



# Sustainability Reporting Essentials for the Senior Management Team

Dec. 15, 2015

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## Sustainability Reporting - Essentials for the Senior Management Team

- Welcome.
- The presentation will begin promptly at noon Eastern.
  
- Audio
  - There is not an option to listen via your computer.
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welcome

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[www.crowehorwath.com/events](http://www.crowehorwath.com/events).

## Housekeeping

- All phones will automatically be muted upon your entrance to the meeting. Please also place your phone on mute if that feature is available to you.
- An email will be sent within 48 hours with a link to a recording of the webinar, presentation handouts, and topic-related thought leadership.
- It is unlikely that we will be able to address all questions during today's live presentation. We are, however, committed to addressing all attendee questions either during or after the live webinar. We encourage all questions or comments to be submitted through the Q&A function at the right side of your screen.



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## Housekeeping (Continued)

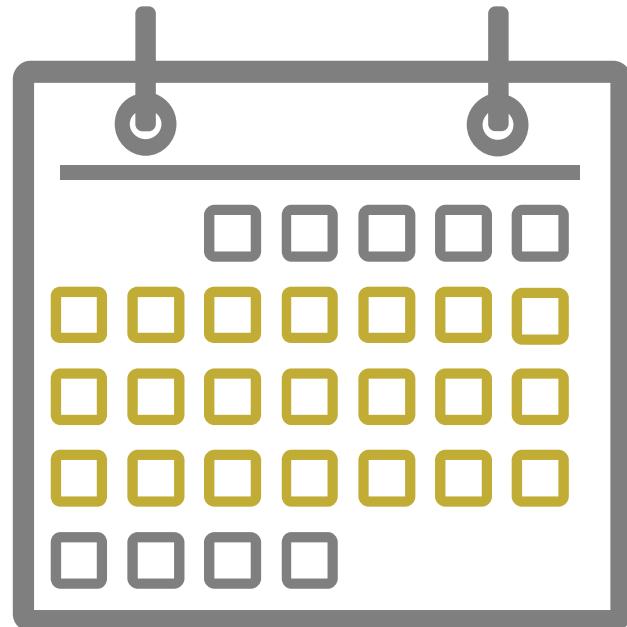
- **CPE credit**
  - Log in individually to the Cisco WebEx session.
  - Complete at least three out of four polling questions.
  - To answer the polling questions, select your response by clicking on the corresponding radio button. You'll have approximately 20-30 seconds to answer each question.
  - Remain online for at least 50 minutes.
  
- **No CPE credit**
  - Join only the conference call.
  - Fail to complete at least three polling questions.
  - View a recording of this session. (CPE credit is awarded only for live sessions.)
  - Remain online for less than 50 minutes.



## Housekeeping (Continued)

Upon completion of this program, you will receive:

- Evaluations
  - Your feedback is important.
- A CPE certificate of completion
  - It will be emailed within 10 business days of your passing this program.





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## Today's Presenters



**Gregg Anderson, Director**  
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Sustainability risk consulting services. Experienced in enterprise risk, compliance, and reporting. Based in Chicago. B.S. in applied science, Miami University.

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Head of global sustainability services with Crowe Horwath International. Experienced in sustainability strategy and reporting internationally. Based in Europe. M.B.A., Warwick Business School, U.K.

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## Agenda

- Understand the current state of sustainability reporting and drivers for sustainability reporting.
- Navigate across different standards applicable to sustainability reporting.
- Understand the implications (business case) for organizations in today's environment.
- Develop a practical action plan, as sustainability continues to mature and drive business strategy, culture and decision making.

# Business Drivers

## Investors

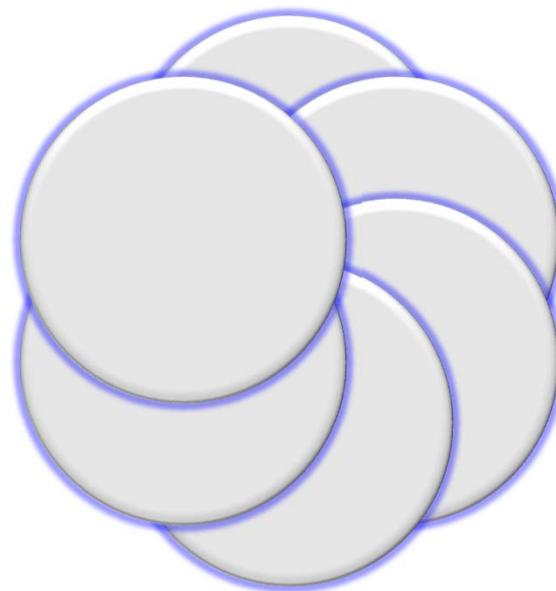
- Performance
- Transparency
- Active Shareowners

## Media and Public

- Accountability
- Transparency
- Security and Trust

## Customers

- Performance
- Transparency
- Security and Trust



## Economies

- Capital
- Cost Containment
- Globalization
- Growth

## Regulators

- New Legislation and Rules
- Heightened Expectations
- Scrutiny
- Transparency

## Employees

- Development
- Security and Trust

## Business Trends



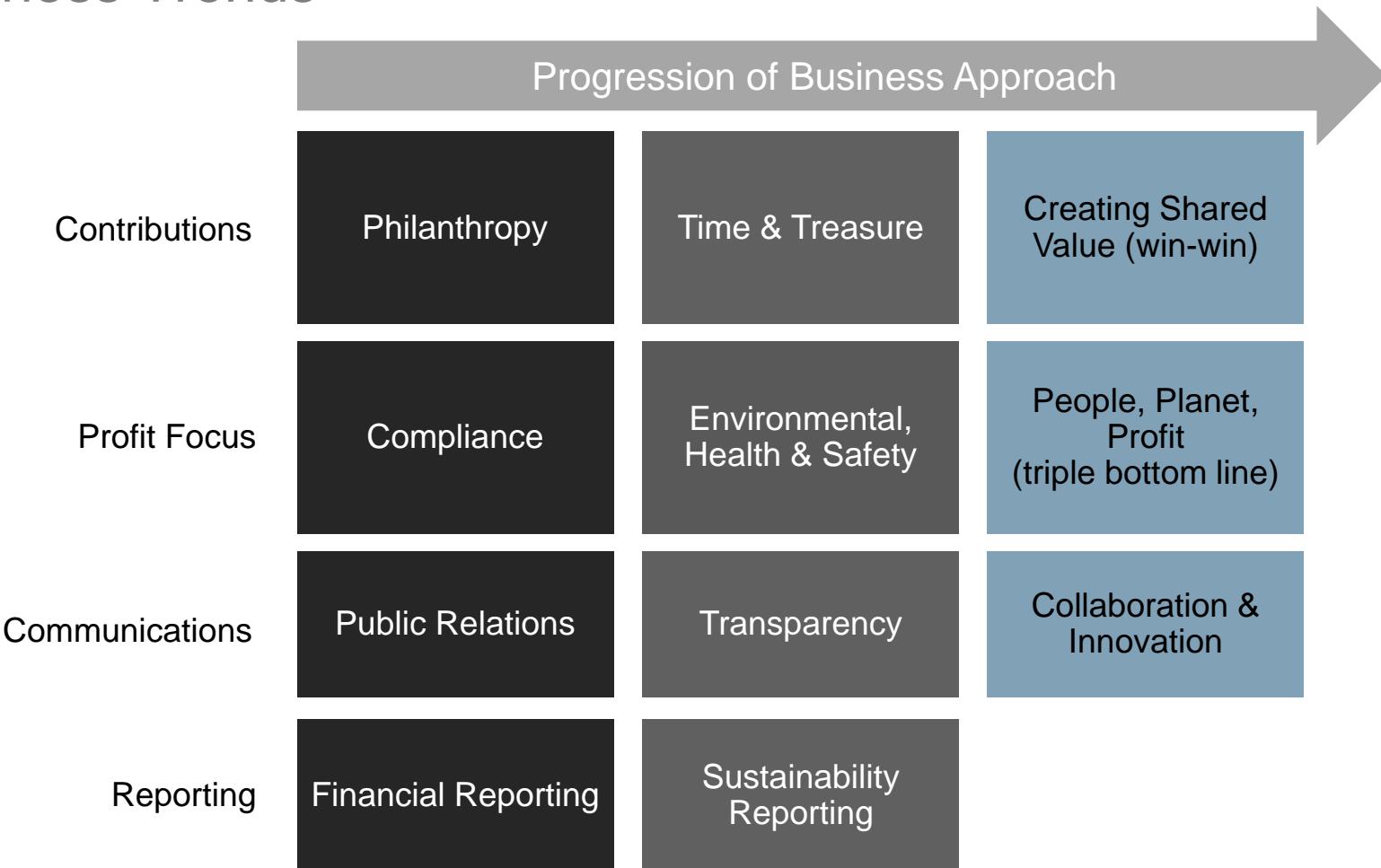
## Business Trends



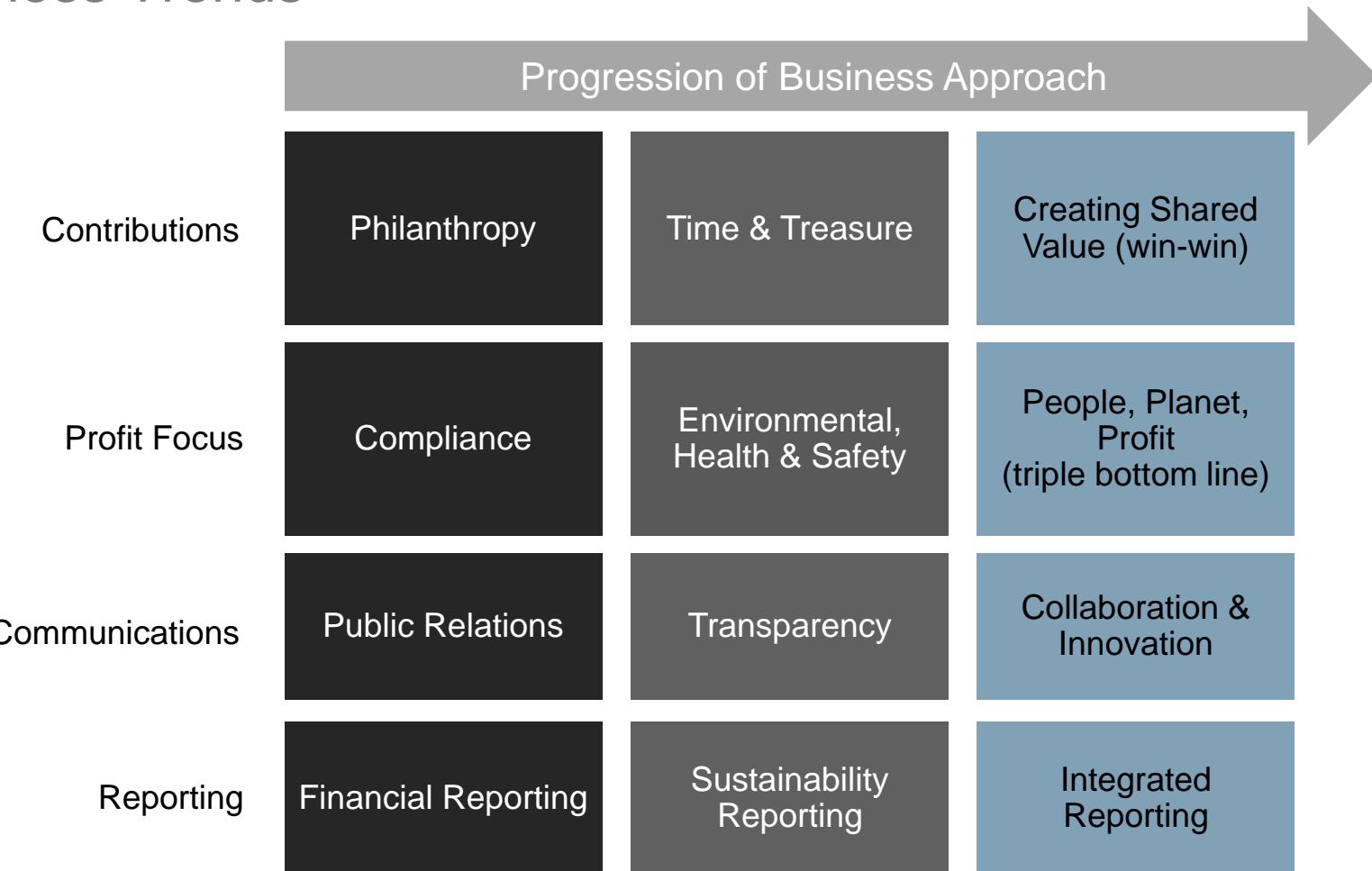
## Business Trends



## Business Trends



## Business Trends



## Business Trends



## Polling Question One

- Does your company produce a sustainability report?
  - a) Yes, integrated as part of our annual report
  - b) Yes, produced annually but separate from our annual report
  - c) Yes, produced every other year
  - d) No
  - e) Don't know/unsure



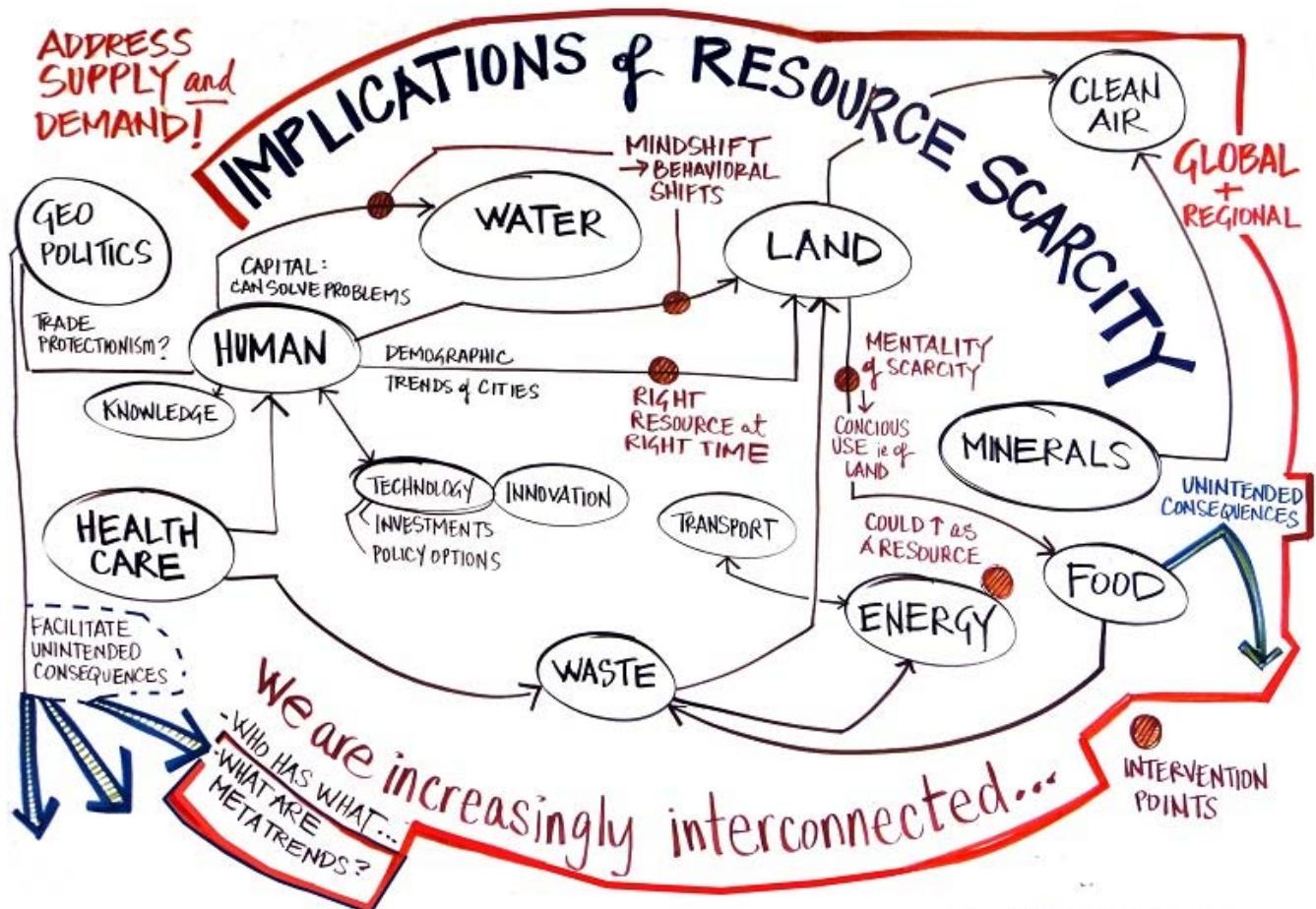
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## Stakeholder Engagement

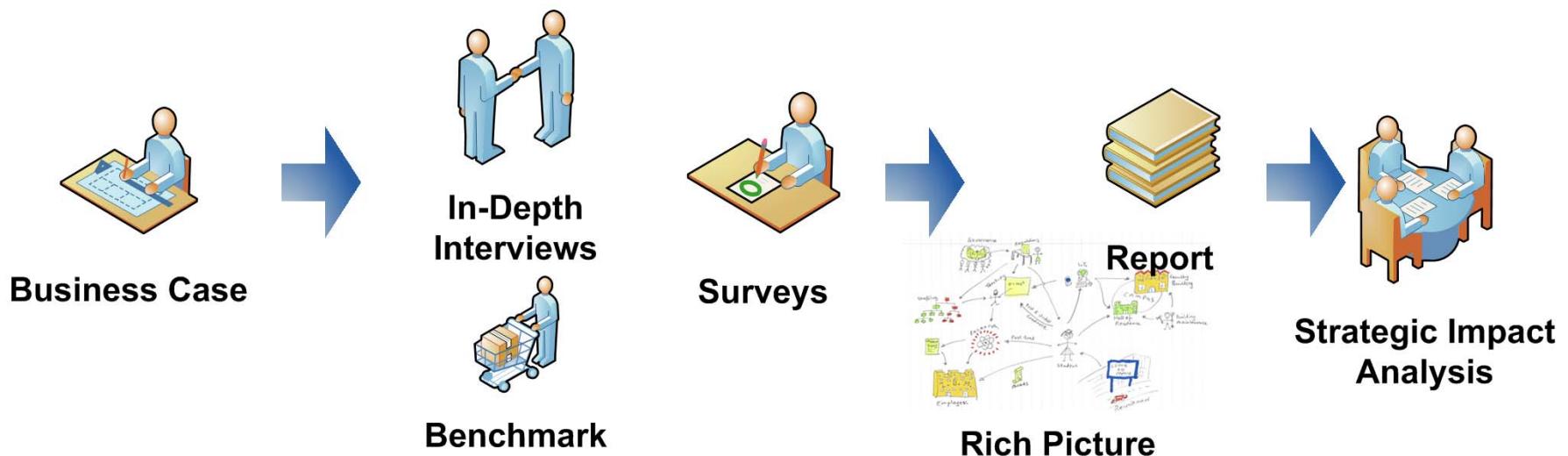
- Strategic Relevance
- Materiality



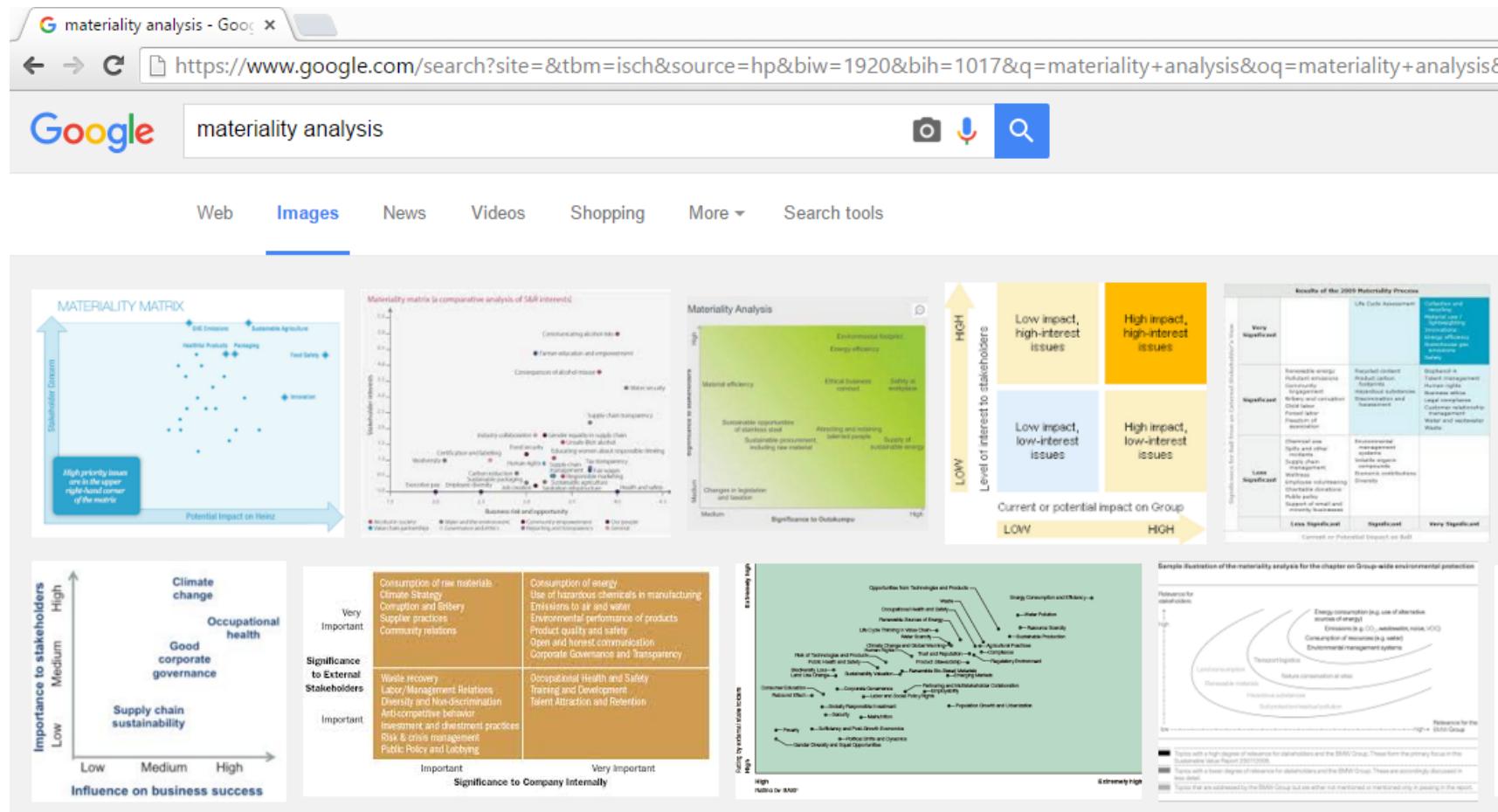
## Stakeholder Engagement



# Stakeholder Engagement



# Stakeholder Engagement



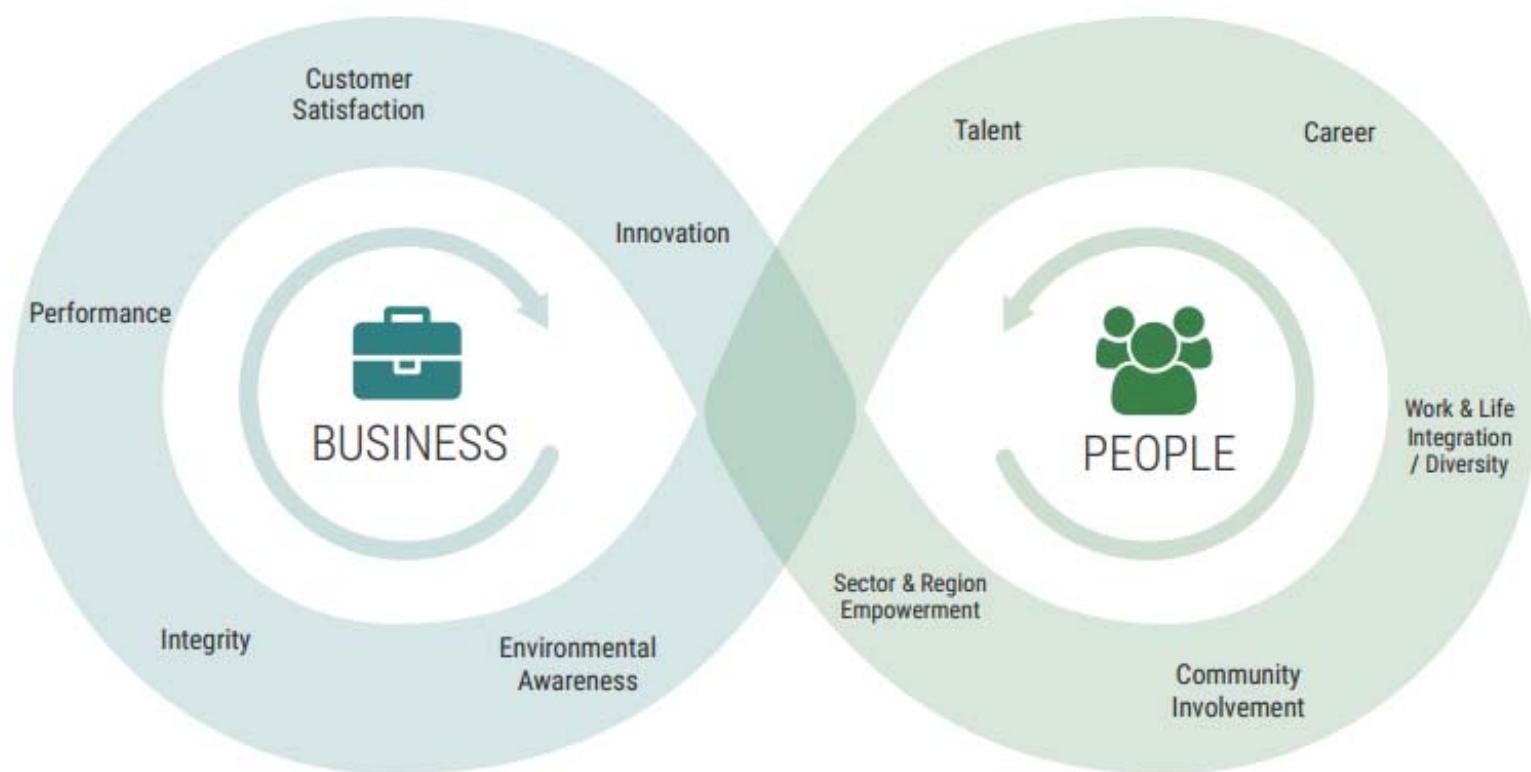
Source: Google

## Stakeholder Engagement



Source: <http://sustainabilityreport.heineken.com/Services/Legal-disclaimer/index.htm>

# Stakeholder Engagement



## Stakeholder Engagement



Source: GRI-G4 Guidelines

## Polling Question Two

- Does your company have mechanisms for systematically identifying, discussing, and collecting stakeholders' views on your company impacts?
  - a) Yes, and they are effective
  - b) Yes, but they are somewhat effective or not effective at all
  - c) No
  - d) Don't know/unsure



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## Standards, Guidelines, and Regulations

- Today's Landscape
- Thoughts of the Future



## Standards and Regulations

- Today's Landscape



## Standards and Regulations

- Thoughts of the future



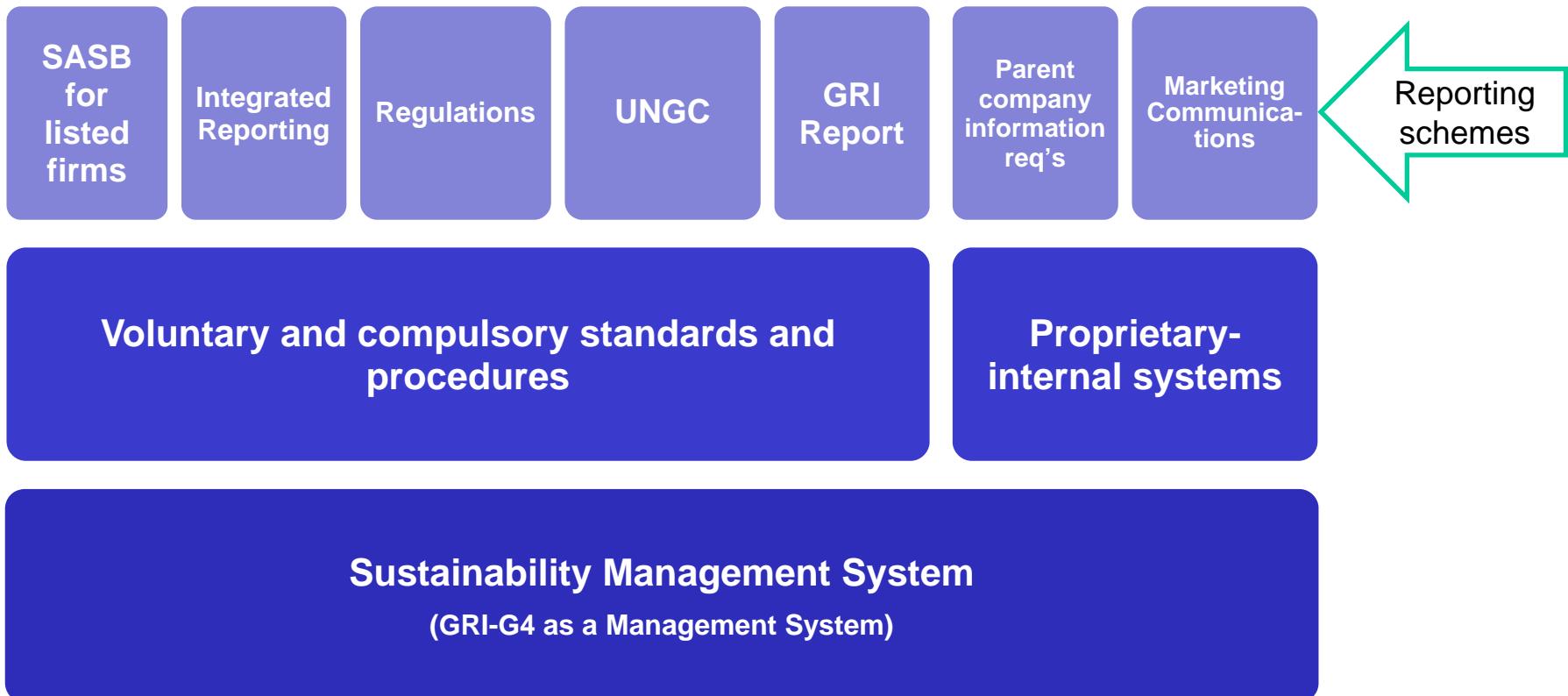
**Voluntary and compulsory standards and procedures**

**Proprietary-internal systems**

**Sustainability Management System**  
**(GRI-G4 as a Management System)**

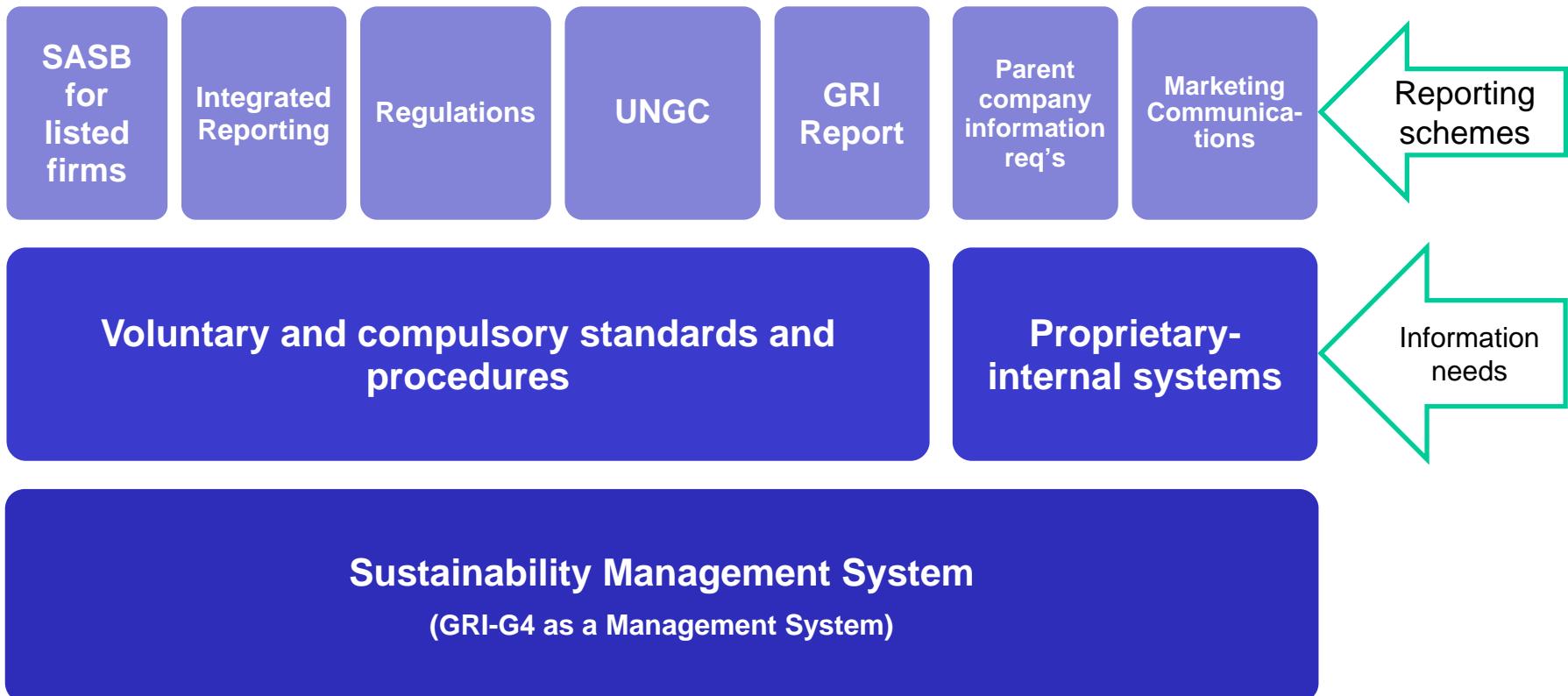
## Standards and Regulations

- Thoughts of the future



## Standards and Regulations

- Thoughts of the future



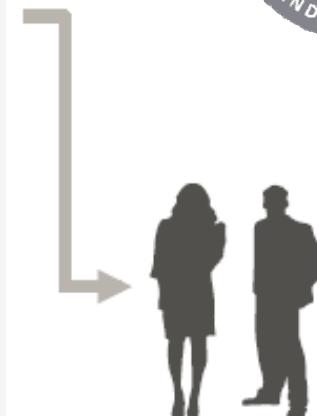
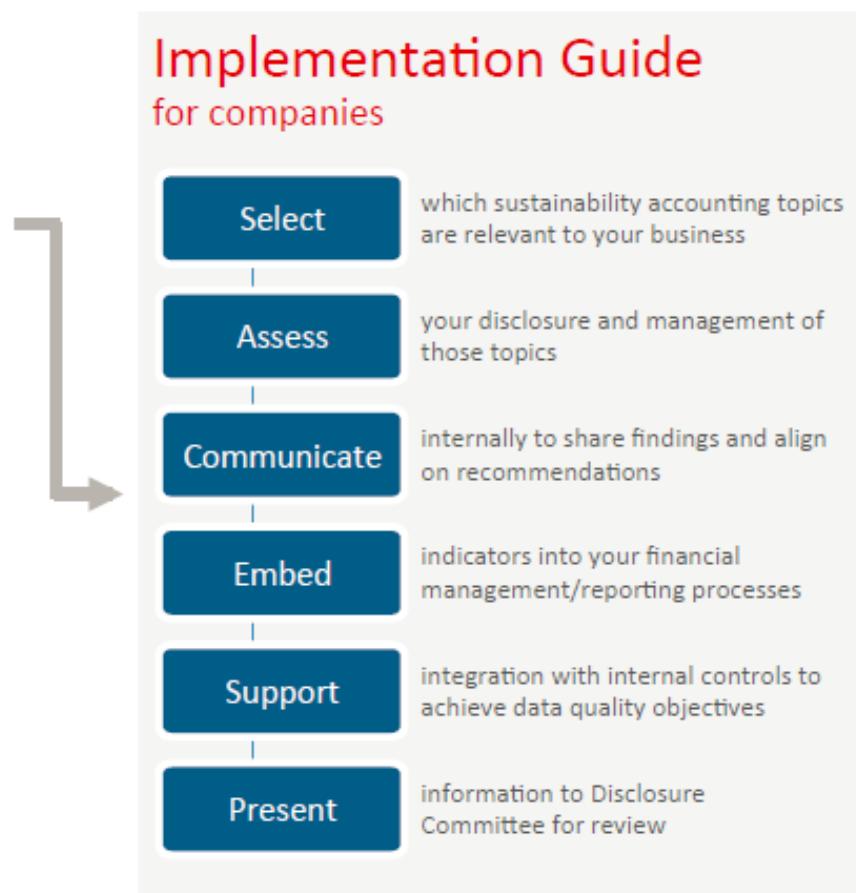
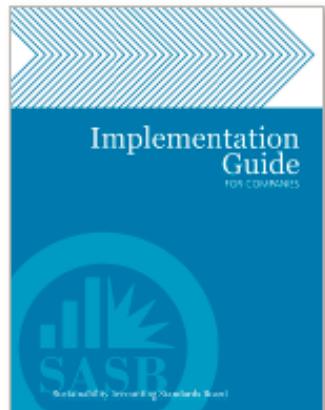
## Standards and Regulations

- Thoughts of the future



## Emerging Standards

SASB has developed guidance for SEC registrants to begin using its standards



*Finance / Accounting  
(primary audience)*

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## Standards and Regulations

- Outcomes of deploying an appropriate management system
- Study by Smith School of Enterprise and the Environment, Oxford University
  - A portfolio containing the “100 best companies to work for in America” yielded an alpha of 2.3 percent above industry benchmarks over the period 1984-2011.
  - Stocks of sustainable companies tend to outperform their less sustainable counterparts by 8.4 percent annually.
  - On active ownership, successful engagements lead to alphas of 7.1 percent in the year following the engagement.
  - A review of papers on sustainability and its relation to financial market performance revealed that of 39 studies, 80 percent found a positive correlation between sustainability and superior market performance.

**The *business case of sustainability is quantifiable.***

## Polling Question Three

- Which stakeholders are the most critical to keep informed on your sustainability efforts? (Select up to two.)
  - a) Investors
  - b) Clients
  - c) Employees
  - d) Suppliers
  - e) Communities
  - f) Government/regulators
  - g) Other
  - h) Unsure/don't know



## Action Items

See that reporting processes include the appropriate controls to provide assurance that information is complete, correct, and presented in the proper context.

**1**

**Know which issues** are material to your stakeholders.

**2**

**Understand the story** conveyed by the company's values, strategy, business model, sustainability goals, and reporting.

**3**

**Verify** that the company's risk management process includes consideration of material nonfinancial risks

**4**

## Action Items

Look for opportunities to synchronize financial and nonfinancial reporting periods and other types of reporting.

**5**

Coordinate your efforts with your supply chain partners and or industry standard setting groups.

**6**

Consider the change management aspects involved in a move to sustainability reporting.

**7**

Identify the corporate support functions that will be involved in the nonfinancial reporting effort, and document the associated roles and responsibilities.

**8**

## Polling Question 4

In the future, my company intends to

- a) Perform a materiality analysis with select stakeholders,
- b) Prepare a sustainability report for the first time,
- c) Simplify our sustainability report,
- d) Integrate our sustainability reporting with our financial reporting,
- e) Engage an independent third party to review our sustainability report and/or processes
- f) None of the Above



Choose all that may apply

# Questions

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