

Webinar: Introduction to Sustainability Reporting

Welcome and thank you for joining. The webinar will start shortly.



Global Compact
Network
Switzerland & Liechtenstein



This webinar is the first part of the GCNSL Sustainability Reporting Training Series, offered by the Global Compact Network Switzerland & Liechtenstein to its members that will take place between March and May 2021.



HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION



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Webinar: Introduction to Sustainability Reporting

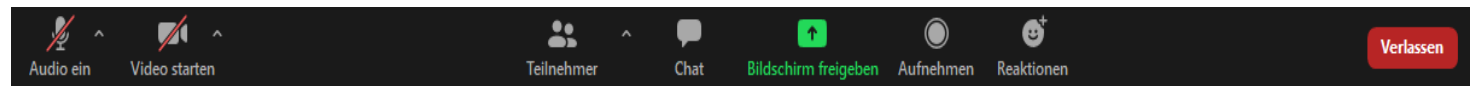
GCNSL Sustainability Reporting Training Series

04.03.2021, 14:00 – 15:30, Online

Webinar: Housekeeping

- This session is being recorded.
- Slides and recording will be made available by GCNSL after the webinar.
- Language: English with the possibility to ask questions in French and German.

*Activate the video before
you make an intervention.*



*Make sure you are muted during the
webinar. Unmute yourself if you wish
to say something.*



*Use the chat function to
type in your questions or
make a comment.*

The Ten Principles of the UN Global Compact

Corporate sustainability starts with a company's value system. By incorporating the Ten Principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

Companies operate responsibly



HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Companies contribute to progress

SUSTAINABLE DEVELOPMENT GOALS



Let's make Global Goals Local Business



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GCNSL Sustainability Reporting Training Series

	1st Webinar: Introduction to Sustainability Reporting	2nd Webinar: Elaborating a Communication on Progress (CoP)	Training: COP and sustainability reporting - development of an individual roadmap
Date & Time	4 March 2021 14:00 – 15:30	30 March 2021 14:00 – 15:30	20 May 2020 13:00 – 17:30
Content	<p>Introducing 4-step approach towards sustainability reporting:</p> <ul style="list-style-type: none"> • Step 1: Identification of material topics • Step 2: Definition of content and chapter structure (report concept) • Step 3: Measurement of variables (KPI) and data acquisition • Step 4: Editing and finalizing the report 	<p>Reporting your non-financial information using the Communication on Progress:</p> <ul style="list-style-type: none"> • The three requirements for a CoP • How to present approaches and measures • Meaningful performance indicators for the topics "Human rights", "Working conditions", "Environmental protection", "Fighting corruption" • Submission of a CoP 	<p>Developing an individual roadmap for your sustainability reporting:</p> <ul style="list-style-type: none"> • Wrap-up: 4-step reporting approach and CoP • Definition of goals and target groups of your report • Strengths and weaknesses of reporting standards • Developing a process for 4-step approach

Contents

1. Starting Point
2. Step by step: Reporting for Beginners
3. Questions & Answers
4. Links to Resources

1. Starting Point

Sustainability Reporting

From "nice-to-have" to "must-have"

A Findings in [KPMG Survey of Sustainability Reporting 2020](#)

- 80% of top 100 companies by revenue in each of 52 countries report on sustainability; 96% among the world 250 largest companies
- Disclosures refer to GRI guidelines or standards: 67% of top 100 companies by revenue, 73% of world 250 largest companies
- Switzerland: 80% of top 100 companies by revenue report on sustainability

Increasing expectations towards transparent reporting of the company`s impact on economy, environment and society and its actions

- Investors are considering environmental, social and governance (ESG) information in their investment strategies and
- Consumers, clients, local communities and civil society organizations that are all expecting greater transparency from business

National and EU regulation oblige to annual non-financial reporting

- Switzerland: Indirect counter-proposal to Responsible Business Initiative; obligation corresponds to the EU legal reporting obligation on non-financial issues
- EU: „EU Non-Financial Reporting Directive (NFRD)” needs to be adapted into national law, e. g. in Germany: CSR-RUG; current revision process of NFRD, including potential definition of reporting standards

National Regulation on Non-Financial Reporting

Indirect counter-proposal to Responsible Business Initiative



Public interest companies and large financial institutions which employ (together with the domestic or foreign companies they control) at least 500 people AND exceed a balance sheet total of CHF 20 million or have a sales revenue of CHF 40 million in two consecutive financial years

1. Business model;
2. Policies on the five focus topics and the applied and performed due diligence
3. Measures taken to implement the policies and evaluation of the effectiveness of these measures;

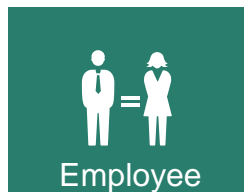
1. A description of
 - i. the main risks and how to deal with risks arising from its own business activities
 - ii. risks arising from the business relationships, products and services (if relevant and reasonable)
2. Key performance indicators for the five key topics



Environmental



Social topics



Employee



Human rights



Anti-corruption

Additional requirements on due diligence and transparency apply for companies that are active in the field of conflict minerals or that offer products or services that have a high risk of child labor in the supply chain.

Exclusion:

- Businesses controlled by a company that is subject to reporting requirements
- Companies that must prepare an equivalent report under foreign law

Expected entry into force:

- Mid-2021 for reporting from FY 2020 onwards (open for a facultative referendum until March 9th, 2021)

National Regulation on Non-Financial Reporting

Indirect counter-proposal to Responsible Business Initiative



- **Highest management or administrative body is obliged** to annually report on non-financial aspects of the company's business activities.
- **Failure to comply** with the obligation to report non-financial information including conflict minerals and child labour, may result in a **fine of up to CHF 100,000**.
- Non-financial report needs to **be approved by the same body responsible for approving the annual accounts** (Annual General Meeting).
- **External audit** is not required, **remains voluntary**.
- A waiver to report on concept and due diligence is permitted, but must be explained "clearly and justifiably" ("**comply or explain**")

Companies may use and **rely on established European or international guidelines** to report:
UN Global Compact, GRI, OECD guidelines, Non-Financial Reporting Directive (NFRD), German Sustainability Code (DNK)

Sustainability Reporting Practice

What is a good sustainability report?

- A sustainability report is a **performance report on the economic, environmental and social impacts** of your business activities **within a concrete time period**.
- Quality characteristics of a good report:
 - **Focus:** The report does not address all sustainability issues but focuses on the issues that are most relevant to the company`s impacts.
 - **Expectations:** It takes into account the thematic expectations of key stakeholders.
 - **Credibility:** It transparently shows how the company deals with economic, ecological and social challenges.
 - **Balance:** It not only highlights the positive aspects, but also indicates challenges and shows where further efforts are needed to make the company and its business` activities more sustainable.

Sustainability Reporting Practice

Various options of reporting

Extended Report



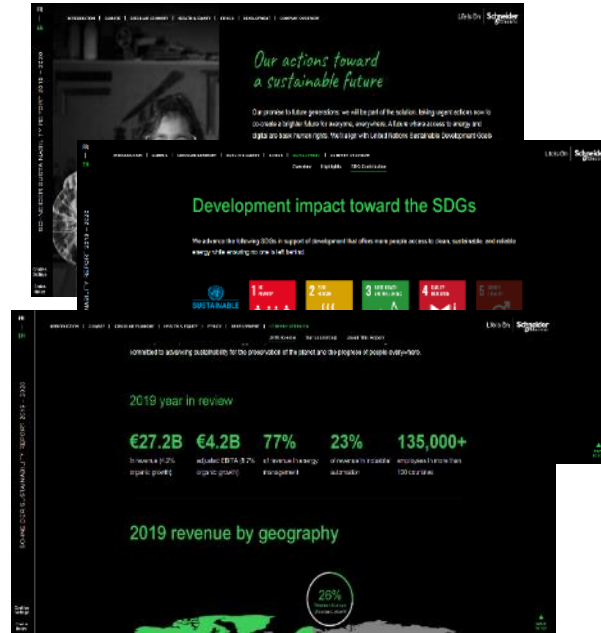
menuandmore:
Nachhaltigkeitsbericht 2017 – 2019

Tabular display

The image shows a tabular display of sustainability data from the 'Nachhaltigkeitsbericht 2019'. It features a table with columns for 'Thema' (Topic), 'Maßnahmen' (Measures), and 'Ergebnisse' (Results). The table lists various sustainability topics and the corresponding measures and results for each.

BLKB:
Nachhaltigkeitsbericht 2019

Online Report



Schneider Electric:
Sustainability Report 2019-2020

Sustainability Report as
part of Annual Report



Vontobel:
Annual Report 2019

Integrated Report



SGS:
2019 Integrated Annual Report

Reporting Standards & normative Sustainability Frameworks

Sustainability reporting



Global ambition



Strategic adaptation



Target setting



Sector initiatives



Ratings



Sustainability index



FTSE4Good



Dow Jones Sustainability Indexes

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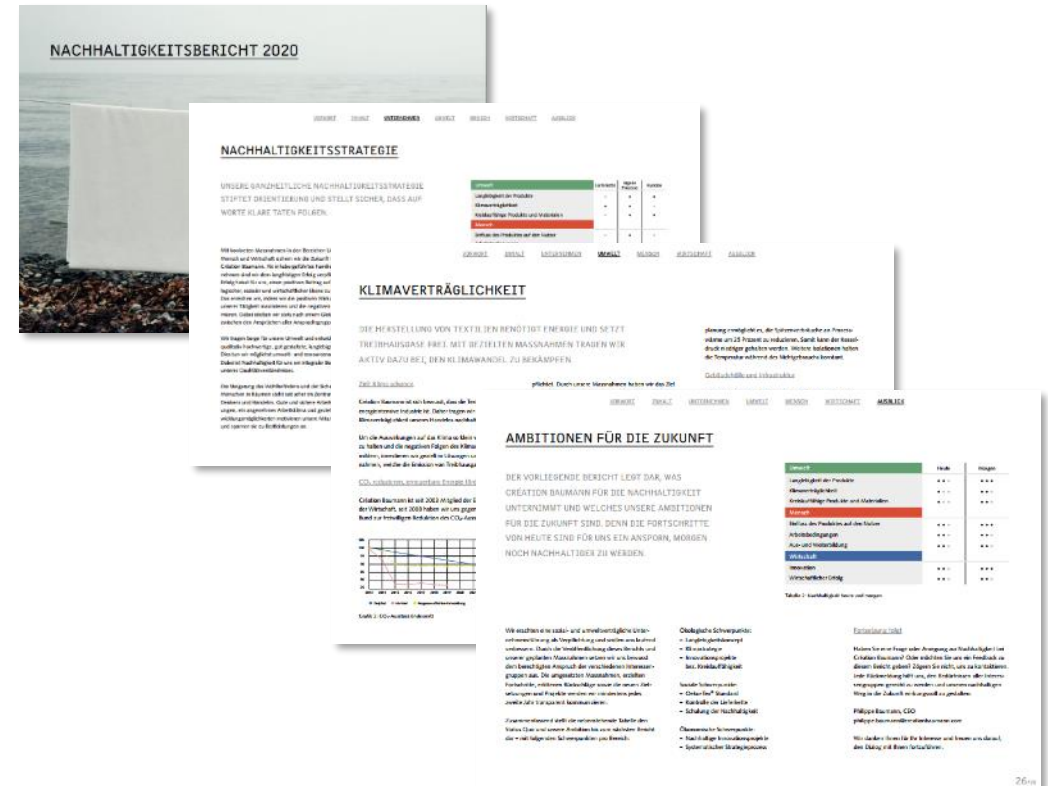
2. Step by step: Reporting for Beginners



Reporting for Beginners Example

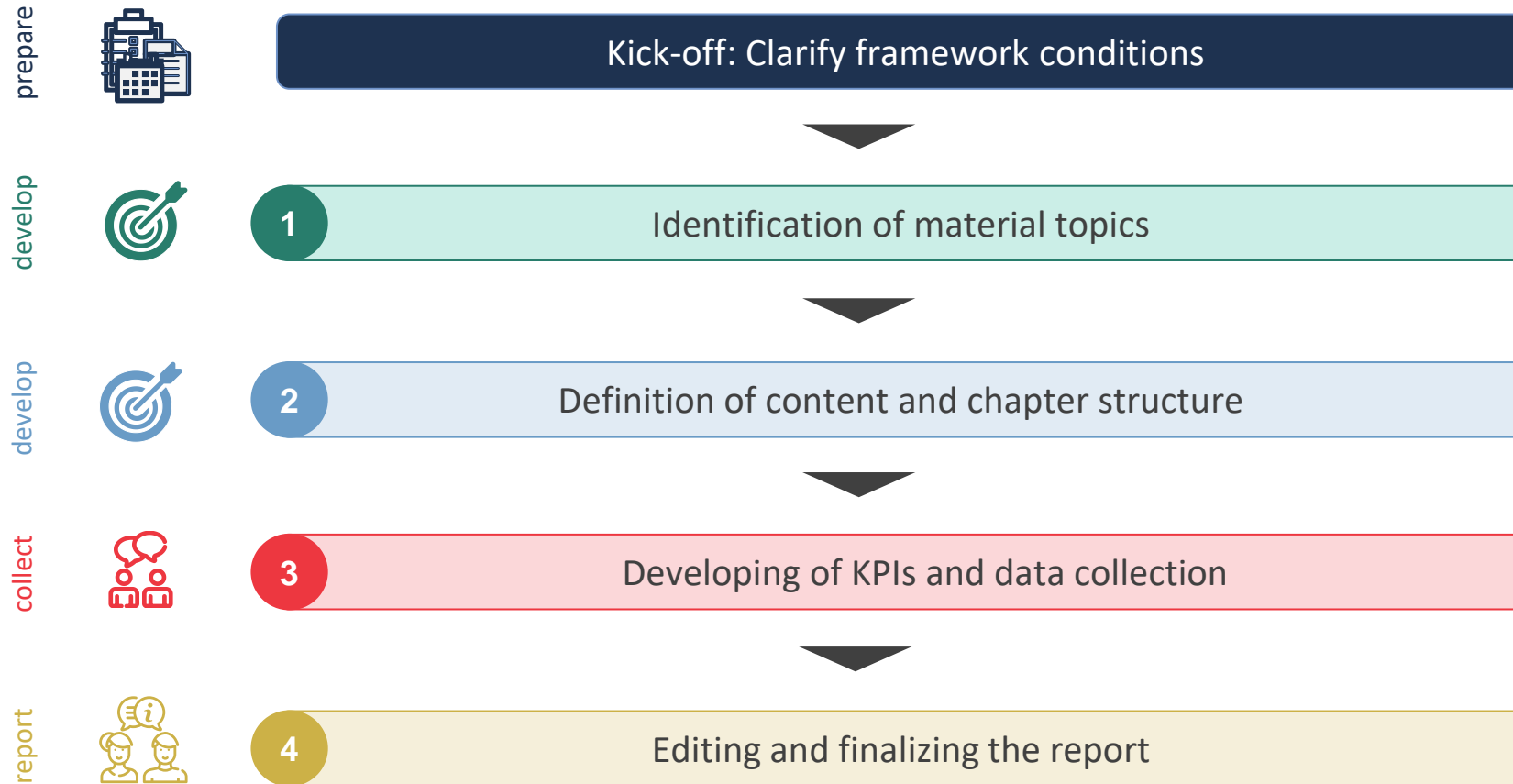
Création Baumann, Sustainability Report 2020

- Timeframe: six months
- Format: Extended Report, PDF
- Pages: 27
- Framework: None; but use of specific reporting principles following GRI
- Structure: Presentation of Sustainability Strategy and most relevant topics based on a systematic analysis
- Layout: Simple layout with colorful accents, images and graphics; reflects the website appearance



Création Baumann: [Nachhaltigkeitsbericht 2020](#)

4-step approach towards Sustainability Reporting



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Reporting Project: Kick-off

Clarify framework conditions

Prerequisite

Your company has already a sustainability strategy or management in place or, at least, is managing and performing sustainability activities.

Starting your reporting project

- Define the project and reporting team, clarify C-Level support
- Create project plan, including time schedule and budget plan

Questions to be considered

- What are the objectives of the report? What is the level of the company's ambition?
- What should be our key messages?
- Who is our target audience?
- Do we like to follow a specific reporting standard?

Tip

Costs, you should consider with respect to project budget for your first report:

- Internal costs
- External costs (depending on your internal preparatory work and on the comprehensiveness of external services)

Potential budget items:

- Internal responsible project manager for 5-8 month with 50% capacity
- Consultancy/ Expert support
- Layout of report
- Print of report
- Proof-reading
- Pictures (e. g. image databases)
- Translation
- Course for sustainability reporting (e. g. GRI training)
- External assurance

When the first report is elaborated, the workload for the next report is highly reduced!

Reporting Project: Kick-off

Clarify report specifications

Decide on technical, content and formal aspects of your report.

Technical	Size	Number of pages
	Publication date	month/ year
	Publication type	<ul style="list-style-type: none"> • Stand-alone PDF • Website • Integrated Report • Chapter in Annual Report
	Publication format	<ul style="list-style-type: none"> • A4 portrait/ landscape • Website with/ without print option
	Layout	<ul style="list-style-type: none"> • Individual layout • Look & feel similar to other reports
	Frequency	<ul style="list-style-type: none"> • Annual • Bi-annual (<i>if report is published voluntarily</i>)

Content	Reporting period	<ul style="list-style-type: none"> • Calendar year • Financial year
	Reporting scope	<ul style="list-style-type: none"> • Country report • Group report
	Languages	<ul style="list-style-type: none"> • One language • Translations
	Language style	<ul style="list-style-type: none"> • Factual language • Emotional language • Direct approach • Simple sentences • Etc.
Formal	Reporting standard	<ul style="list-style-type: none"> • National framework • International framework • none
	Third-party verification	<ul style="list-style-type: none"> • Yes • no
	Approval	Internal reporting line

Step 1: Identification of material topics

What are your company`s material topics?

GRI definition: Material topics are topics, that

- reflects the organization`s significant economic, environmental and social impacts or
- substantively influences the assessments and decisions of stakeholders.

Focus only on a few topics

- Which are the most relevant (=material) topics along your value chain?
- Which sustainability topics do I already cover with my existing activities?
- What plans do I have with respect to sustainability?

Keep in mind

- Don`t prioritize only topics which are easy to measure and/ or you are already excel in; demonstrate open gaps transparently.
- Identified material topics need to be validated over the years for any changes with respect to stakeholder and impact relevance.

Tip

Ask your five most important stakeholders to validate your topic list.

Benefits:

- You receive direct feedback about your strength and weakness from a different point of view; your stakeholder feels valued.
- You can make sure that your report is interesting for your target audience.
- You can demonstrate a credible and balanced picture of your company business activities within your report.

Ways to involve your stakeholders:

- Individual interviews
- (Online) questionnaire
- Roundtables/ workshops (Stakeholder Dialogue)

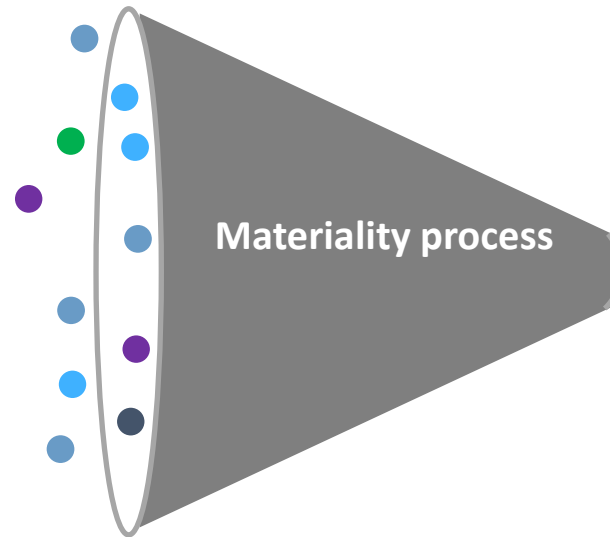
Step 1: Identification of Material Topics

How to identify material topics?

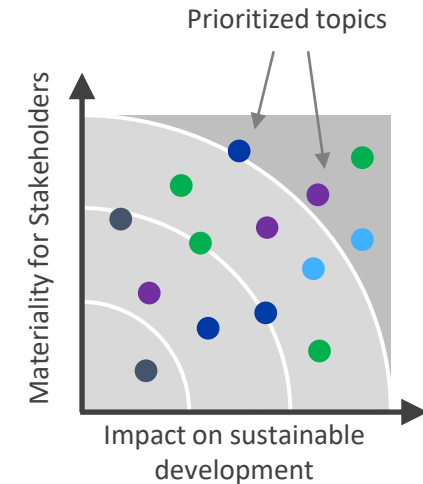
1 Which topics could be relevant? 2 Prioritization from two perspectives 3 Material topics



"Longlist"



1. Importance for internal and external stakeholders
2. Magnitude of Impact



"Shortlist"

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Step 1: Identification of Material Topics

How to assess your company`s impacts?

Purpose of the impact assessment

To prioritize issues, consider the negative and/or positive impacts your company could have on sustainable development.

Possible approach

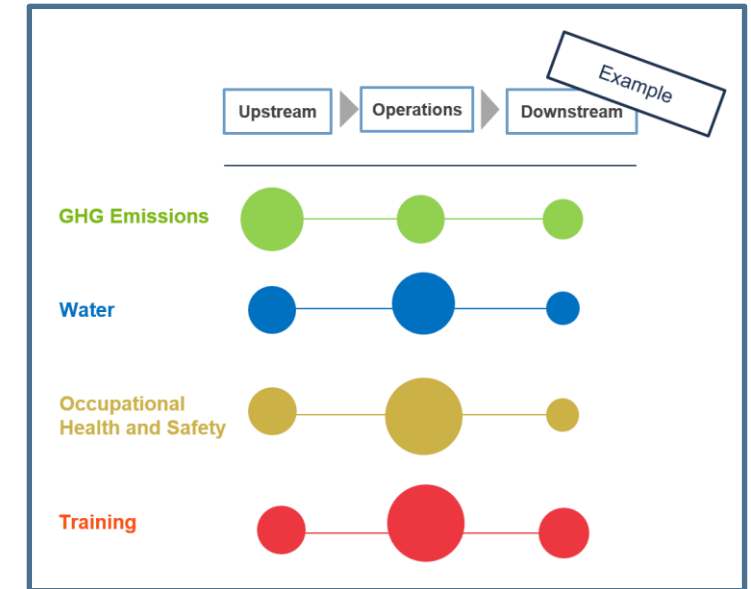
Qualitative assessment based on desk research. The assessment results in a simplified overview of the impacts along your company`s value chain. To start, focus on the most pressing issues covered by the UNGC principles, the SDGs or other references.

Elements and assumptions

Your topics of the longlist should be analyzed covering at least three steps of a simplified value chain.

Focus points

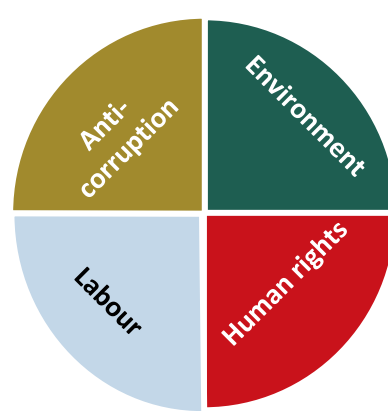
To assess your company`s impacts, you could consider the severity of the impact, the likelihood of occurrence as well as the magnitude of the impact.



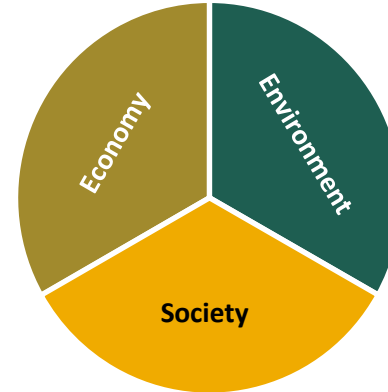
Step 1: Identification of Material Topics

How to cluster material topics?

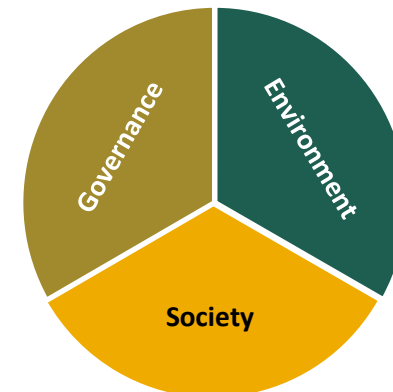
There are different concepts to categorize sustainability issues: e. g. the four areas from the UN Global Compact, triple bottom line or ESG.



Global Compact, RBI/KOVI

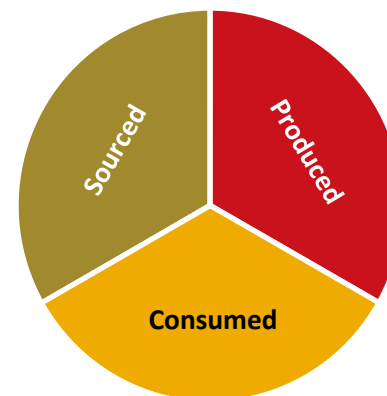
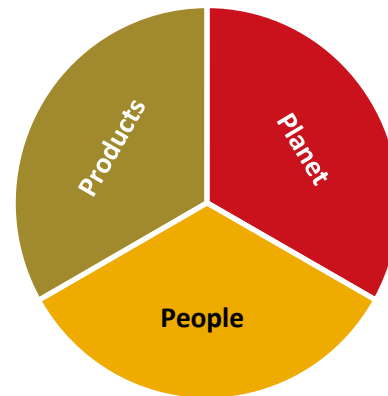
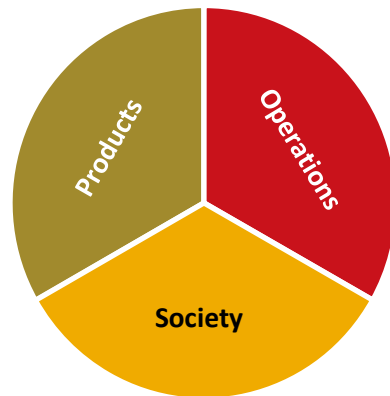


Triple Bottom Line



ESG

Companies may either follow such sustainability concepts or cluster their material sustainability topics along company specific categories.



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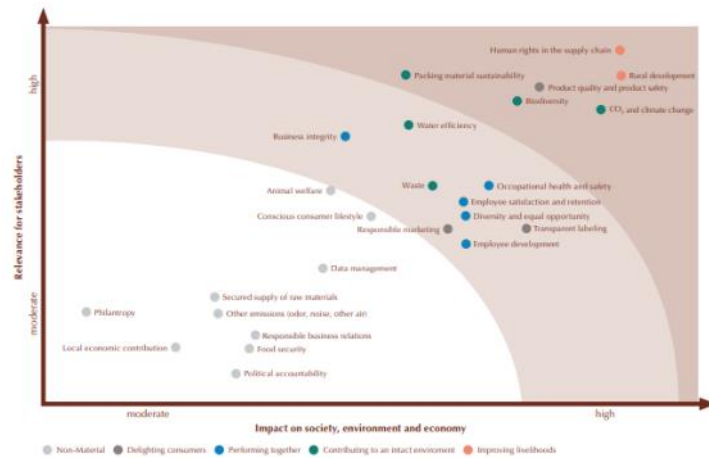
Step 1: Identification of Material Topics

List of potentially relevant sustainability topics (example)

Category	Topic	Subtopics	Category	Topic	Subtopics
Human rights	Basic Human Rights	Access to water, food and housing Land rights	Environment	Climate change	GHG reduction strategy Greenhouse gas emissions Renewable energy Support for climate change related initiatives
Labour	Fair working conditions	Associations and Bargaining agreements Forced and compulsory labour Child labour Employment status Living wage policy		Disposal	Waste Wastewater Recycling (Paper, IT-Products)
	Diversity and inclusion	Non-discrimination Equal opportunity		Water	Water consumption Access to clean water Water discharge Water reuse
	Occupational health and safety	Safe working environment Health Promotion Programs Ergonomics		Biodiversity	Deforestation Restoration Land use Ecosystems and species diversity
	Anti-corruption	Business ethics		Material	Renewable material Reusing/ Recycling of material New products through by-product innovation

Step 1: Identification of Material Topics

How to present material topics within the report?



Lindt & Sprüngli:
Sustainability Report 2019



ORIOR:
Sustainability Report 2019

- 102-47 List of material topics**
Material topics for our reporting:
- Economic performance
 - Indirect economic impacts
 - Materials
 - Energy
 - Emissions
 - Employment
 - Training and education
 - Diversity and equal opportunity
 - Non-discrimination
 - Anti-corruption
 - Product and service labeling
 - Customer privacy
 - Product compliance
 - Product portfolio
 - Active ownership

Vontobel:
Annual Report 2019

Step 2: Definition of content and chapter structure

Conceptual focal points of the report

Define your chapter structure

- Structure your content with respect to your identified material topics

Suggestion for chapter structure

Company portrait	The reader gets a compact overview of the organization, its supply chain and the context in which it operates.
Sustainability context and strategy	This section explains what sustainability means to the company, how it is addressed and how the company's sustainability strategy is embedded into the (global) context of sustainability initiatives.
Material sustainability topics	Communication on approaches, measures taken, and results achieved with regards to the material sustainability topics is the core part of the report. It offers the reader a comprehensive overview of the company's activities regarding sustainability. Readers who are interested only in a specific topic or section easily find their way through the clearly structured chapters.
Data & Facts	A detailed list with all available quantitative data and the respective goals adds to transparency. It addresses primarily expert readers interested in detail.

Step 2: Definition of content and chapter structure

Forms of presentation

Depending on your target audience and your goals for the report, think about

- Different kinds of visualization and/ or
- Different kind of text forms.

A mix of different kinds of visualization and text forms will liven up the report.



Pictures



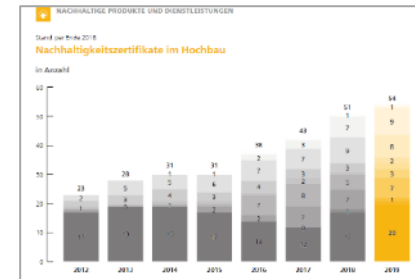
Interviews



Testimonials



Case Studies



Charts



Infographics

Step 3: Measurement of variables (KPI) and data acquisition

Identify data and define indicators (KPIs)

Identify qualitative information and quantitative data in relation to each of your topics

Define KPIs to measure your performance

- Focus on a few but meaningful performance indicators (at least one KPI/material topic)
- KPIs shall be preferably quantitative

Rely on frameworks, that provide KPIs, e.g.:

- GRI, SDG Ambition, FFBB, SASB

Next ambition level

- Connecting defined KPIs with concrete SMART targets
 - to measure your performance and
 - show your expectations towards continuous improvement

Tip

In case it is your first report, and you don't have an existent data basis, set absolute quantitative KPIs, such as:

- Number of local suppliers
- % of green energy use
- Volume of waste in tonnes

When there is data basis available, set relative quantitative KPIs, such as

- Number of local suppliers in comparison with the previous year
- % of green energy use in comparison with the previous year
- Volume of waste in tonnes in comparison with the previous year

Using a **comparative figure** will make your performance more comprehensible.

The same principle applies to the target setting.

Step 3: Measurement of variables (KPI) and data acquisition

KPIs - Example: Chocolats Halba/Sunray

PROCUREMENT

3,179

tonnes of cocoa butter

100%
certified



7,995

tonnes of cocoa beans

98%
certified

In 2018 we purchased 4,469 tonnes of packaging material (2017: 4,106), of which 35% (2017: 28%) was made from recycled materials (paper and cardboard).

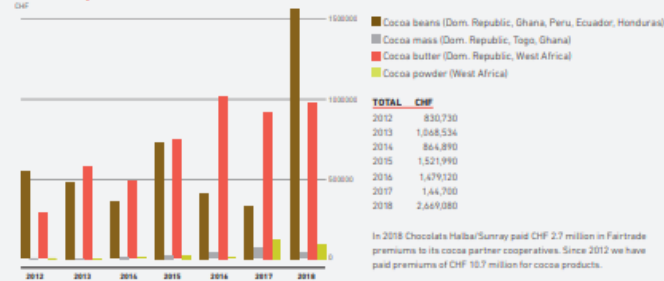


5

PROJECTS FOR SUSTAINABLE MIXED CULTIVATION (AGROFORESTRY)

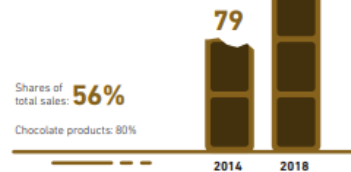
in Ecuador, Ghana, Honduras, Madagascar, Peru

Fairtrade premiums for cocoa



SALES OF SUSTAINABILITY-LABELLED PRODUCTS

in CHF m



Shares of total sales: **56%**

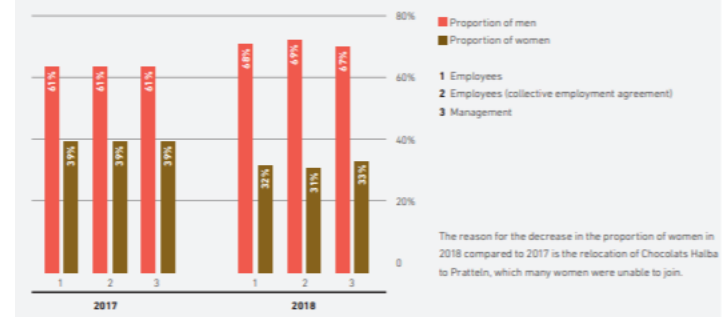
Chocolate products: 80%



84%

SHARE OF RENEWABLE ENERGY IN TOTAL ENERGY CONSUMPTION

Proportion of women 2017/2018



Chocolats Halba/Sunray: [Sustainability Report 2018](#)

Step 3: Measurement of variables (KPI) and data acquisition

Collect data

While identifying data & defining KPIs:

1. Identify the persons who are responsible to provide relevant qualitative and quantitative information and involve them in your KPI definition, data collection and data interpretation process.
2. Identify most relevant activities and processes which are important for the KPI performance.
3. Identify existent data. If no data is available yet, develop instruments to capture data. Consider providing an estimate for your first report.
4. Provide an interpretation of existent data: Why has your performance improved or worsened? How do you judge your performance?
5. If you don't find an explanation, identify how to improve the data collection in the upcoming year to provide a comprehensible explanation.

Tip

Plan the data collection early!

According to our experience, data collection takes a lot of time (depending on the data availability up to 4 months). Start your data collection at an early stage!

Keep in mind

Especially for a first report, the survey instruments often need to be developed or purchased first, before the actual data collection can start.
Consider which data you can collect yourself and for which you need external support.

Step 4: Editing and finalizing the report

Editing your sustainability report

While writing...

- make sure that you use simple language
- avoid technical terms, abbreviations, and jargon that readers may not understand
- provide balanced messages (positive developments as well as challenges)
- focus on developments during reporting period
- use meaningful titles
- think about links to other sources (websites, brochures, reports) to provide further information
- present data as tables or graphs charts (and comment them in the text).

Afterwards...

- have several people proofread the report
- have an independent external review (optional)

Get your internal approval for publishing!

Tip

To make sure that your intention with respect to sustainability performance is clear, we recommend providing the following information for every material topic (also in line with GRI standards):

- Why is the topic relevant with respect to your company's value chain? Which impact does it have? Where do the impacts occur?
- How does the company deal with this specific topic (approach), including responsibilities, guidelines, etc. or what management system and/or measures are in place to manage the topic (e. g. Environmental Management System)?
- Present at least one KPI/ topic.

Step 4: Editing and finalizing the report

Finalizing your report

Publish your report and make it known!

Communication channels to be considered to reach your stakeholders:

- Intranet
- Social media
- Newsletter
- Webinars
- Dedicated website page
- Brochures
- Presentation at events/conferences
- On package/in-store
- Press release

3. Questions & Answers



4. Links to Resources

Additional Information

Database of non-financial reports

- [List of UNGC Participants incl. CoPs](#)
- [Sustainable Disclosure Database of Global Reporting Initiative \(GRI\)](#)
- [Reporting Exchange of World Business Council for Sustainable Development \(WBCSD\)](#)

Sustainability Reporting Standards

- [GRI Standards](#)
- [Sustainability Accounting Standards Board \(SASB\)](#)
- [International Integrated Reporting Council \(IIRC\)](#)

European and international guidelines for the reporting of non-financial information

- [UN Global Compact: Communication on Progress \(CoP\)](#)
- [OECD Guidelines for Multinational Enterprises](#)
- [Non-Financial Reporting Directive \(NFRD\)](#)
- [German Sustainability Code/ Deutscher Nachhaltigkeitskodex \(DNK\)](#)



GCNSL Sustainability Reporting Training Series

2nd Webinar: Elaborating a Communication on Progress (CoP)

Date & time: 30 March 2021, 14:00 – 15:30

Location: Online (Zoom)

Content:

- (1) The three requirements for a CoP
- (2) How to present approaches and measures
- (3) Meaningful performance indicators (including GRI, FFBB, SDG Ambition) for the topics
 - i. Human rights
 - ii. Working conditions
 - iii. Environmental protection
 - iv. Fighting corruption
- (4) Submission of a CoP
- (5) Discussion of open questions

Registration: [Global Compact Network Switzerland & Liechtenstein](#)



GCNSL Sustainability Reporting Training Series

Training: COP and sustainability reporting - development of an individual roadmap

Date & time: 20 May 2021, 13:00 – 17:30

Location: Online (Zoom)

Content:

- (1) Wrap-up: 4-step reporting approach and CoP
- (2) Definition of goals and target groups of your report
- (3) Strengths and weaknesses of reporting standards
- (4) Developing a process for 4-step approach
- (5) Discussion of open questions

Registration: [Global Compact Network Switzerland & Liechtenstein](#)



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