sustainability priorities and metrics.

Effective governance also requires establishing clear roles, responsibilities and accountability mechanisms. Regular monitoring and reporting on sustainability performance are essential to tracking progress and making informed decisions. Furthermore, investing in ongoing education and training for employees fosters a culture where it is possible to integrate sustainability into daily operations and decision-making processes.

> *“Companies often focus internally but it's essential to look outward to understand broader trends and standards in sustainability.*
>
> Verónica de la Cerda Gubler, CMPC

CMPC → Focus on the foundational elements first and foremost. Companies should not treat sustainability as a separate or parallel initiative but integrate it into the core business strategy. This can be challenging but it is crucial to ensuring sustainability is a fundamental part of the business. Engaging with external stakeholders is also critical. Companies often focus internally but it's essential to look outward to understand broader trends and standards in sustainability. This also helps to align with evolving expectations and best practices. Participating in organizations like WBCSD can be hugely valuable as they offer insights and support with global sustainability standards and initiatives. These steps ensure that the company integrates sustainability efforts that are relevant and align with both internal objectives and external expectations.

Content

Sustainability governance

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

Key recommendations

→ Include a clear leadership commitment to sustainability in the report.
→ Describe the highest sustainability decision-making authority and how it fits into the corporate governance structure, with clear reporting lines.
→ Discuss meeting frequency and key decisions made by the board.
→ Disclose executive remuneration tied to sustainability considerations.
→ Disclose sustainability-related expertise of board members, including a discussion on training and the member selection process.

Methodology notes

→ Evidence of board-level involvement in sustainability decision-making.
→ Disclosure of sustainability responsibilities attached to individuals from the board/executive committee.
→ Clear evidence of sustainability integration in the board selection process, board expertise and training.

The Chemours Company

Chemours' *Sustainability Report 2023* highlights a strong commitment to sustainability in the CEO message and in clear governance structures. The Board of Directors oversees the sustainability strategy and receives regular updates from senior management. The CEO and Executive Team embed sustainability into business strategy and decisions. Under a new governance structure, the Chemours Sustainability Council assigns key responsibilities to specific positions, meeting bi-monthly to track progress. Specialized teams reporting to the Business Unit Sustainability Leadership Teams focus on areas like decarbonization and waste reduction. They discuss board expertise and training, with detailed insights included in the proxy statement.

DuPont de Nemours

DuPont's *2024 Sustainability Report* emphasizes that sustainability and transparent governance are central to its strategy. The Board of Directors plays an active role in incorporating sustainability into the company's framework, addressing environmental, social and governance risks and opportunities in decision-making. The Chief Technology and Sustainability Officer leads the sustainability strategy and chairs a dedicated committee that oversees initiatives and reports to the board. The Nomination and Governance Committee ensures board diversity and sustainability expertise. Additionally, the introduction of a Sustainability Modifier in 2021 links executive compensation to sustainability performance.

Thought leadership

Integrated Performance Management framework

The Integrated Performance Management (IPM) framework focuses organizations on strategic success and aligns them with increasing sustainability disclosure demands, transitioning from voluntary to mandatory disclosure.

IPM is a holistic approach to corporate performance management based on the integration of multiple capitals (such as natural, social, intellectual) and long-term value creation for decision-making to drive strategic success.

This report and business brief serve as a guide to implementing the IPM framework, aligning performance with an organization's purpose, values and strategy.

→ **Read more**

Strategy

Disclosures of strategic approaches to sustainability clearly articulate how the organization addresses the full range of material impacts, risks and opportunities. The strategy should link to the 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 incorporate all material issues and integrate sustainability into corporate strategy.
- → Discuss the connection between sustainability and financial performance.
- → Describe how the company will execute the strategy via action plans and objectives.
- → Provide relevant examples of sustainability-related activities that advance the strategy and tie to specific material issues.

Methodology notes

- → Well-developed and company-specific sustainability or corporate strategy that addresses material issues and that defines roadmaps and action plans.
- → Case studies or discussions on key activities that explain context and describe outcomes and results.
- → Scores are limited for companies without a materiality assessment.

Trane Technologies

Trane Technologies structures its sustainability strategy via three pillars: the Gigaton Challenge, Leading by Example and Opportunity for All. These pillars drive climate actions, innovation and diversity initiatives. The company's strategic objectives include setting environmental targets, advancing gender equality and fostering community engagement. Initiatives under these key priorities guide the company's climate action, innovation and diversity efforts. Trane Technologies consistently uses outcome-driven and strategic case studies to demonstrate actions to integrate sustainability into its corporate strategy.

Mitsubishi Corporation

Mitsubishi's Midterm Corporate Strategy 2024 centers on two pillars: achieving carbon neutrality and enhancing societal well-being. The strategy addresses key material topics and aligns with the company's mission to create environmental and social value. A three-pronged approach on sustainability focuses on GHG emissions reductions and decarbonization investments, digital transformation to tackle societal challenges and initiatives for new industries and regional revitalization. Within this strategy, it prioritizes human capital development adaptability, diversity and data-driven evaluations.

Thought leadership

Building the business case for sustainability

This guide provides finance teams and sustainability practitioners with practical steps to make a compelling business case for sustainability.

As sustainability rises on the corporate agenda, businesses struggle with translating ambitions into actionable strategies.

This guide equips corporate finance and sustainability practitioners with the knowledge to turn sustainability into a strategic advantage. By understanding and leveraging the financial and intangible benefits, a business can transform sustainability challenges into opportunities for growth and innovation.

→ Read more

Partnerships & collaborations

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 research, innovation and investment into change.

Methodology notes

→ Detailed information (the organization's role, objectives, outcomes) for a handful of key activities as opposed to all partnerships. Explanation of why certain partnerships are focused on more than others.

→ Alignment of partnerships with strategy and company's ambitions and how they focus on delivering impact for the company and industry more broadly.

Volkswagen

Volkswagen's *2023 Sustainability Report* highlights partnerships focused on key material topics. For example, partnerships related to decarbonization are advancing e-mobility and renewable energy technologies (p. 60) while circular economy efforts concentrate on developing automotive material loops and sustainable production methods (p. 89). These collaborations drive research and innovation, tackling critical challenges through new technologies and business models. By fostering advancements in these areas, these partnerships align with Volkswagen's goals to reduce environmental impact and promote sustainable practices in the automotive industry.

Eni

The *Eni for 2023 – A Just Transition Report* highlights the growing role of partnerships in tackling key environmental, social and governance issues. Collaborations have advanced research in areas such as climate, water, biodiversity and pollution. For instance, they disclose an initiative focused on developing clean energy through fusion technology, aiming to create a carbon-free power plant. Projects in digitalization, local energy access and health and safety emphasize the importance of partnership-driven solutions. Eni recognizes partners in local community projects, demonstrating deeper integration of collaboration into its operations.

> *Partnerships and collaboration are vital to stay ahead of the curve in sustainability reporting. Our approach involves participating in working groups, actively monitoring upcoming legislation, both independently and through sectorial organizations such as Eurelectric, and engaging in public consultations. CSRD marks a significant shift, as regulators, auditors, investors and other stakeholders intensify their scrutiny and demand greater transparency and substantiation in our reporting. The learning curve is steep for everyone involved and flexibility is crucial.*
>
> Nuno Jóia
> EDP

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 throughout 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 the company embeds sustainability in operations.
- → Have a human rights policy in place, including clear expression of commitments to the UN Guiding Principles on Business and Human Rights and a human rights due diligence process.
- → Formal support for diversity, equity and inclusion (DEI) and non-discrimination in a Code of Conduct or similar policy document.
- → Disclose DEI and non-discrimination goals and targets.

Methodology notes

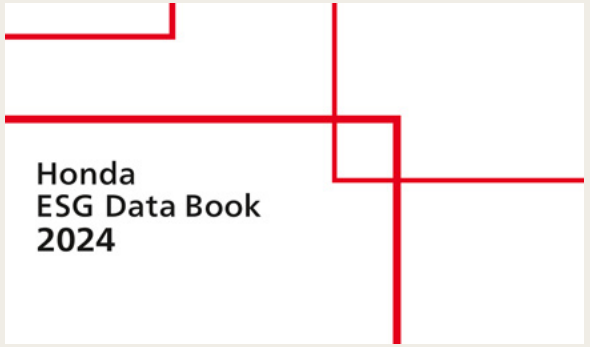
- → Scores limited for companies that do not undertake a materiality assessment or do not tie specific control mechanisms to specific material issues.

Target Corporation

Target's *2024 Sustainability and Governance Report* outlines a structured approach to managing sustainability topics through external certifications and internally developed frameworks. It details data collection methods referencing internal audits and additional data considerations. The report highlights Target's commitment to the UN Guiding Principles on Business and Human Rights with its human rights policy and due diligence process. It embeds sustainability in various corporate functions, including procurement and risk management. For example, the report describes training sessions for recruiters and leaders to reduce bias in salary decisions (p.29) and responsible sourcing practices (p. 46).

Honda

Honda's *ESG Data Book 2024* implements comprehensive frameworks and tools aligned with prioritized material topics, such as their Environmental Performance Standard and supplier sustainability guidelines. The report highlights how the company embeds controls that focus on reducing carbon emissions across operations and functions, such as production, purchasing, sales and service, administration and transportation. Honda's human rights policy reflects a commitment to the UN Guiding Principles on Business and Human Rights, as well as an active due diligence process and annual risk assessments. Honda sets targets to foster a diverse and inclusive workplace for all its employees.



> *"As the scope of reporting is evolving, we are gearing up by investing in gap analyses, preparing to carry out double materiality assessments, assessing how to improve data infrastructure and increasing the involvement of the executive leadership and board to ensure integration across functions and reporting areas.*
>
> Roberta Carvalho Mendes and Camila Cantagalli
> Vale International

Content

Targets & commitments

Targets and commitments are specific and measurable performance or management objectives that an organization aims to achieve over a specified timeframe. They are critical to delivering an organization's strategy and demonstrating progress over time.

Key recommendations

→ Develop a range of short-term (operational) and long-term (stretch) targets for material issues.

→ Ensure targets are set to deliver specific outcomes within a timeframe, against a timeline.

→ Include targets that go beyond direct operations and consider value chain impacts.

→ Disclose a net-zero commitment to reduce emissions to a residual level by no later than 2050, aligning with a 1.5°C pathway.

→ Disclose nature-related goals or targets that address the company's key pressures on the loss of nature.

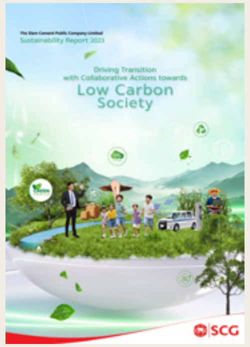
Methodology notes

→ Scores are limited for companies without a materiality assessment.

→ Emphasis on having a good mix of operational and aspirational targets for material topics.

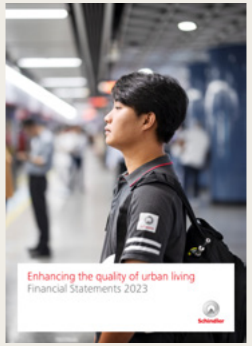
SCG

SCG's *Sustainability Report 2023* illustrates a range of targets and commitments spanning all material topics. SCG established specific outcome-based targets with clear baselines for relevant topics, including GHG emissions, energy consumption and water management. Its targets feature a mix of short- and long-term goals, including interim targets for operational efficiency and aspirational goals for broader impact. SCG's commitments extend beyond its direct operations to address value chain impacts, for example scope 3 emissions.



Schindler

Schindler's *2023 Financial Statement* presents measurable, timebound targets for prioritized material topics, emphasizing operational efficiency. The company has set Science Based Targets initiative (SBTi)-validated near- and long-term targets aligned with a 1.5°C pathway, aiming for net-zero GHG emissions in operations and supply chains by 2040 using a 2020 baseline. Key initiatives include achieving renewable electricity and enhancing sustainable building design. Additionally, Schindler focuses on increasing the representation of women in senior leadership roles and improving workplace safety.



Thought leadership

ESG: An illusion of change

While people often use the terms "sustainability" and "ESG" interchangeably, they don't mean the same thing. Differentiating between the two may appear like a matter of semantics, but there's a crucial distinction – a distinction that, unmade, threatens to derail ESG and, more importantly, stymie real progress on sustainability.

Radley Yeldar's report brings that distinction into sharper focus and offers practical steps to ensure genuine sustainability progress in a disclosure-focused world.

→ **Read more**

ry.

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 the narrative provides context to performance trends for the implementation of monitoring and corrective actions when required.

Key recommendations

→Disclose KPIs for all material issues with a range of indicator types (input, output, process, implementation).

→Present data and metrics in a visual way, with at least three years of past performance data to demonstrate trends.

→Accompany the data with a clear narrative on performance trends, including areas of poor performance.

→Include a breakdown of data by region or division where appropriate.

Methodology notes

→Scores limited for companies that do not undertake a materiality assessment or do not link KPIs to specific material issues.

Norsk Hydro

Norsk Hydro's *Integrated Annual Report 2023* provides a comprehensive overview of it's environmental and social performance. The report covers a broad range of metrics, including GHG emissions, energy consumption and employee demographics, tracked over multiple years. It presents data with granularity, breaking down metrics by business segment, region and individual facilities. Visuals, such as tables and charts, effectively illustrate performance trends while the narrative offers context by explaining the significance of data and the company's responses.

3M

3M's *2024 Global Impact Report* encompasses KPIs for all relevant material topics. It features a comprehensive metrics table (p. 128-136) that primarily includes multi-year data. The report presents a balanced mix of input, output and process metrics, such as the percentage of employees who are women and GHG emissions reductions. An additional ESG metric summary referenced in the main report offers further details on employee demographics and health and safety data, broken down by region. The narrative effectively supports the metrics, especially for those topics with the greatest potential for 3M to have impact (tier 1 topics).

"In tandem with institutionalizing a double materiality approach, we are upgrading our data management platforms in an attempt to automate disclosures, in particular those related to annual reports, ratings and indices. This is a large and complex undertaking, but we foresee long-term benefits as we anticipate being able to free up resources towards analytics and performance management rather than data collection and aggregation.

Hendrik Rosenthal
CLP Group

Detailed findings

→Effectiveness

This category looks at how the company uses the report to meet the needs of specialist and generalist audiences. It also assesses the extent to which the report drives action and impact.

Effectiveness Q&A

Ayala Corporation and VF Corporation

In this Q&A, Ayala Corporation and VF Corporation describe their approaches to sustainability communications, including stakeholder engagement, and how it maximizes the effectiveness of their sustainability reporting.

Jamie Urquijo
Chief Sustainability and Risk Officer, Ayala Corporation

Ayala Corporation is a leading diversified conglomerate based in the Philippines with a portfolio spanning a wide range of industries, including real estate, financial services, telecommunications and renewable energy.

Ashley McCormack
Director of External Communications, VF Corporation

VF Corporation is one of the world's largest apparel, footwear and accessories companies, connecting people to the lifestyles, activities and experiences they cherish most through a family of iconic outdoor, active and workwear brands.

Q. How have you structured your sustainability reporting and communications strategies?

Ayala Corporation → We primarily share our sustainability information via our *Annual Integrated Report*. We try to ensure this report includes as much information as possible, particularly highlighting the role of the parent company alongside our diverse portfolio of subsidiaries.

Our executives are active participants in several regional and international business, socio-civic and sustainability-driven organizations, providing us with a platform to share our sustainability approach and performance. We also host a yearly Integrated Corporate Governance, Risk Management and Sustainability Summit that is a key event in disseminating sustainability-related content to the board members of all our companies as well as practitioners. We integrate insights into our regular corporate communications across our online presence and through engagement with media outlets.

VF Corporation → Our website is a key platform for sharing our sustainability information. We have a dedicated "Responsibility" section that provides access to reports, traceability maps, policies and other relevant resources. Our annual *Environmental, Sustainability and Social Responsibility Report* remains our "one-stop shop" as the main source of detailed sustainability-related content and progress on our goals. We use press releases and social media channels to highlight sustainability stories and share updates. These are key tools in engaging with stakeholders and drawing them to our report.

In addition to online communication platforms, we engage directly with stakeholders through forums and industry and cross-industry collaborations. One-on-one meetings ensure we incorporate external feedback to ensure our programs remain leaders and to drive positive impact throughout our business. These personal engagements are of high value for the quality of feedback and the deeper engagement they foster.

Effectiveness

Q&A with Ayala Corporation and VF Corporation

Q. How do you decide the overarching sustainability messaging and how do you convey that in your report and beyond?

Ayala Corporation → Ayala Corporation encompasses a wide range of businesses and industries, making it difficult to find a single theme. We empower our subsidiaries to chart paths that are relevant to their company and industry. We also continue to develop an overarching lens from the holding company's perspective. This year, which is also Ayala's 190th anniversary, we refreshed our purpose statement to say: "to build businesses that enable people to thrive". This emphasizes that meaningful impact and strong corporate performance intertwine.

VF Corporation → With several brands under our umbrella, VF Corporation's key audiences include investors, NGOs, government officials, media, policymakers and customers, with brands focused on communicating with individual consumers. We ground our sustainability messaging in VF's purpose "to power movements of sustainable and active lifestyles for the betterment of people and our planet". Regarding our goals, VF Corporation sets a high-level strategy and targets that apply to all our brands and then the brands set related goals and share consumer messaging in a way that resonates best with their specific consumer bases.

> *"We are enhancing our process to include gathering first-hand feedback from investors and other audiences, rather than confining these to individual teams.*
>
> Jamie Urquijo, Ayala Corporation

Q. How have you used stakeholder engagement to inform your reporting?

VF Corporation → We engage with stakeholders in various ways, both through specific partnerships and more broadly to enhance our strategy and gather feedback on our goals and programs. We also engage closely when stakeholders bring issues to us, such as a concern about something at a specific factory in our supply chain. Maintaining these close relationships and frequent dialogue helps us keep a pulse on what matters to our stakeholders. In terms of our reporting, we are always mindful about what our stakeholders care about and we attempt to gear our annual report to reflect the topics, data, stories and insights we know they want to see and that demonstrate progress in our work.

Ayala Corporation → One of the most significant changes we've implemented is to be more deliberate and purposeful in directly engaging with external stakeholders. We are enhancing our process to include gathering first-hand feedback from investors and other audiences, rather than confining these to individual teams. This has been invaluable. Feedback from our investors highlights the need for a clearer vision of Ayala's overall contribution to sustainability as the parent company. This has led us to shift the narrative to focus more on our overarching contributions, along with those of our subsidiaries. We also started to track who uses our report. This has revealed some surprising insights, such as the large number of academics using our reports as teaching materials, research and case studies. Identifying this new user segment has influenced how we are thinking about presenting our information in future reports.

Q. The reporting landscape is facing unprecedented change. How do you anticipate this will affect your reporting approach?

Ayala Corporation → The Securities and Exchange Commission (SEC) in the Philippines mandates that we produce an annual sustainability report but allows flexibility regarding the globally recognized framework we choose to use. Historically, Ayala has adhered to the Integrated Reporting <IR> Framework and GRI Standards. Recently, we have started to evolve our approach to IFRS S1 and S2, which our jurisdiction may fully adopt in the next few years. We will be embarking on gap assessments, capacity-building activities and adjustments to our disclosures in the coming months. We're excited about the standardization in the reporting landscape; it will provide much needed comparability across companies while shining a light on the great work our companies are doing.

VF Corporation → As a global company, the biggest change in the last four years has been the introduction of new regulations, particularly in Europe and the US. We welcome these developments as there is a clear need for standardization. In recent years, VF's reporting has aligned with several leading reporting standards and frameworks, including GRI, TCFD and SASB. We look forward to the introduction of regulations to create more consistency in the reporting landscape and we are putting new strategic initiatives in place to prepare for the increased rigor. Going forward, the reporting landscape will require all companies to report more consistently and to have strong evidence to back up their claims.

Q. What advice would you offer to organizations looking to maximize the effectiveness of their sustainability reporting and better meet audience needs?

VF Corporation → Focus on finding ways to make your information digestible, whether it is by using infographics or highlighting key statistics to draw people's attention to the main messages. It's also important to be authentic and honest in your communications and engagement with stakeholders. People are looking for something to believe in; they don't want you to try to sell them something. Aligning your messaging with the values and mission of the company helps to demonstrate your commitment and builds trust.

Ayala Corporation → At its core, sustainability reporting is about addressing what matters most to people. Applying a people-centric lens to your materiality assessment and stakeholder engagement enhances the relevance and impact of your sustainability reporting and the organization as a whole. There is also great value in celebrating and communicating your achievements internally to build morale and reinforce the significance of sustainability efforts.

> *"People are looking for something to believe in; they don't want you to try to sell them something. Aligning your messaging with the values and mission of the company helps to demonstrate your commitment and builds trust.*
>
> Ashley McCormack, VF Corporation

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Enhancing effectiveness with report activation

Major changes in the sustainability reporting landscape have brought many welcome changes. Companies are rethinking and reorganizing internally, increasing boardroom involvement, and investing in data infrastructure. But from a communication perspective, the situation is not looking very good.

Understandably, companies have shifted their attention to focus on compliance. They're managing an unprecedented blurring of the lines between financial and non-financial information. Reports are becoming investor-centric and formats are becoming drier and "machine-readable". And so, for the most part, the communication aspect of reporting is taking a back seat. Arguably, this is happening at the worst possible time.

With desperate calls for accelerated action in sustainability, we need reporting that resonates, inspires and ignites change. We need reporting that drives greater accountability and transparency. Now is definitely not the time to lose sight of human-centric and compelling storytelling.

At RY, we're huge advocates of report activation in order to maximize the blood, sweat (and tears) that go into creating a report. Essentially, we favor repurposing that hard-won content from business-wide stakeholders that'll appeal to and resonate with wider audiences. After all, even with the best will in the world and an award-winning report, readers are unlikely to read a 100+ page document cover-to-cover.

The beauty of report activation is that companies have already done a lot of the hard work, content gathering and asset development throughout the reporting process.

It's then about taking that content and unfurling it across wider channels that'll generate more engagement and drive people to the report.

And while data and information required by new regulation can seem tedious and uninspiring on paper, it can (and should) be re-told in a way that'll engage wider audiences. Just sifting through the disclosure requirements and datapoints required by the ESRS shows there's no shortage of new information that is worth elevating. For instance, we are yet to see clear reporting on how the company takes the interests and views of stakeholders into account in its strategy or how its most significant sustainability impacts interact with its business model.

> *"In the race to gear up, the conundrum is clear 'How can we strike the balance between meeting compliance requirements while engaging all audiences through authentic and compelling forms of communication?'*
>
> Radley Yeldar

RY feature

Enhancing effectiveness with report activation

What is report activation?

In practice, report activation can take many shapes and sizes. The options are almost endless, only limited by our imagination and creative ability.

Social media assets for LinkedIn, X or Instagram are an easy way to drive engagement. Other formats include film and animation, stand-alone infographics, editorial articles, topic-specific factsheets or deep dives, summary reports, topic-specific campaigns, podcasts, launch events and internal newsletters.

Audience prioritization (who do you want to reach?) and understanding (what are they interested in?) is key in determining which type of activation would work best, including choosing the format and messaging that will resonate with those audiences.

Report activation should be part of a wider strategic comms plan – rather than on an ad-hoc basis – to generate the most effective engagement.

But does it really work?

In our experience, companies that activate their reports see noticeable increases in the number of visitors and page views, indicating that more people are discovering and exploring the content that sits within their report. Additionally, there's a marked decrease in the bounce rate, suggesting that visitors are not just glancing at a page and leaving; instead, they're diving deeper, exploring other sections and engaging with additional content in the report.

Ultimately, report activation is a no-brainer. Between maximizing the value of your report and elevating the wealth of stories and inspiration from your reporting, there's a clear business case for investing in activation, especially in these upcoming compliance-driven years.

Effectiveness

Ease of access

Ease of access relates to the availability of sustainability information and its suitability for different audiences. Increasingly, companies make sustainability content available through several communication channels, including online and integrated reporting.

Navigation tools and cross-referencing make a huge impact on the user experience and help readers access key information.

Key recommendations

→ Ensure sustainability content is readily accessible from the homepage of the company's website.

→ Provide content across multiple formats, such as video, interactive online content, topic-specific PDFs and online case studies, to suit different stakeholder groups.

→ Make relevant reporting indices (like a GRI content index) easily accessible and interactive.

→ Produce a summary that provides a quick overview of strategy, performance and key activities.

→ Include navigation tools and links to additional information.

Methodology notes

→ Easy-to-find and use content indices and clear signposts connecting relevant sustainability information.

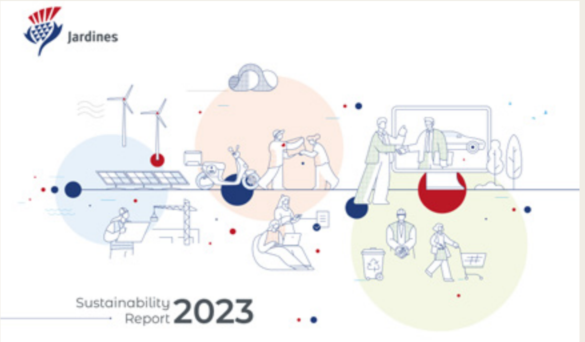
→ Executive summaries, summary online content and summary PDFs.

Bunge

Bunge's *2024 Global Sustainability Report* is easily accessible from the company website, requiring minimal navigation. Content is available in various formats, including downloadable PDFs, an interactive dashboard and detailed policies. Bunge has organized the report around its three sustainability pillars, with a clear summary provided as part of the "2024 Progress Dashboard". Interactive indices aligned with GRI, SASB and TCFD allow users to easily access specific data points. Clearly improved navigation features, such as cross-links and a new sub-section navigation tool, make the report intuitive and accessible to a broad audience.

Jardine Matheson

Jardine Matheson features a well-structured online platform that allows users to easily locate the *2023 Sustainability Report* with just a few clicks. The website includes interactive elements such as videos and an engaging value chain model, promoting intuitive navigation. A comprehensive content index incorporates GRI, TCFD and SASB indexes, enhancing the user experience. A robust navigation bar and cross-links enable seamless transitions between sections and external resources, effectively complementing the PDF version and ensuring accessibility.



> *"The new sustainability reporting standards have seemed so far off for so long but we now enter a phase where they start to come into sharp reality. Going forward, with reports becoming more comparable and comprehensive, it will be interesting to follow how companies provide the best possible experience to help users navigate their reporting. In addition, we look forward to exploring how companies take corporate transparency to the next level using the new reporting environment as a springboard.*
>
> Paulien Eckhardt and Hugh Corbett
> Ingka Group (IKEA Retail)

Compelling design

Great design brings content to life in an engaging way and crafts an excellent user experience by ensuring they can understand the information quickly and easily. Infographics can simplify complex content, typography can emphasize key points and illustrations and photographs help visualize stories.

Key recommendations

- → Group content appropriately to ensure the report unfolds in a logical way.
- → Develop a clear and inspiring company-specific theme to drive the narrative of the report.
- → Develop a design concept that shapes the look and feel of the report and helps amplify the content, theme and messaging.
- → Use design elements such as color, typography, graphics, illustrations, diagrams and white space.
- → Avoid specialist or technical language (or provide definitions when used); use an engaging and readable tone of voice.

Methodology notes

- → Use of report's design to amplify the theme and key messages.
- → Scoring is limited for reports without a clear theme.

DNV

DNV's *Annual Report 2023* incorporates the company-specific theme "When Trust Matters", aligning with its vision of "a trusted voice to tackle global transformations". The structure of the report supports a logical flow of information that aligns with prioritized material topics, ensuring that discussions in the "Sustainability" and "Performance" sections are accessible and meaningful. Design elements, including the appropriate use of white space and consistent colors, align with the brand identity and the corporate website.

International Paper Company

International Paper's *2023 Sustainability Report* features a clear design organized into logical chapters that align with the company's strategic priorities. It emphasizes sustainability through the theme "Renewable by nature. Made for a circular world". The use of accessible language ensures clarity for diverse audiences, minimizing technical jargon. Consistent design elements and engaging imagery reflect the company's commitment to nature and advancing a circular economy, while visualizing data and using infographics effectively to highlight progress.

> *"As sustainability reporting gains equal footing with financial reporting, we're anticipating a wave of regulation-focused reports. Compelling creative can ensure that reports resonate with wider audiences, beyond the regulators. It's about telling your company's sustainability story in a bespoke way. We aim to build a narrative that leaves a lasting impression on your audiences – engaging them further in your communications. When executed well, creative reporting can be a powerful tool to ignite action, inspire change and drive accountability.*
>
> Stew Deane
> Design Director, Radley Yeldar

Impact

Impactful reports drive action internally and demonstrate clear progress on aspirational targets and commitments.

Key recommendations

→ Describe the consideration of GHG emissions reductions and nature/biodiversity targets in the company's business or financial planning.

→ Present data that shows absolute performance improvement year on year with regard to GHG emissions reductions and nature/biodiversity targets.

Methodology notes

→ Clear evidence of the company integrating actions to reduce emissions and nature/biodiversity targets into its overall decision-making.

→ Application of the criterion to the top scorers in each region to determine the companies featured as top reporters in the annual *Reporting matters* publication.

Yara International

Yara's *Sustainability Report 2023* integrates GHG emissions reductions into its business and financial planning, with the climate scenario analysis identifying risks and opportunities for suppliers while setting KPIs across its operations and supply chain. The company reports absolute performance improvements in emissions reductions over the past three years. Environmental roadmaps for pollution and water management also reflect Yara's commitment to nature.

Nutrien

Nutrien's *Global Sustainability Report* integrates GHG emissions reductions into its business through risk identification, investment in measurement technologies and new product development. The company consistently reports absolute performance improvements in total GHG emissions. Nutrien also considers nature and biodiversity targets in its business planning through ongoing assessments under the TNFD framework, informing a comprehensive water stewardship approach that has reduced total water intake over four years.

CLP Group

CLP's *2023 Sustainability Report* emphasizes business resilience in response to climate change and evolving risks. The company's "Climate Vision 2050" integrates GHG emissions reductions into financial planning, focusing on supplier expectations and decarbonization strategies. Total GHG emissions have decreased over the past two years. CLP has set targets for waste, water and air pollution, prioritizing local stakeholder engagement and showing progress on air emissions and water consumption.

Detailed findings

→SDGs

The Sustainable Development Goals (SDGs) represent the global agenda for sustainable development and can serve as a contextual framework against which companies can report their impacts, both positive and negative – on the external environment. This category looks at the extent to which the company integrates the SDGs in the report. It does not contribute to the overall score.

SDGs Q&A

ITC and Smurfit Westrock

In this discussion, ITC and Smurfit Westrock explain how they have considered the Sustainable Development Goals (SDGs) in their sustainability strategies and reporting, the value this has brought and the advice they would give to others looking to embed the SDGs in their approach.

L Prabhakar,
Head of Social Investment Programme, ITC

ITC is one of India's foremost private sector companies and a diversified conglomerate with businesses spanning fast-moving consumer goods, hotels, paperboards and packaging, agri-business and information technology.

Outi Marin,
Head of Sustainability Reporting, Smurfit Westrock (formerly Smurfit Kappa[2])

Smurfit Westrock is a global leader in sustainable paper and packaging, operating in 40 countries with over 500 packaging converting operations and 62 paper mills. The circular economy is at the core of its business, using renewable, recyclable and recycled materials to create sustainable packaging solutions.

2 The combination of Smurfit Kappa and WestRock formed Smurfit Westrock plc. Smurfit Westrock is a WBCSD member.

Q. Please give a brief introduction of how you have incorporated the SDGs in your sustainability approach and what is the added value to your reporting?

ITC → Our Sustainability 2.0 strategy anchors on "Responsible Competitiveness", which encompasses the purpose of the SDGs. We have accordingly formulated our strategies that map our business operations – including our products and services – to the relevant SDG goals and targets. We also recognize and articulate how our action plans impact various SDGs. The target-specific mapping is a valuable assessment tool in informing our overall approach and reporting. For example, our 2030 goals are based on the core principles of the SDGs and cover areas such as climate change, water management, emissions reductions, energy efficiency, biodiversity conservation, sustainable agriculture and sustainable livelihoods. By tracking and reporting our progress against these goals, we can demonstrate how we are contributing to the different SDG targets, providing us with clear benchmarks and helping us stay aligned with global sustainability standards. In turn, this enhances our transparency and ensures the comprehensive assessment and continual improvement of our strategies. Linking to the SDGs also helps align the different stakeholders within the organization.

Smurfit Westrock → Our overall business strategy deeply integrates the SDGs, starting with our core values – to "Create, Protect and Care" – which reflect our commitment to delivering sustainable packaging solutions. Packaging is essential in protecting products but our commitment goes beyond this function. We strive to address the SDGs, aiming to enhance our positive impact on society and the environment. This alignment helps us extend our business operations and reporting approach to address broader global objectives. Following our merger, we're revisiting our SDG approach to harmonize our cultures and strategies. This ongoing integration of the SDGs ensures that our sustainability efforts and communications are meaningful and align with stakeholder expectations.

SDGs

Q&A with ITC and Smurfit Westrock (formerly Smurfit Kappa)

Q. How do you ensure a balanced approach to communicating your company's impact on the SDGs?

Smurfit Westrock → We categorize our SDG contributions using a three-tier scale that reflects our impact on the global goals. This ranges from our most significant efforts to more nuanced, yet still substantial, actions, such as implementing fair wages, which are essential but have a less direct impact. By classifying our activities this way, we provide a clear and honest representation of how our efforts align with and support the SDGs. We conduct robust internal discussions to ensure that our reported impacts accurately reflect our true contributions. Using sector-specific guidance, such as the *WBCSD Forest Sector Nature Positive Roadmap*, helps us evaluate our efforts effectively and ensure our reporting is both transparent and impactful.

ITC → Our approach to reporting on our SDG impact is in accordance with the Global Reporting Initiative. This is based on a multi-tiered governance framework through which our highest organizational body oversees the integration of sustainability in our business strategy, ensuring alignment with our core business metrics. We employ a rigorous third-party impact assessment process to validate our data and break up our impact assessments across markets and geographies to ensure a comprehensive evaluation. Our approach includes the direct management of sustainability interventions rather than merely funding external projects, which allows us to include detailed metrics that contextualize our direct achievements against the SDGs. The multiple stakeholders that we engage with allow us to keep sharpening our reporting, as does customizing the communication for effectiveness.

Q. What are the main challenges you have encountered in reporting against the SDGs?

ITC → Reporting against the SDGs presents some challenges. Firstly, the rapid evolution of global regulations and ESG rating frameworks tends to overshadow the SDGs. Recent regulations in the EU and India may drive companies to focus on compliance with specific disclosure requirements rather than considering the wider sustainability context. This can, over time, create a disconnect between external context and the SDGs. Secondly, the design and articulation of the SDGs, while crucial, were primarily as national, country-level targets. This misalignment between national progress and corporate contributions tends to make reporting difficult, unless one interprets the SDG goals in spirit and not just by letter. Despite these challenges, the SDGs provide a valuable blueprint to evaluate and enhance our contributions to societal goals and we will continue to use them.

> *“While the SDGs provide a comprehensive framework, integrating them into company-specific contexts requires a nuanced approach that considers both positive and negative impacts.*
>
> Outi Marin, Smurfit Westrock

Smurfit Westrock → Although the SDGs are still important, their broad nature sometimes clashes with specific industry needs. For example, climate change is a critical issue that all companies must address, yet the SDGs provide only general guidance rather than precise targets for corporate action. This can lead to challenges in effectively integrating SDG targets into business strategies. The complexity of measuring and reporting impacts against the SDGs is another challenge. We use frameworks such as TCFD and TNFD, which focus on science-based targets and impacts to help define measurements and targets along with the guidance from the SDGs. For companies overall, it is important to find ways to materialize the goals and their targets as actionable items. So, while the SDGs provide a comprehensive framework, integrating them into company-specific contexts requires a nuanced approach that considers both positive and negative impacts.

> *“Try to see the SDGs not just as a reporting framework but as a valuable reflective piece for shaping your approach.*
>
> L Prabhakar, ITC

Q. What piece of advice would you give organizations looking at incorporating the SDGs in their reporting?

Smurfit Westrock → Don't confine SDG reporting to just your sustainability report or annual report. A dedicated SDG report allows for clear articulation of why the company has prioritized specific SDGs and the actions taken on them. A three-tiered approach to the SDGs can help define where companies can convert their impact into measurable actions, as it is not possible for any one business to deliver on all SDGs. A separate SDG report could provide a comprehensive view of progress on, contributions to and strategies for the SDGs in a succinct and accessible format.

ITC → Try to see the SDGs not just as a reporting framework but as a valuable reflective piece for shaping your approach. Aim to provide a clear and focused narrative on your SDG progress, illustrating both why you selected certain SDGs and how you are addressing them. Using the SDGs as a reflective tool can significantly enhance strategy development. Going beyond just the goals and regularly assessing SDG indicators also helps fine-tune organizational action plans and align them more closely with corporate and national/global sustainability goals. This dual approach – combining detailed reporting with reflective practice – ensures both transparency and strategic alignment, making SDG commitments more impactful and comprehensible to a wide audience.

SDG indicator

The SDGs represent the world's materiality assessment and present a global agenda for sustainable development. The SDGs can serve as a contextual framework against which companies can report on the impacts – both positive and negative – that they have on the external environment.

Key recommendations

- → Prioritize specific SDGs and explain the process used to determine how the company has the potential to contribute to their achievement, both through enhancing positive impacts and mitigating negative impacts on people and planet.
- → Align priority SDGs and integrate them into governance, business process, strategy, materiality and value chain impacts.
- → Demonstrate quantitative contributions to key SDGs using KPIs and specific, measurable, achievable relevant and time-bound (SMART) targets.
- → Demonstrate qualitative contributions to key SDGs via detailed evidence, leadership statements, evidence of collaboration and innovation or value chain mapping.
- → Provide this information at a detailed target level rather than broader goal level.

Methodology notes

- → The SDG indicator does not contribute to any category or overall score.

Sika Group

Sika Group aligns its activities with the UN SDGs, focusing on selected goals that it integrates into its strategic framework. The 2023 *Annual Report* directs readers to its "Sika and the UN SDGs" on the corporate website, outlining how Sika's efforts meet specific SDG targets and indicators. The company's contributions include low-emissions materials, water-saving technologies and sustainable infrastructure solutions. Each SDG links to relevant website sections, including the "Code of Conduct", policies and partnerships, as well as the official UN webpage.

Sompo

Sompo has embedded the SDGs into its core business management, as detailed in its *2023 Sustainability Report.* The company maps the SDGs to the governance structure, with SDG expertise listed as a key skill on the Board of Directors. The board discusses the SDGs in meetings to review progress and structure initiatives, including climate change responses and KPIs. The SDGs are central to Sompo's materiality assessment process, ensuring alignment with these goals. Details on strategic actions are available in the "Implementation Guidelines" and the SDG matrix on the website.

Thought leadership

International Organization for Standardization/United Nations Development Programme (ISO/UNDP) PAS 53002: 2024 Guidelines for contributions to the SDGs

From alignment to action: from thinking about the SDGs as a mere add-on, to placing the SDGs at the core of business operations.

This document provides guidance on how an organization can manage and optimize its contribution to the SDGs and how it can embed sustainability into its operations and decision-making processes. By actively managing how it contributes to the SDGs, an organization can optimize its impacts on interested parties and related SDG targets by minimizing negative impacts and maximizing positive ones, thereby strengthening organizational resilience and future performance.

→ Read more

Appendix

Our activities in 2024

1

Criteria updates

While we did not change the assessment framework this year, we have refined our internal methodology for evaluating criteria based on insights from previous years and feedback from our members and Global Network partners:

- → **Materiality** – Provides more specifics on indicators for outward and inward impacts and risk integration.
- → **Balance** – Adds more detail to the evaluation of visual disclosures.
- → **Sustainability governance** – Provides more specifics on board expertise and training, and on remuneration.
- → **Targets and commitments** – Aligns with the enhanced Membership Criteria on Climate and Nature.
- → **Performance** – Offers more detailed guidance for assessing visuals and narrative.

2

Advisory group

For the first time, we have set up an Advisory Group to guide and support us in the development of the annual publication and to provide strategic direction for the evolution of *Reporting matters* in the future (on p. 9).

3

Research

- → We invited all members to submit their fullest source of sustainability information for this year's assessment cycle.
- → In total, we systematically reviewed 181 sustainability reports, combined reports and self-declared integrated reports against our framework. The companies made these reports publicly available between October 2023 and August 2024. We include the results and findings in this publication.
- → Each review underwent a quality assurance process to ensure completeness, objectivity, fairness and consistency.

4

Analysis

- → We carried out assessments between March and August 2024, followed by a thorough analysis to draw insights and identify key trends and developments.
- → For each indicator, we identified companies that exemplify good practices. In selecting good practice examples, we aim to showcase companies from diverse geographies and sectors and to avoid repeating companies previously used to increase the relatability of the examples.

5

Publication

- → This edition of *Reporting matters* offers an overview of reporting trends in the WBCSD membership, highlighting areas of progress and improvement.
- → We have designed our recommendations to inspire companies to enhance their reporting processes by showcasing examples of good practices and identifying notable trends and, where applicable, link aspects of reporting to WBCSD projects.
- → As in the previous three years, we are continuing to produce a digital-only version of the publication with enhanced interactivity features.

6

Engagement

- → We complement this publication by providing all assessed member companies with confidential, personalized dashboards. These dashboards include scores, analysis and comparisons by region and super-sector.
- → We also offer personalized, virtual feedback sessions from June through mid-December. These sessions aim to explain the underlying criteria and provide targeted feedback to members.
- → Additionally, we occasionally share anonymous aggregated data with partner organizations to support the development of white papers, research and policy initiatives.

About the team

- → The development of *Reporting matters* is a joint effort between WBCSD and Radley Yeldar, with colleagues based in the Netherlands, Switzerland and the UK.

List of reports reviewed

3M
AB InBev
ABB Ltd.
Accenture Plc
Acciona S.A.
Aditya Birla Group
AIB
Alibaba Group
Amazon
Apple Inc.
APRIL
Aptar Group Inc.
Arcadis
Arçelik (now Beko)
ArcelorMittal S.A.
Arkema
ATLAS Copco AB
Autodesk
Avery Dennison Corporation
Ayala Corporation
Bain & Company Inc.
BASF SE
Bayer A.G.
BCG
Bloomberg LP
BMW AG
BP International
Braskem S.A.
Bridgestone Corporation
Buhler AG
Bunge Limited
Cargill Incorporated
CF Industries
Chevron Corporation
China Petroleum and Chemical Corporation (Sinopec)
CISCO Systems Inc.
Clariant International Ltd.
Clean Energy Fuels
CLP Group
COFCO International
Colgate-Palmolive Company
Compass Group
Continental AG
Corteva Agriscience
CP Group
CRH plc
Croda International
DAIKIN Industries Ltd
Danone Group
DBS Bank
Deloitte
Dentsu Group Inc.
DNV
Drax Group plc.
dsm-firmenich
Duke Energy Corporation
DuPont de Nemours, Inc.
E.ON SE
Eaton Corporation
Edelman
EDF Group
EDP, S.A
Empresas CMPC S.A.
Enel
ENGIE
Eni S.p.A
Equinor
ERM
Evonik Industries AG
Galp Energia, SGPS, S.A.
Givaudan International SA
Godrej Industries Limited
Golden Agri-Resources
Google Inc.
Griffith Foods
Guidehouse, Inc.
Hankook Tire & Technology
Heidelberg Materials AG
Hitachi Ltd.
Holcim
Honda Motor Co. Ltd.
Iberdrola SA
IBM
Infineum
Ingka Group (IKEA Retail)
Inter IKEA Group
International Paper Company
ITC Limited
J.M. Huber Corporation
Jardine Matheson
JSW Group
Kering
Komatsu Ltd
KONE Oyj
KPMG
Kumho Tire Co. Inc.
Lloyds Banking Group
Louis Dreyfus Company
LyondellBasell
Majid Al Futtaim Holding LLC.
MasterCard
McKinsey & Company Inc.
Mercedes-Benz Group AG
Michelin
Microsoft Corporation
Mitsubishi Corporation
Mondi Group
MSC
National Grid Plc
Natura &Co.
Neste Oyj
Nestlé SA
Nomura Research Institute
Norsk Hydro ASA
Novartis
Nutrien
OCP Group
Olam Agri
Olam Food Ingredients
Panasonic Corporation
PepsiCo Inc.
PETRONAS
Philip Morris International Inc.
Pirelli & C. S.p.A.
Port of Rotterdam
PTT Public Company Limited
PwC
Rabobank Group
Reckitt
Royal Philips N.V.
RSK Group
SABIC
Sage
Santander Group
SAP SE
Sappi Limited
SCG
Schindler Holding SA
Shell plc.
SHV Energy
Siemens AG
Sika Group
Skanska Ab
SLB
Smurfit Kappa Group
SOMPO Holdings, Inc.
Sonae SGPS SA
Sumitomo Chemical Company Ltd.
Sumitomo Forestry Co., Ltd.
Sumitomo Rubber Industries Ltd.
Sweco Sweden AB
Swire Pacific Limited
Swiss Re
SYENSQO
Symrise AG
Syngenta Group
Takeda Pharmaceutical
Target Corporation
Tetra Pak International SA
The Chemours Company
The Goodyear Tire & Rubber Company
The Navigator Company
The VELUX Group
Tomra Systems ASA
Total Energies
Toyo Tire Corporation
Toyota Motor Corporation
Trane Technologies
Unilever
UPL Limited
Urenco
Vale International S.A.
Veolia
VF Corporation
Vinci
Visa Inc.
Viterra
Volkswagen AG
Weyerhaeuser Company
Yara International ASA
Yokogawa Electric Corporation

Resources

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

Reporting landscape

→ Deloitte, WBCSD (2024). Harnessing taxonomies to help deliver sustainable development.
→ ESG Book. The Reporting Exchange.
→ European Commission (2024). EU taxonomy for sustainable activities.
→ International Financial Reporting Standards (IFRS) (2024). Using the SASB Standards to meet the requirements in IFRS S1.
→ International Financial Reporting Standards (IFRS) (2024), Interoperability considerations for GHG emissions when applying GRI standards and ISSB standards.
→ Radley Yeldar (RY) (2024). ESG: An illusion of change. Why the distinction between sustainability and ESG really matters – and what it means for business.
→ Radley Yeldar (RY) (2024). How not to lose your sh*t with ESRS.
→ United Nations Global Compact (UNGC). The Ten Principles.
→ UN Guiding Principles on Human Rights (UN GP) (2017). UN Guiding Principles Reporting Framework with Guidance.
→ United States Securities and Exchange Commission (SEC) rule (2024). Final Rules to Enhance and Standardize Climate-Related Disclosures for Investors.
→ WBCSD. Shaping sustainable finance policy.
→ WBCSD. Implementation Guidance ISSB Standards and ESRS.

Standards and frameworks

→ European Commission (2023). European Sustainability Reporting Standards in full.
→ Global Reporting Initiative (GRI) (2016). GRI Standards.
→ International Integrated Reporting Council (IIRC) (2013). International <IR> Framework.
→ International Sustainability Standards Board (ISSB) (2024). IFRS Sustainability Standards.
→ International Financial Reporting Standards (IFRS) Foundation (2022). Sustainability Accounting Standards Board SASB Conceptual Framework.
→ Task Force on Climate-related Financial Disclosures (TCFD) (2017). Final Report: Recommendations of the TCFD.

SDGs

→ International Organization for Standardization (ISO), United Nations Development Programme (UNDP) (2024). Guidelines for contributing to the United Nations Sustainable Development Goals (SDGs) ISO/UNDP PAS 53002:2024.
→ Global Reporting Initiative (GRI), United Nations Global Compact (UNGC) (2018). Integrating the SDGs Into Corporate Reporting: A Practical Guide.
→ Global Reporting Initiative (GRI), United Nations Principles for Responsible Investment (UNPRI), United Nations Global Compact (UNGC) (2019). In Focus: Addressing Investor Needs in Business Reporting on the SDGs.
→ International Integrated Reporting Council (IIRC) (2017). Aligning the SDGs with corporate strategy for value creation.
→ WBCSD (2017). CEO Guide to the SDGs.
→ WBCSD (2021). SDG Sector Roadmaps: Leveraging the power of collaboration to drive SDG impact.

Materiality

→ European Financial Reporting Advisory Group (EFRAG) (2024). EFRAG IG 1: Materiality assessment implementation guidance.
→ Radley Yeldar (RY) (2022). Double and Dynamic Materiality.
→ WBCSD (2019). ESG Disclosure Handbook.

External environment

→ WBCSD Vision 2050
→ WBCSD (2017). Sustainability and enterprise risk management: The first steps toward integration.
→ WBCSD and Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2018). Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks.
→ WBCSD and Business Commission to Tackle Inequality (BCTI) (2023). Tackling Inequality: An Agenda for Business Action.
→ WBCSD (2024). Building the business Case for Sustainability.
→ WBCSD. Corporate Performance and Accountability (CP&A).
→ WBCSD. Preparer Forum for Sustainability Disclosure (PFSD).
→ WBCSD (2024). Climate financial impact guide.
→ WBCSD (2024). Fostering long-term resilience through a dynamic approach to ESG risk management.

External assurance

→ Accountancy Europe and WBCSD (2018). Responding to assurance needs on non-financial information.
→ WBCSD (2019). Guidance on improving the quality of ESG information for decision-making.
→ WBCSD (2019). A buyer's guide to assurance on non-financial information.

Sustainability governance

→ Association of International Certified Professional Accountants (AICPA & CIMA), WBCSD (2023). Integrated Performance Management Framework.
→ KPMG, WBCSD (2024). Building the business case for sustainability.
→ WBCSD (2019). The state of corporate governance in the era of sustainability risks and opportunities.
→ WBCSD (2018). Insights from the Reporting Exchange: Corporate governance and harmonization.

Targets & commitments

→ Science Based Targets initiative (SBTi) (2020). Foundations for science-based setting in the corporate sector.
→ Science Based Targets Network (SBTN) and Taskforce on Nature-related Financial Disclosure (TNFD) (2023). Guidance for Corporates on Science-Based Targets for Nature.
→ Radley Yeldar (RY) (2018). Sustainability goal setting beyond 2020: How to get it right.
→ WBCSD. The Climate Drive.
→ WBCSD. Roadmaps to Nature Positive.

Greenwashing

→ Radley Yeldar (RY) (2024). Behind the green. A guide to avoid greenwashing.

Effectiveness

→ Radley Yeldar (RY) (2018). How to design sustainability that sells: A new visual language for sustainability.
→ Radley Yeldar (RY) (2021). Words that work. How to deliver effective sustainability communications.
→ Radley Yeldar (RY) (2024). Getting the chemistry right. What science-based brands must do to break through.

Acronyms & abbreviations

<IR>	International Integrated Reporting Framework
BCSD	Business Council for Sustainable Development
BCTI	Business Commission to Tackle Inequality
CEO	chief executive officer
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CSRD	Corporate Sustainability Reporting Directive
DJSI	Dow Jones Sustainability Index
EFRAG	European Financial Reporting Advisory Group
ESRS	European Sustainability Reporting Standards
ESG	environmental, social and governance
EU	European Union
GHG	greenhouse gas
GRI	Global Reporting Initiative
IIRC	International Integrated Reporting Council
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
KPI	key performance indicator
NGO	non-governmental organization
RY	Radley Yeldar
SASB	Sustainability Accounting Standards Board
SBTN	Science Based Targets Network
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals
SMART	specific, measurable, achievable, realistic and time-bound
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UN	United Nations
UNDP	UN Development Programme
UNGC	UN Global Compact
UNGP	UN Guiding Principles on Business and Human Rights
WBCSD	World Business Council for Sustainable Development

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 confidence (compared 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 the highest possible degree of confidence that the company has not materially misstated the subject matter, in line with financial auditing standards.

Glossary (continued)

Case study

→ In the context of a sustainability report, a narrative description (that quantified evidence may support) 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 part of a designated chapter of the combined report.

Design concept

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

Double materiality

→ A process used by organizations to determine the financial materiality (or "inward" impact, i.e., impact on the business) and the impact materiality (or "outward" impact, i.e., the impact a business has on society and the environment) of sustainability-related topics. A topic is material from either an impact materiality or financial materiality perspective, or both.

Dynamic materiality

→ Topics can become more or less material over time. Furthermore, a topic can move from being financially material to impact material and vice versa.

Enterprise risk management

→ The consideration of risk from the overall organizational perspective. With enterprise risk management, a company considers all types of uncertainty 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 environment

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

Megatrends

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

Industry-specific trends

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

Regulatory trends

→ Trends 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, or tied to specific legislation such as Registration, Evaluation, Authorisation and Restriction of Chemicals (REACh), EU Emissions Trading System (ETS), Restriction of Hazardous Substances in Electrical and Electronic Equipment (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 in an organization. Examples include external expert panels, stakeholder forums or working groups, etc.

Global Reporting Initiative (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.

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 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 International Integrated Reporting Council (IIRC) 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.

Glossary (continued)

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:

→ Input indicators: e.g., resources or people characteristics

→ Output indicators: e.g., quantities and efficiency

→ Process indicators: e.g., errors, non-compliances, audits

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 topics 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 the report highlights. 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 most commonly link to 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.

Aspirational target

→ 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 includes searching for and extracting raw materials. For example, sourcing raw materials characterizes the upstream process.

Operations

→ 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 pages in the report.

Acknowledgements

About the Advisory Group

- Act as a sounding board for the content captured in the publication itself.
- Provide strategic guidance and insights beyond the publication.
- Use wider networks and platforms to maximize its value.

The group gathered virtually for four meetings, co-facilitated by WBCSD and Radley Yeldar. Members served on the Advisory Group for one year to ensure consistent input and feedback. We will confirm new members of the group in early 2025.

Advisory Group members are not involved and do not influence the assessments conducted, the data analysis, the publication's findings, the selection of interviewees for the Q&A features, good practice examples and featured top reporters.

Members in 2024: Arçelik (now Beko)[1], CLP Group, dsm-firmenich, EDP, Ingka Group (IKEA Retail), Sumitomo Forestry, Vale International

→ **See more on page 9**

1 As of April 2024, the company is active in the global market under the name Beko.

Project team

WBCSD team

→ **Lead authors**
Giuliana De Rosa
Claire Kruyshaar

→ **Research & analysis**
Miriam Chacko
Asmaa Cherkaoui Wahb
Davide Bomboi
Dimitrios Poulidis
Irini Papaoikonomou
Lakshmi Babu
Sveva Vitelli
Zoi Efthymiadou

→ **Project oversight**
Uta Jungermann

Radley Yeldar team

→ **Sustainability Project Managers**
Kat Campbell
Florence Crabtree

→ **Senior Sustainability Strategists**
Juliette Child
Katie Smart

→ **Sustainability Analyst**
Luke Davies

→ **Graphic Designers**
Steph Wilson
Jamie Gorman

→ **Artworkers**
Sophie McDonald
Tasha Osborne

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