

Sustainability Reporting Tips

- The Good, the Bad, and the Ugly



Customers, investors and NGOs are pushing for information about companies' sustainability performance and it has become a real challenge for companies to respond efficiently and effectively. For multinational companies, it is also a challenge to report information that is based on consistent data from across the organization.

Ideally, reporting on sustainability is integrated into a single-integrated report that communicates every aspect of a company's performance. However, it can be a significant challenge to make sustainability information and reporting more reliable, efficient and effective – for the benefit of both external stakeholders and internal management.

This raises some tough questions that companies, investors, regulators and NGOs will need to find answers to: How can we create an integrated reporting model that communicates what is important in an effective way?

How can we demonstrate the link between a responsible, sustainable approach to business and long-term financial success? How do we decide which are the right key performance indicators for our particular sector? And how do we manage the balance between robust data and the need for a clear understanding of the wider picture?

The following are some simple actions you can take to make sustainability reporting more accessible and effective in communicating performance to the capital markets and other stakeholders:

1. Set the scene

Provide an overview of your business and the market environment in which you

operate to contextualize your reporting for the reader.

2. Live it, breathe it

Clearly describe your sustainability strategy over the short, medium and long term. Demonstrate how this is integrated into your core corporate strategy and permeates throughout your business.

3. What gets measured, gets done

Identify KPIs which are directly relevant to your sustainability strategy. Explain why they are relevant and how they are defined. Set and review your performance against challenging but realistic targets.

4. The good, the bad, and the ugly

Present information in a balanced and transparent fashion. Celebrate success, but also avoid glossing over negative sustainability impacts or poor performance against targets. Explain where and how improvements will be made.

5. Snakes and ladders

Draw out and explain in detail the key strategic risks and opportunities arising from your sustainability agenda. Explain the relevance and implications of each as they relate to your organization and the actions put in place to mitigate risks and maximize opportunities.

6. It's a material world

Demonstrate an understanding of the sustainability issues relevant to you and your key

stakeholders; report only those of material importance.

7. Show me the money

Illustrate how your sustainability strategy has had an impact on the bottom line. Identify and define potential means of maximizing economic benefits going forward.

8. Pay as you go

Explain how directors and staff are incentivized to deliver on the sustainability strategy and the goals set. Ensure that the reader can understand the link between remuneration and actual performance.

9. Ask around

Explain how you engage with principal stakeholders and how this has impacted your sustainability strategy and reporting.

10. Reach out

Use multiple communication channels thoughtfully. Ensure that the medium, content and style are tailored to both the audience and the messages being delivered.

11. Big brother

Explain how the sustainability governance system operates. Identify the board member responsible for sustainability issues, describe the policies that have been implemented and explain how management ensure that these policies are working.

12. Prove it

Ensure the credibility of your reported content, through reference to independent studies, external

benchmarking, expert review panels or conventional assurance. Where assurance is used, the opinion should clearly state the scope of work.

Take sustainability to heart
While corporate responsibility has been overwhelmingly driven by external pressures and expectations, sustainability goes right to the heart of the business model – raising significant questions and challenges for the corporate reporting model.

For major multinational companies, the consequence of this changing model has been a new and unprecedented level of global scrutiny. The NGO community in particular is increasingly media-savvy and increasingly adept at using that expertise to exert both positive and punitive pressure. The carrots have come in the form of high-profile awards and indices for corporate responsibility (CR); the sticks make themselves felt in a degree of external pressure that has seen sector after sector targeted on specific social and environmental practices.

While there are some very important signals that indicate that the market is turning its attention to these challenges, progress is slow. Sustainability objectives still rarely form part of a company's strategic and commercial objectives. And many of the growing number of sustainability reports are quite often just a re-branding of the old-style CR report.



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