A Starter’s Guide to Sustainability Reporting
Preface

With growing expectations from investors, customers, suppliers, employees and communities, companies are recognizing the importance of being transparent about their sustainability performance and their ability to operate their company in a sustainable manner. Sustainability reporting has grown significantly in the past few years amongst publicly-traded companies in Canada.

What is sustainability reporting? Sustainability reporting refers to reporting on a company’s social, environmental, governance and economic performance as well as communicating the company’s values, priorities and action plans in these four areas and showing how sustainability is linked to the company’s strategy.

A Starter’s Guide to Sustainability Reporting (Guide) has been developed and is a publication from The Chartered Professional Accountants of Canada (CPA Canada). This Guide was approved for development by CPA Canada’s Canadian Performance Reporting Board (CPRB).

This Guide is an excellent starting point for new or early-stage sustainability reporters and is useful for small and mid-sized public companies as well as large corporations. The focus of this Guide is to provide a roadmap on how to get started on your sustainability reporting, the reporting choices available, the process and resources involved, as well as the relevant tools and guidance available.

The CPRB is responsible for providing vision and leadership to the work of CPA Canada in advancing the measurement and reporting of organizational performance, focusing on publicly trading entities. In fulfilling its mandate, the CPRB approved the development of A Starter’s Guide to Sustainability Reporting. The use of disclosure examples within this publication should not be construed as an endorsement or opinion by CPA Canada or the CPRB on the appropriateness of the specific company’s sustainability reporting.
We welcome comments about this guidance. These comments should be sent to the CPA Canada contact noted below.

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CPA Canada is the national organization representing the Chartered Professional Accountant (CPA) profession in Canada. The mission of the CPA Canada is to foster confidence in the CPA profession by acting in the public interest and providing our members with the skills and resources to excel. In support of this mission, CPA Canada’s Canadian Performance Reporting Board (CPRB) advances the relevance and quality of business reporting for Canadian entities. The views expressed in this publication are non-authoritative and have not been endorsed by CPA Canada.
Executive Summary

This Guide provides first time and early stage reporting companies—which may include multi-national corporations and small and medium-sized enterprises (SMEs)—with a variety of helpful resources, step-by-step advice, and practical examples to start them on their sustainability reporting journey. In the context of this Guide, sustainability refers to sustainable development that “meets the needs of the present without compromising the ability of future generations to meet their own needs” and reporting extends beyond the development of a print report, so that companies may consider several ways to inform and engage with stakeholders (e.g., online communication, social media). Sustainability reporting refers to a variety of approaches that organizations can take to communicate their environmental, social, economic and governance-related priorities, programs and performance.

The business case for developing and improving sustainability reporting in many regions and sectors is becoming loud and clear. While growing expectations from clients, customers, investors, communities and other stakeholders are encouraging many companies to report on environmental, social, economic and governance related priorities, risks and performance, a focused sustainability report can do much more than meet these expectations. Proactively reporting on industry issues and recent events, for instance, can improve a company’s reputation and the engagement of its stakeholders in challenging times. Additionally, the process of developing a report can improve a first time or early stage reporting company’s sustainability strategy, objectives and programs.

While the way that a company reports on sustainability may include a diverse combination of print and web-based media, what it reports is becoming more consistent. The Global Reporting Initiative (GRI) has recognized reporting

guidelines, which include principles that are similar to those of the Management’s Discussion and Analysis (MD&A). The GRI Sustainability Reporting Guidelines have been increasingly adopted across industries—by both publicly traded and privately owned companies—to help companies clearly and credibly communicate their sustainability priorities and performance.

A challenge for many first time and early stage reporting companies is in getting their house in order so that they can plan and deliver a reporting process that makes the best use of their time and people, and offers added value to their communication, engagement and strategic priorities. Consequently, a roadmap of key steps, related objectives and practical advice is offered to ensure that companies can have a well-managed approach, by being engaged with colleagues and key stakeholders, focused on high-priority topics, and mindful of how they can improve how they inform and engage.

Effective practices in sustainability reporting from several industries are profiled based on eight areas that focus on what companies are communicating and how they are informing and engaging their stakeholders:

• scope and strategy
• governance and accountability
• stakeholder inclusiveness
• high-priority focus areas
• key performance indicators, performance and impact
• balance and clarity
• credibility
• institutionalization of sustainability reporting

Developing a sustainability report can be challenging for first time and early stage reporters, particularly for companies with a small reporting team and/or high aspirations. The benefits of a phased approach are considered, as a way for companies to avoid over-stretching their resources in the short term, while laying out an achievable plan for meeting their reporting aspirations in the mid-term.

Further support on how to propose, plan, develop and improve sustainability reporting is offered by referring to resources provided by a variety of leading reporting experts and practitioners. However, mastering sustainability reporting will come largely from experience, and by developing a wide-ranging network of fellow reporting practitioners and engaged peers.
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Reporting on your company’s sustainability priorities and performance is now common in the United States, Europe and other parts of the world, including Canada, as virtually all large Canadian companies report on sustainability in some way. Small and medium-sized enterprises (SMEs) in Canada are also reporting on sustainability, often in response to demands for sustainability information coming from investors, consumers and large corporate customers.

Sustainability performance has become a key factor in influencing purchasing and business decisions, and is now recognized as a potential competitive advantage. This has made sustainability reporting an important strategic tool and an essential part of corporate communications.

The process of developing sustainability reporting can improve strategic planning, by enabling companies to be aware of key risks and opportunities, as a result of tracking performance and engaging with key stakeholders, to improve in areas not previously considered as high priority.

Who Reads Sustainability Information?
A company’s social, economic and environmental performance is relevant to diverse groups of stakeholders:

- Consumers review sustainability reports to help choose preferred product and service providers.
- Businesses use sustainability reports to assess potential partners and suppliers.
- Employees look at sustainability reports because they want to be informed about, and engaged in, their company’s sustainability activities.
• Students read sustainability reports to evaluate prospective employers.
• Regulators review sustainability reports to learn more about company and sector issues and performance, while considering the accuracy and validity of company claims.
• Investors and financial analysts use sustainability reports to inform their investment projections and decisions based on an organization’s future risks and opportunities.  

The Business Case for Sustainability Reporting

Pressure to report on sustainability may come from a variety of influential parties including consumers, clients, investors, employees, directors, suppliers and corporations. A SME’s sustainability information is often useful to larger companies (i.e., clients/customers), which are expected to report on their supply chain commitments and performance. SMEs that provide this information are increasingly competitive and statistics show that reporting on sustainability performance is a growing business priority:
• In Canada, disclosure of sustainability issues and performance among the 200 most publicly traded companies grew by 40% between 2011 and 2012, with 122 companies (61%) reporting on sustainability in 2012.  
• The number of S&P 500 companies producing sustainability reports rose from 19% in 2010 to 53% in 2011.  
• 95% of the Fortune Global 250 (multinational) companies currently provide information on their sustainability policies and performance.  
• SME sustainability reports have consistently grown over the last 20 years, with businesses based in Japan, Italy, Spain, Australia and the U.S. leading the pack.  
• New research suggests that companies that publicly disclose their sustainability performance outperform those that don’t.

7 Global Reporting Initiative (online resource), http://bit.ly/12sS1rl
The process of developing a report can significantly improve a first time or early stage reporter’s systems and practices. The report can be the catalyst for ensuring that a reporter’s sustainability program is focused and well managed. As a result, the reporting process can improve how early stage reporters identify high-priority topics (e.g., issues, risks, opportunities), evaluate performance, engage with key stakeholders, and ultimately improve corporate reputation and performance.⁸

**Reporting Trends**

Some of the most significant recent trends in sustainability reporting are:

**Multiple reporting formats**—With few legislative requirements for sustainability reporting, Canadian companies can choose the reporting methodology and format that best suits their business goals. To reach diverse groups of stakeholders, many companies produce their reports using a combination of the following formats:

- full printed report
- online PDF report
- sustainability dedicated microsite
- summary sustainability reports
- site, theme and/or project-specific reports

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For instance, in 2013 New Gold Inc., an intermediary Canadian mining company, produced a printed sustainability summary report and put their full sustainability report on a microsite.9

9 New Gold 2012 Sustainability Report (online resource), http://2012sustainabilityreport.newgold.com
Many businesses still produce a traditional printed sustainability report, but also use social media channels to draw attention to, and get feedback on, their recent reports. Some examples include an infographic report produced by MHPM Project Managers Inc., which could be shared, explained and discussed using social media.10
Using social media platforms also lets companies work with stakeholders who can help them identify risks and uncover new market and partnership opportunities. Because they allow stakeholders to offer feedback without needing to leave their office, home or classroom, these tools may enable the company to engage with broader audiences and gain new insights. For example, TD Bank (@TD_Canada) uses Twitter to engage with customers and gather insights about what matters to them, as well as insights relating to TD Bank’s products, services and brand.

Evolving reporting guidelines—Reporting guidelines, including the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, are evolving towards standardization. Initiatives such as the Mining Association of Canada’s Towards Sustainable Mining program are also representative of this move to a more uniform process and metrics-driven reporting.

Metrics-driven reporting—Sustainability reporting has shifted from telling stories about programs and people, to offering focused performance metrics, targets and data, along with context. This level of detail helps stakeholders identify whether a reporting company is meeting its targets and if its sustainability performance is aligned with its broader strategic vision.
Advanced transparency—Sustainability reporting may not be mandatory, but stakeholder demand for comprehensive disclosure is growing. Consequently, the “report or explain” principle is becoming more common globally. While companies can choose whether or not to report on specific sustainability topics, increasingly there is an expectation that they must explain what information is omitted and why. The goal of “report or explain” transparency is to provide stakeholders with a fuller understanding of the extent of risks and opportunities and the mitigation activities being taken by management.11

Improved data and processes—More attention is being paid to the quality of sustainability reporting data. To bolster stakeholder confidence, companies are increasingly improving their internal audit practices and engaging independent experts to review their reporting. While not mandatory, there is a global trend toward independent validation, with 46% of reports listed on GRI’s Sustainability Disclosure Database indicating the use of external assurance in 2012.12 In Canada, of the 102 companies that reported according to the GRI Guidelines, 40 companies had their report reviewed externally, as indicated by the designation “GRI-Checked” or “Third Party Checked”.13

Chartered professional accountants are becoming more involved—CPAs have a long history and experience in reporting, controls and management systems, which can be useful to organizations as they develop their reporting processes. The role of CPAs is now also expanding to include sustainability reporting. The growing understanding that environmental and social factors can directly impact a company’s financial performance has led CPAs to become more involved in sustainability strategy, programs, performance and disclosure.

Employees are a key stakeholder group—Early sustainability reports were often viewed as a response to a specific event or the result of a CEO’s pioneering vision. Now they are regarded as a broad reflection of a company’s culture. Employees’ ideas and concerns are incorporated into sustainability strategies, and companies that fail to gain buy-in from employees face an uphill battle when trying to put sustainability goals into practice.

Greenhouse gas (GHG) reporting remains relevant—Despite regulatory uncertainty, companies are increasingly reporting on their GHG emissions and related risks and opportunities linked to the anticipated effects of climate change. These disclosures are being made in sustainability reports and through

11 Global Reporting Initiative (2011). Report or Explain
investor-driven initiatives including the Carbon Disclosure Project (CDP). Similarly, there is also a move toward increasing disclosure around water-related issues.

**Prioritizing topics in sustainability**—Influential organizations, including the GRI, are encouraging reporting companies to move away from broad-based “box-ticking” disclosure and toward reporting on areas they have identified as high priorities (i.e., “material”) for their business and key stakeholders. This shift will lead companies to focus and report on areas of greater strategic value.

**Supply chain accountability**—As part of their corporate sustainability programs, large commercial players, including Unilever, McDonald’s and Wal-Mart, are reporting more on their supply chains while requiring suppliers to commit to new standards, guidelines and objectives. Simply put, when sustainability becomes a top priority for your biggest clients and customers, it needs to become a top priority for your business.
CHAPTER 2
Guidelines

There are many guidelines and standards that can be used in sustainability reporting. They include comprehensive, globally recognized approaches like the GRI Sustainability Reporting Guidelines, issue-specific initiatives such as the CDP, and industry-specific guidelines like the Mining Association of Canada’s Towards Sustainable Mining principles and performance elements.

While these guidelines vary with respect to their disclosure requirements, they provide a systematic method for reviewing and reporting on sustainability performance. Reflecting the influence of financial reporting, including the Management’s Discussion and Analysis (MD&A), guidelines such as the GRI recommend (or require) approaches similar to those used for reporting on financial performance.

In order to meet growing expectations for environmental, social and economic performance disclosure, many companies follow more than one guideline to cover all of their sustainability priorities. Most sustainability disclosure guidelines have been designed, or revised, to work with other guidelines in a complementary manner (e.g., GRI, CDP and the United Nations Global Compact).

GRI Reporting Principles
The most widely used guidelines for helping companies measure and report on economic, environmental, social performance and governance were developed by the Global Reporting Initiative, and both the organization and its sustainability reporting guidelines are usually referred to as the “GRI”.

As the globally accepted guidelines for sustainability reporting, the GRI offers principles and disclosures that are widely applied across sectors, industries and regions. The GRI is flexible as it allows for companies to report on a limited
number of high-priority topics (as a “Core” level reporter) or on all aspects (as a “Comprehensive” reporter). This flexibility helps to ensure that the GRI is suitable for businesses of any size.

For more information on how to apply the GRI’s principles and disclosures, refer to the GRI website at www.globalreporting.org/.

Comparing MD&A and GRI Reporting Principles
Though it uses different language and indicators, the GRI is strongly influenced by financial reporting requirements and its central principles are comparable to those found in the MD&A. This may explain why the GRI has been able to establish credibility among corporate sustainability reporters, a growing number of industry analysts and other key audiences.

A Similar Approach
As shown below, several key disclosure principles set out in the MD&A are also reflected in the GRI reporting principles:

1. **Completeness and materiality**—MD&As should be complete, fair and balanced, and provide information that is material to the decision-making needs of users

   The GRI also calls for Completeness and Materiality. In this context, “completeness” requires that companies report on topics that reflect their significant economic, environmental and social impacts and allow stakeholders to adequately assess an organization’s performance over a particular reporting period. In sustainability reporting, “materiality” refers to topics and indicators that represent an organization’s significant economic, environmental and social impacts or that would substantively influence the decisions of stakeholders.

   The GRI **Balance** principle emphasizes that a report should reflect both positive and negative aspects of an organization’s performance, while the GRI principle of **Stakeholder Inclusiveness** requires a reporting organization to identify its stakeholders (which is a broader group than the MD&A’s shareholder focus) and explain how it has responded to their reasonable expectations and interests.

2. **Strategic perspective**—The focus of MD&As should be on management’s strategy for generating value for investors over time
While the GRI principles are not specifically focused on generating monetary value for investors, the principle of **Sustainability Context** urges companies to consider their impact in the wider context of sustainability, while also ensuring that sustainability priorities and performance are understood.

3. **Usefulness**—To be useful, MD&As should be understandable, relevant and comparable

The GRI principles of **Clarity, Reliability, Accuracy, Timeliness** and **Comparability** are intended to ensure that sustainability reports are understandable, relevant and comparable. To be “comparable”, information must be reported consistently and presented in a manner that allows stakeholders to analyze changes in performance over time. GRI reporting by companies within the same sector should also be comparable in terms of levels of disclosure (i.e., similar aspects for similar companies).

4. **Through the eyes of management**—An entity should disclose information in the MD&A that enables readers to view it through the eyes of management.

The GRI does not have a principle that directly matches with the MD&A’s “through the eyes of management” principle. However, applying each of the GRI principles—including those that are additional to the MD&A such as “stakeholder inclusiveness”, “sustainability context” and “materiality”—will ensure focused and strategic reporting.

Sources: CPA Canada and Global Reporting Initiative

**Beyond the GRI**

To provide added legitimacy and credibility, and/or to secure its “license to operate”, your company (and your industry as a whole) may be expected by investors, clients, regulators or other key organizations to comply with additional guidelines. Though not exhaustive, the list below provides a useful sampling of approaches that could suit your company’s reporting needs, either alone or in combination with the GRI.

**Global Initiatives**

**Carbon Disclosure Project (CDP)**—A voluntary initiative in which reporting companies indicate where they believe they either impact or are affected by climate change. Disclosure to the CDP is becoming more common for publicly traded companies seeking support from institutional and public investors. As a result, CDP disclosure may occur in advance of a company’s first sustainability report. The CDP works with thousands of companies around the world to
publicly disclose company reports via its database, offers guidance on how to report to its programs, and encourages similar updates of climate change risk disclosure to suppliers, contractors and other partners.

For more information on CDP reporting visit [www.cdproject.net](http://www.cdproject.net)

**International Integrated Reporting Council (IIRC)**—is composed of a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. The IIRC has developed an integrated reporting framework for preparing an integrated report (IR). Integrated reporting is a communication about how a company’s strategy, governance, performance and prospects, taking into consideration its external environment, lead to the creation of value over the short, medium and long term.

Integrated reporting differs significantly from sustainability reporting and does not replace sustainability reporting. Accordingly, integrated reporting is not covered in this Guide.

For more information on IIRC visit [www.theiirc.org](http://www.theiirc.org)

**Sustainability Accounting Standards Board (SASB)**—A non-profit organization that provides standards for use by publicly-listed corporations in the U.S. when disclosing material sustainability issues for the benefit of investors and the public. These standards are designed for disclosure in annual mandatory filings to the Securities and Exchange Commission (SEC), such as the Form 10-K and 20-F.

For more information on SASB visit [www.sasb.org/](http://www.sasb.org/)

**United Nations Global Compact (UNGC)**—A worldwide network of public and private organizations that advances a broad set of principles on human rights, labour, environmental and anti-corruption issues. The UNGC reporting principles are designed to be easily applied, regardless of company size or operating sector.

For more information on the UNCG and the local network in Canada visit [www.unglobalcompact.org/networksaroundtheworld/local_network_sheet/ca.html](http://www.unglobalcompact.org/networksaroundtheworld/local_network_sheet/ca.html)
Sector-Specific Guidelines
Some business sectors have developed sustainability guidelines to address the unique needs of their industry. Notable examples can be found in the natural resources, chemical and financial sectors, including:

Towards Sustainable Mining (TSM)—Developed principles and reporting elements to help mining companies report on their performance in relation to communities and people, environmental footprint and energy efficiency. Participation in the TSM program is mandatory for all Mining Association of Canada members.

EITI—A global standard that promotes revenue transparency and accountability in the extractive sector.14

Equator Principles—A risk management framework that allows financial institutions to determine, assess and manage social and environmental risks in their projects.15

Responsible Care—A voluntary global initiative launched by the Chemistry Industry Association of Canada to support improved sustainability performance and reporting.

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14 [http://eiti.org/eiti](http://eiti.org/eiti)
Many companies make the mistake of thinking about their sustainability report as just a deliverable, instead of seeing it as a single step in a process that can help a company get its house in order so it can keep moving toward sustainability.
For companies that do not have a focused sustainability program in place, the process of developing a sustainability report can provide the following benefits:

- Foster a company-wide understanding of the “business case” for sustainability.
- Show where sustainability policies, programs and systems can improve.
- Identify the issues that matter most to a business and its stakeholders.
- Guide management to make more effective sustainability investments.
- Add relevance and impact to all sustainability communications.
- Align sustainability performance with bottom line performance.

1. **Connect business strategies and corporate objectives to sustainability**

Stakeholders often use sustainability reports to hold companies accountable to their commitments. Consequently, discrepancies between reported “priorities” and a company’s actual investment in those priorities can put its credibility and reputation at risk. Such misalignment gives the impression that the company’s sustainability program is poorly managed or, worse, not actually aimed at improving performance or contributing to long-term prosperity.

To keep your company’s sustainability priorities and performance aligned:

- **Create a shared vision**: Cultivate organization-wide agreement on your company’s sustainability priorities by showing how they align with stakeholder concerns and how they connect to the bottom line.

- **Share the strategic plan**: Ensure that key managers from across the company take part in developing and reviewing its sustainability plans and performance. This approach builds a shared understanding of both financial and non-financial risks and opportunities, while reducing the potential for internal silos that can hamper a company’s sustainability initiatives.

- **Evaluate priorities**: If your company’s long-term priorities and the budgeted investments in its sustainability programs are not aligned, then it’s time to re-evaluate and identify opportunities for improvement.

Unilever’s Sustainable Living program shows how companies can improve their competitiveness and bottom line performance through a demonstrable commitment to improving social well-being and environmental stewardship.

This example from Unilever’s website shows its ambitious 2020 goals and commitments and a page from the “Reducing Environmental Impact” section in which the company explains how it plans to create value by cutting greenhouse gas emissions.
UNILEVER SUSTAINABLE LIVING PLAN

The Unilever Sustainable Living Plan (USLP) sets out to decouple our growth from our environmental impact, while at the same time increasing our positive social impact.

It has three big goals to achieve by 2020 – to improve health and well-being, reduce environmental impact and source 100% of our agricultural raw materials sustainably and enhance the livelihoods of people across our value chain.

Supporting these goals are seven commitments underpinned by targets spanning our social, environmental and economic performance across the value chain – from the sourcing of raw materials all the way through to the use of our products in the home.¹

In the second year of our Plan, we made steady progress towards our goals. Our USLP is ambitious and we have much more to do. We continue to strive to deliver our stretching goals.

In our 2011 Progress Report we presented our people and workplace targets as a standalone set of targets. In 2012 we incorporated these into our commitments.

REDUCING ENVIRONMENTAL IMPACT

Our greenhouse gas and waste impacts per consumer use have reduced and our water impact per consumer use has remained broadly unchanged.²

3 GREENHOUSE GASES

Halve the greenhouse gas impact of our products across the lifecycle by 2020*
2. **Identify and engage with stakeholders**

Stakeholders are groups or individuals who can affect or be affected by the activities of your business.\(^\text{16}\)

Before deciding what you will report on and how you will report, you need to identify your priority stakeholder audiences, find out what they are most interested in when it comes to your company and then determine the best format (e.g., print, online, in person, etc.) for engaging that interest.

Stakeholder groups may include:
- employees
- customers
- investors and shareholders
- partners/suppliers
- communities
- governments and regulators
- industry associations
- non-governmental organizations (NGOs)
- media

A stakeholder map is a valuable tool for identifying, prioritizing and engaging with key stakeholders. Essentially a graph, it compares the impact of a stakeholder on your company and the impact of your company on the stakeholder, which can help you determine the most important audiences for your reporting. It can also guide you in managing relationships with stakeholders, who can influence your strategy.

Guided by the following chart, which shows how stakeholder groups can be prioritized, a company could identify certain stakeholders who are vocal and interested, but not powerful, and determine that they should be kept “informed”, while other stakeholders, with less interest but greater potential influence, need to be kept “satisfied”. Engaging with “manage closely” stakeholders should be a high priority as this group can have a significant impact on your company.

\(^\text{16}\) [http://lexicon.ft.com/Term?term=stakeholders](http://lexicon.ft.com/Term?term=stakeholders)
3. **Determine the desired degree of sustainability reporting**

Once key stakeholders are identified:

- **Find the best way to communicate with key stakeholders**: Get feedback from employees (e.g. strategy, operations, communications, human resources) and external stakeholders on how they see your company, what is important to them and how they want to receive your reporting. Depending on how important a stakeholder is to your company and what you believe may be the most effective way to engage with them, consider using one or more of the following approaches to gain insights that will enhance your impact and reach: phone interviews, focus groups, surveys and online chat rooms.

- **Scan industry best practices and regulatory landscapes**: Do you know the industry/sector standards, guidelines or expectations for sustainability reporting in your business (e.g., GRI, TSM)? Are you aware of what regulators and other credible organizations are expecting or encouraging in terms of disclosure? Have you identified best practices for sustainability reporting among your industry peers? Knowing these will help determine how well positioned your company is to begin sustainability reporting.

- **Select and prepare**: Following these steps, your company can choose the specific reporting guidelines, key performance indicators, best practices and mandatory disclosures that it will adopt. Be sure to consult with colleagues who will be responsible for implementing
new sustainability initiatives and for collecting your performance
data. This preparation will ensure that your company understands
the investments it needs to make in sustainability reporting.

Planning a Phased Approach
Since most companies have limited budget and capabilities to develop
their sustainability reporting, your company should consider a phased
approach in which it improves its reporting, stage-by-stage, over two
to three years. When thinking about your reporting journey, review your
sustainability goals, and identify changes that may be required in the
reporting process, financial budgets and human resources, in order to
meet those goals.

4. Identify high-priority topics
While “materiality” is a term originating from financial risk analysis, it is
also widely applied to sustainability, as significant changes in a company’s
sustainability performance are likely to have an impact on its overall per-
formance. To avoid confusion, “high-priority topics” is the phrase that will
be used for this section and throughout this Guide.

To identify and prioritize high-priority topics your company should con-
sider applying the following four steps:

- **Establish broad topic areas**: As a starting point, your company should
  broadly consider where it makes an impact—environment, employees,
customers, community. You may refer to more detailed lists (e.g., GRI
standard disclosures) to ensure that specific topics are considered
under each broad area, but take care to ensure that your selections
are relevant.

- **Gauge topics internally**: Engage with staff and executive team members
to evaluate the importance of the shortlisted topics to the future com-
mercial success of your company (rating them as high/medium/low).

- **Gauge topics externally**: Engage with external stakeholders to evalu-
ate the relevance of the shortlisted topics to key stakeholder groups
(rating them as high/medium/low).

- **Prioritize and map topics**: Compare and apply the insights from inter-
nal and external stakeholders, so that you can map the topics that are
of high, medium or low priority to both the company and its key stake-
holders. This map can help identify the topics that must be addressed
in your sustainability report, while lower priority concerns can be dealt
with through other vehicles, like the company website.

† *Consider using one or more of the following tactics to gain valuable
insights: interviews, surveys, focus groups or “town hall” meetings.*
The map below from Mountain Equipment Co-op (MEC) illustrates how topics can be prioritized, and how a mapping exercise can influence the topics that are included in various forms of sustainability communication and reporting:

As noted in Deloitte’s publication *Disclosure of Long-Term Business Value*, managers need to figure out what information is high priority (“material”) both to the business and to its stakeholders by balancing financial outcomes with a multitude of non-financial outcomes measured using a variety of key performance indicators (KPIs) and over varying time horizons. Managers also need to understand how stakeholders view your company’s behavior and what marks the threshold between responsible and irresponsible corporate behaviour.17

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5. **Choose key performance indicators**

After identifying high-priority topics, companies have to be able to measure what they intend to manage. Start by identifying one or more key performance indicators (KPIs) that correspond to each high-priority topic. One way to evaluate a potential KPI is to apply the S.M.A.R.T. approach, by considering whether it meets many or all of the following criteria:18

- **Specific**—addresses a clear and specific aspect rather than a general one
- **Measurable**—offers a criterion for measuring progress and staying on track
- **Attainable**—considers an aspect that is realistic for your company to track
- **Relevant**—addresses an aspect that is a high priority to your company
- **Time-Bound**—provides value by tracking performance over time

While your company may have already identified some KPIs, the GRI can be a useful resource for identifying others. As indicated in the following chart, the GRI has indicators that correspond to standard disclosures linked to economic, environmental and social responsibility.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Standard disclosure example</th>
<th>Indicator (KPI)</th>
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<tbody>
<tr>
<td>Energy Use</td>
<td>EN3—Energy consumption within the organization</td>
<td>Total fuel consumption from non-renewable sources in joules or multiples</td>
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| Waste                  | EN23—Total weight of waste by type and disposal method | Total weight of hazardous and non-hazardous waste, by the following disposal methods:  
• reuse  
• recycling  
• composting  
• recovery, including energy recovery  
• incineration (mass burn)  
• deep well injection  
• landfill  
• on-site storage  
• other (to be specified) |
| Supplier Sustainability| EN32—Supplier screening | Percentage of new suppliers that were screened using environmental criteria |

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For additional examples showing how companies have aligned their KPIs to high-priority topics, and have reported on progress in these areas, see Chapter 4 (Section 5), or review the sector-specific indicators that have been identified as high priority by the Sustainability Accounting Standards Board (SASB) at [www.sasb.org](http://www.sasb.org).

6. **Align with reporting schedules and guidelines**

Annual reports and sustainability reports often contain overlapping information. So, for the sake of efficiency and to ensure that information gets to stakeholders in a timely manner, many companies produce and release their reports simultaneously.

There are benefits with this approach. The sustainability report will likely have increased exposure as the company can share their financial and sustainability reporting at the Annual General Meeting or at other key meetings, to show analysts, investors and employees that its strategy and priorities are aligned, and that all initiatives are geared towards ensuring its long-term prosperity.

There are also risks with this approach. As the reports are often produced by the same core team, this can place significant stress on company resources and potentially compromise the quality of the reporting.

To balance timeliness and resources and to create the right communication piece for the target audience, companies need to approach their sustainability reporting strategically and plan ahead to make sure the right staff will be available at the right time.

7. **Plan and manage the reporting process**

After reporting formats have been selected and reporting team members have been confirmed, work can begin on actually putting the report together. When planning the reporting process, start early in order to secure the availability of key team members and reduce last-minute demands on staff.

- **The kickoff:**
  - The reporting team must meet to confirm roles and responsibilities and establish key steps and timelines.
  - The team should review feedback related to earlier reporting and determine how it can be used to improve this report.
  - Re-assess your company’s internal resources. If they are lacking in any areas, you can plan and budget for additional support where required.
The team needs to agree upon desired outcomes by considering what you want the report to achieve. This obvious but often overlooked step will help ensure that your report meets its strategic objectives.

### Assign responsibility:
- Identify the project manager, the one person responsible for coordinating the people and resources required to produce the report.
- The project manager should communicate the key steps, outcomes, budget and timelines for your report.
- The timeline should include review dates, with realistic turnaround times, for your company’s senior team.
- Management level oversight should be confirmed, so that key executives (e.g., CEO, COO, CFO) and board members are accountable for ensuring that reporting meets company standards and that they understand how they are expected to be involved in the reporting process.

### Improve practices and communication:
- Ensure team members can apply tools to effectively track, evaluate and manage your sustainability reporting.
- Project managers and team members should keep relevant colleagues informed about the overall progress of the project, as well as any changes to the project plan.

### Align with reporting guidelines:
Make sure that project team members are familiar with the guidelines you are using and understand how to apply them.

### Gather meaningful data
Better data will lead to better decisions and performance. While sustainability reporting communicates how it is performing (and intends to perform) in high-priority areas, the process of gathering and analyzing data in these areas not only supports reporting, but also influences how a company decides to invest in improvements to its operations, activities and outreach.

- **Assess internal systems and capabilities:** Your company has systems in place to track and assess its financial performance.
  - Find out whether this system can also be applied to your company’s sustainability performance. (If not, you may have to build or buy a sustainability-focused system.)
Consider integrating your financial and sustainability data—including the KPI data linked to each high-priority topic—to show the relationship between financial performance and sustainability performance.

- **Gather data:** To ensure high-quality data is available on time, make sure that the staff responsible for gathering that data understand your requirements—and any associated data management tools and software—well in advance of all delivery deadlines. Data should be subject to controls to ensure its accuracy and completeness (e.g., supervisory review and approval).

- **Prioritize the data:** Consider reducing the burden on data gatherers by requiring data only for high-priority key performance indicators.

- **Make the data meaningful:** Link sustainability data to your company’s recent plans, programs and performance. This will put that data in context, and make it easier to track and understand changes in performance.

GRI Reporting

“Let’s Report” is a useful template developed by the GRI to help early stage reporting companies understand its standard disclosures and to streamline the reporting process. To view this template visit [http://bit.ly/1543J5v](http://bit.ly/1543J5v).

9. **Evaluate assurance**

To ensure that your company’s information is reliable and to meet the needs of key stakeholders, consider having an internal audit and/or periodic reviews by third party assurance providers.

- **Ensure the reliability of your data:**
  - Examine the capacity and reliability of your company’s quality management systems, including the processes taken to obtain and evaluate data linked to KPIs.
  - If there are gaps in meeting the expectations of clients, investors or other key stakeholders, consider involving external experts, such as chartered professional accountants (CPAs), IT specialists and/or sustainability consultants, to periodically evaluate your systems and data and recommend improvements.

- **Identify mandatory and recommended practices:**
  - Engage with relevant industry associations, legal counsel, CPAs and/or trusted advisors to find out whether your company needs independent assurance and/or verification to report sustainability
data. For example, the Mining Association of Canada’s Towards Sustainable Mining program mandates a third party review of its member companies’ disclosures every three years. The Global Reporting Initiative, however, encourages but does not require independent report assurance.

- **Evaluate reporting assurance providers:** Based on your company’s needs, there are several kinds of external assurance to consider:
  - Data/process assurance: To review diverse performance data—and the processes used to gather and evaluate that data—you may want to involve a CPA, an accounting firm or an accounting-based service provider.
  - Technical assurance: If technical data needs to be reviewed, an engineering firm is well suited to this work.
  - Stakeholder advisory group: While not formally considered assurance, this involves a panel or advisory group, made up of a diverse set of key stakeholders. It complements more formal types of assurance by evaluating the overall “spirit” of a report and can comment on whether high-priority issues are being addressed in a meaningful way.

When evaluating the type of assurance that your company should obtain, consider the following:

- What is required or recommended for companies in your sector, and what is required for companies to report on for specific indicators?
- What are the assurance expectations of your stakeholders (e.g., investors, shareholders, industry associations, major clients)?
- What would you like to achieve from assurance (e.g. improve internal process, ensure data accuracy)?

---

**10. Design and produce reporting that supports your brand**

- **Produce the report:** Once your company determines its reporting type, it can develop the design and layout. Starting early minimizes potential delays, which will help you meet your release deadline.
• **Respect your brand:** Bring communications, public relations and related departments together and make them part of the process to ensure that your sustainability reporting is aligned with your company’s brand.

**Planning a Soft Launch**
Early stage reporters may consider a soft launch to staff and trusted colleagues who can review and comment on the report before it is released to the public. Alternatively, a project plan can include review by select staff in advance of your company’s hard (public) launch.

11. **Promote your reporting**
Plan the promotion of your company’s reporting by working with your communication team to identify how it wishes to communicate to key audiences—what will be the key messages and ‘calls to action’ to gain their attention (e.g. offering product incentives, discussing hot topics, educating on complicated topics).

• **Choose the media:** Emailing or posting a report to key stakeholders from a personal address will often be well received, but consider also variety of options to promote the report to broader audiences:
  o press release
  o social media (e.g. Facebook, Twitter, Pinterest)
  o emailing clients and broader stakeholder groups
  o posting the report on your website and other high-traffic sites
  o partnering with industry associations to promote to members/peers

• **Communicate in a concise and clear manner:**
  o Ensure that your reporting avoids industry or technical jargon so that readers can understand and be engaged in the report.
  o Promote high-priority topics within the report to ensure key audiences are drawn to the content that matters most to them—for instance, the use of bold lettering helps point out topics.
  o Use visual aids, such as graphics, tables or pictures, to help communicate messages.

• **Manage your contacts and approach:** Build a database of key peers, clients, suppliers, investors and other high-priority stakeholders to whom you want to send the report; track their response to your promotional/media methods so you can improve your approach over time.
12. Engage for ongoing improvement

Use your company’s sustainability report to build stronger relationships with stakeholders by actively soliciting their feedback on your company’s sustainability priorities, performance and reporting.

- **Gain meaningful reporting feedback:** Following the release of the report, your company should contact stakeholders to gain constructive feedback (i.e., what’s good and what can be improved). Feedback should be tracked to aid in future report planning.

- **Plan ongoing engagement:** Identify a core group of staff and external stakeholders, and engage with them on a regular basis. Their feedback can help your company evaluate and improve on its priorities, programs and reporting.
CHAPTER 4
Reporting on What Matters Most

To get the most out of your company’s sustainability report, you need to report on what matters most to your company and your stakeholders. A sustainability report that is simply an exercise in “ticking boxes” shows compliance to reporting guidelines but not commitment.

Focusing on what matters most will help you demonstrate how your company’s sustainability performance contributes to meeting its overall strategic goals. This, in turn, will help engage your stakeholders because it makes sustainability a critical part of your company’s identity, rather than just a collection of data points.

The guidance that follows and the accompanying practical examples are provided to help you produce a focused, thorough sustainability report that presents your sustainability priorities, programs and performance in ways that connect with your most important stakeholders.
A Good Starting Point

Even if your company does not report according to the specific indicators developed by the Global Reporting Initiative (GRI), it is worthwhile to consider its broader principles, as described in Chapter 2. They are aimed at improving the content and quality of sustainability reporting—to bring authenticity, transparency and context to readers—and are embedded in the following eight areas:

1. Scope and strategy
2. Governance and accountability
3. Stakeholder inclusiveness
4. High-priority focus areas
5. Key performance indicators, performance and impact
6. Balance and clarity
7. Credibility
8. Institutionalization of sustainability reporting
1. **Scope and strategy**

   *How does your company communicate what it is and what it does, which includes showing its commitment to being environmentally, socially and economically responsible?*

   Provide a clear picture of your company’s operations and activities, and explain how its business strategy incorporates sustainability into its programs, priorities and executive-level decision-making.

   Use pictures, charts and graphs to convey the scope of your company’s operations, activities and geographic presence. Visual aids and testimonials from leadership team members can be used to help present your company’s sustainability programs.

**Reporting Examples:**

a) *Tim Horton’s: Using images to show the scope of its operations and activities, and to indicate where the company wishes to improve*

   ![Image of Tim Hortons sustainability program](image_url)

b) **Diageo: Describing the scope of its operations, its relationships with key players, and how they both impact Diageo’s value chain**

**Value chain**

Living up to our purpose of celebrating life, every day, everywhere means considering every aspect of how our brands are made, marketed, sold and disposed, who they affect and how.

For Diageo, the value chain starts with our suppliers and goes through every aspect of our operations and the way we do business to the way our products are sold and consumed, and the disposal of their packaging.

**Our suppliers**

At the procurement stage, we primarily look at the standards and practices that our principal suppliers are using – such as the agricultural community that produces our main raw materials as well as those producing the other materials and energy we purchase.

**Our operations**

In operational terms we examine the impacts of every aspect of how our products are made, from innovation and branding through to production in our distilleries, wineries and breweries, and beyond that to bottling, packaging and distribution.

**Our customers**

Following this stage, our value chain includes how we sell our products to our customers – such as global retailers, convenience stores, bars, restaurants and in some cases, governments – and how they in turn sell our products to shoppers and consumers.

**Our consumers**

Finally we look at drinking patterns among our consumers themselves and increasingly how they dispose of our products.

The social, economic and environmental impacts that our business and brands have at every stage of this chain vary. Below you can see which areas of our Sustainability & Responsibility Strategy are most relevant to which parts of our value chain.
<table>
<thead>
<tr>
<th>Impacts across Diageo's value chain</th>
<th>Our suppliers</th>
<th>Diageo PLC – our people &amp; operations</th>
<th>Our customers</th>
<th>Our consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohol in society</td>
<td></td>
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<tr>
<td>Responsible marketing and consumer information</td>
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<tr>
<td>Programmes to address alcohol misuse</td>
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<td>Stakeholder dialogue and alcohol policy</td>
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<td>Water and the environment</td>
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<td>Water efficiency</td>
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<td>Water quality</td>
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<td>Carbon reduction</td>
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<td>Waste elimination</td>
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<td>Sustainable packaging</td>
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<tr>
<td>Sustainable agriculture</td>
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<tr>
<td>Other</td>
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<tr>
<td>Socio-economic development</td>
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<tr>
<td>Local wealth creation</td>
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<tr>
<td>Community investment</td>
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<tr>
<td>Advocacy for positive change</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>People</td>
<td></td>
<td></td>
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<tr>
<td>Safety</td>
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<tr>
<td>Health and wellbeing</td>
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<tr>
<td>Diversity and inclusion</td>
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<tr>
<td>Developing talent</td>
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<tr>
<td>Reward and recognition</td>
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<tr>
<td>Other</td>
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<td></td>
</tr>
<tr>
<td>Governance and ethics</td>
<td></td>
<td></td>
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<tr>
<td>Code of Business Conduct and other policies</td>
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<tr>
<td>Partnering with suppliers</td>
<td></td>
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</tbody>
</table>

Source: Diageo Sustainability and Responsibility Report 2012—online reporting
c) Suncor: Articulating a long-term strategy that aligns responsible development with “unlocking its full potential”

Strategy and responsible development

Suncor’s long-term strategy leverages our competitive differentiators and paves the way to unlocking the company’s full potential for our employees, our shareholders and our stakeholders.

Profitably operate and develop our oil sands resources
We are committed to getting the most value from our resources, which include a significant position in the oil sands. Our operational excellence focus is helping unlock the full value of these resources.

Optimize value through integration
From the ground to the gas station, we’re focused on creating value for our shareholders. The integration of our business, both financially and physically, creates the conditions for our success.

Achieve industry-leading unit costs in each business segment
We aim to achieve the highest returns possible from our operations. Our focus is on keeping costs down and increasing reliability. Our integrated operating model also allows us to capture economies of scale.

Industry leader in sustainable development
We are focused on delivering triple bottom line sustainability. That means leadership in:

- environmental performance
- social responsibility
- creating a strong economy

Source: Suncor Report on Sustainability 2013—online reporting
2. **Governance and accountability**

How is your company’s sustainability strategy led, and what policies and structures are in place to ensure organizational accountability when it comes to meeting sustainability objectives?

Show how your company’s senior executives are involved in leading your company’s sustainability programs and key initiatives.

Provide an organization chart, identifying specific individuals and committees, to explain how your sustainability program and specific initiatives are governed; describe where there is accountability for your program’s performance; and clarify how decisions are made to improve the program and your company’s performance.

**Reporting Examples:**

a) *Nike*: Indicating how sustainability responsibilities are accounted for by senior executives, committees and teams across its complex network

Source: Nike Inc. Our Sustainability Strategy—Organization Chart (online report)
http://www.nikeresponsibility.com/report/content/chapter/our-sustainability-strategy
3. **Stakeholder inclusiveness**

How does your company identify the stakeholder groups that will have the greatest impact on its long-term viability? How does it engage with these stakeholders? How does it use their feedback to better understand and anticipate future risks and opportunities?

Identify your company’s key stakeholders and show how they are being engaged. Explain how your company has been addressing its highest priority topics and how this is reflected in its sustainability initiatives.

List your company’s key stakeholder groups, along with each group’s top concerns. Show what your company is doing to engage each group, and explain how it plans to improve on current engagement efforts. Stakeholder testimonials/quotes can be used to add credibility and further engage your audience.
Reporting Examples:

a) Cameco: Showing who its stakeholders are, how they are informed and engaged, and where common approaches can be taken

<table>
<thead>
<tr>
<th>Community investment activities:</th>
<th>Communities</th>
<th>Customers</th>
<th>Employees</th>
<th>Government and regulators</th>
<th>Investors and Analysts</th>
<th>Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations, fundraising participation,</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
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<td>X</td>
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<tr>
<td>local and regional educational initiatives</td>
<td></td>
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<tr>
<td>Volunteer and employee fundraising</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate and community websites:</th>
<th></th>
<th>X</th>
<th>X</th>
<th>X</th>
<th>X</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific contact points for audiences/topics</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Calendars of events and news postings</td>
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</table>

<table>
<thead>
<tr>
<th>In person meetings, presentations and group events:</th>
<th></th>
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<th></th>
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<th>X</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor events, annual meeting, industry speaking engagements</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Community events, public hearings, community forums</td>
<td></td>
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<tr>
<td>Educational events, site tours, recruitment events</td>
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</tbody>
</table>

| Internal newsletter and intranet                       | X           |           |           |                           |                        |       |

| News releases, media interviews, advertising          |             | X         | X         | X                         | X                      | X     |

<table>
<thead>
<tr>
<th>Local presence:</th>
<th>X</th>
<th></th>
<th>X</th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Community representatives, local employees</td>
<td></td>
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</tr>
</tbody>
</table>

Source: Cameco Corporation 2012 Sustainable Development Report (online reporting)
b) **RBC: Sharing how it engages with key stakeholders, which issues have been raised, and what purpose and outcomes it aims to achieve**

<table>
<thead>
<tr>
<th>Stakeholder engagement framework (continued)</th>
<th>How we engage</th>
<th>What we address</th>
<th>Purpose/outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SRI community</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our Corporate Citizenship team engages the SRI community through:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>■ Responses to requests for information from SRI research companies, ratings agencies, analysts and occasionally investors (pension funds and institutions)</td>
<td>Social and environmental performance</td>
<td>To share the views, concerns and perceptions of the SRI community with senior management</td>
<td></td>
</tr>
<tr>
<td>■ Community and sustainability website</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>■ Annual Corporate Responsibility Report and Public Accountability Statements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>■ In 2012, we engaged a sample of investors and analysts to better understand how they use our sustainability reporting, what sustainability issues are important to them, and key sustainability issues that are relevant to our industry.</td>
<td></td>
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<tr>
<td><strong>Suppliers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our Procurement teams engage suppliers on sustainability issues through:</td>
<td>Customer service</td>
<td>To meet our business objectives and sustainability standards in our supply chain</td>
<td></td>
</tr>
<tr>
<td>■ Service-level agreements</td>
<td>Service-delivery standards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>■ Quarterly reports on customer-service and service-delivery standards</td>
<td>Supply chain</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Governments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our Government Relations, Regulatory Affairs and Compliance teams engage governments through:</td>
<td>Financial institutions, financial sector and competition, securities regulation, taxation, industry, internal trade, small business, agriculture, consumer interests, employment and training, environment, and policy</td>
<td>To understand and influence regulation and reform</td>
<td></td>
</tr>
<tr>
<td>■ Ongoing dialogue with regulators and policy-makers</td>
<td></td>
<td>To advance innovation and best practices in financial and regulatory matters</td>
<td></td>
</tr>
<tr>
<td>■ Monthly filing of a communications report, as required by the Lobbyist Registration Act in Canada.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social and environmental NGOs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our Corporate Citizenship team liaises and dialogues with charities, numerous NGOs and think tanks</td>
<td>Environmental issues</td>
<td>To consider current trends in strategy, policy and position development, and in community investment decisions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social issues</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. **High-priority focus areas**

**How does your company present topics that are particularly important to it and its key stakeholders?**

Indicate your company’s high-priority topics (also often called “material issues” by sustainability practitioners), while explaining how these topics were identified and addressed both in your company’s current strategy and programs and in its strategic planning.

Develop a graph or matrix to compare your company’s high-priority topics to those of your key stakeholders. This graph can help to clarify and justify the topics that you are including in your annual sustainability report. See the section on “High-Priority Topics” in Chapter 3 for more information.

**Reporting Examples:**

a) **TD:** Outlining key trends, high-priority (material) topics, how these topics have changed in recent years, and why the topics are important

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**Material Topics**

The process of defining materiality helps TD better understand the range of internal and external issues that influence our Corporate Responsibility Strategy and programs. We use this annual “radar” to track stakeholder interests and concerns and to identify new issues as they emerge.

TD’s priority stakeholders include customers, employees, shareholders/multi-stakeholder and government regulators. Our secondary stakeholders include creditor, suppliers and organizations.

There are many environmental, social, and governance (ESG) topics that demand our attention. But with limited resources, we must prioritize where we can best have an impact.

### Key Focus Areas

- **Employee Engagement**
- **Customer Service**
- **Economic Stability**
- **Environmental Responsibility**
- **Social Responsibility**
- **Operational Excellence**

### TD’s Materiality Matrix

- **High Impact**
  - High Concern
  - Medium Concern
  - Low Concern

- **Medium Impact**
  - High Concern
  - Medium Concern
  - Low Concern

- **Low Impact**
  - High Concern
  - Medium Concern
  - Low Concern

---

**Overview of TD’s Materiality Assessment (PDF)**

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**Materiality Matrix**

<table>
<thead>
<tr>
<th>High Impact</th>
<th>Medium Impact</th>
<th>Low Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Concern</td>
<td>Medium Concern</td>
<td>Low Concern</td>
</tr>
<tr>
<td>Medium Concern</td>
<td>Medium Concern</td>
<td>Low Concern</td>
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<tr>
<td>Low Concern</td>
<td>Low Concern</td>
<td>Low Concern</td>
</tr>
</tbody>
</table>

Increasing current or potential significance to TD
<table>
<thead>
<tr>
<th>MATERIAL TOPIC</th>
<th>WHY IT IS IMPORTANT</th>
<th>MORE INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Service</td>
<td>TD’s ability to deliver on its brand promise of comfortable and convenient banking is core to our business strategy.</td>
<td>Service and Convenience</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Committed to helping</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>Our business strategy is focused on creating an extraordinary workplace to attract and retain great people, providing opportunities for career development.</td>
<td>Why Employee Engagement Matters</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Talent Acquisition</td>
</tr>
<tr>
<td>Responsible Financing</td>
<td>TD is committed to responsible lending and investing practices that consider financial, environmental and social aspects. We have a role to play in financing responsible retraction of traditional energy resources and laying the groundwork for renewable energy development and deployment.</td>
<td>Responsible Financing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emerging Trends</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Responsible Lending</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sustainable Banking</td>
</tr>
<tr>
<td>Diversity and Inclusion</td>
<td>TD operates in many diverse communities and we strive to reflect the communities that we serve. We treat diversity and inclusion as a business imperative.</td>
<td>Building Diversity into TD’s Cultural DNA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Serving Diverse Needs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Advancing Inclusive</td>
</tr>
<tr>
<td>Financial Literacy</td>
<td>As a bank, TD has a particular responsibility to educate consumers about financial products, ensuring that consumers can confidently and comfortably choose the financial products that are best for them.</td>
<td>Taking the Fear Out of Finance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Responsible Sales</td>
</tr>
<tr>
<td>Reducing Our Operational Footprint</td>
<td>With an aggressive growth strategy, there is a continuing need to manage the energy requirements and emissions of our business operations.</td>
<td>TD Friends</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operational footprint</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Case Study: Greening Our Buildings (PDF)</td>
</tr>
<tr>
<td>Community Development</td>
<td>We have an ongoing commitment to the economic and social development of the diverse communities that we serve.</td>
<td>Strengthening Our Communities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Making a Neighborhood</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TD’s Economic Contribution</td>
</tr>
<tr>
<td>Economic Uncertainty</td>
<td>The impacts of the economic downturn continue to affect our stakeholders, with high concern over household debt, job security and sustaining social programs.</td>
<td>TD Helps</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Microfinance</td>
</tr>
<tr>
<td>Executive Compensation</td>
<td>Relating to the loss of trust in the financial industry, we see continued public concern about high executive compensation amounts, especially in the U.S. and U.K.</td>
<td>Compensation</td>
</tr>
<tr>
<td>Accessible Banking</td>
<td>TD provides access to banking services and products through a number of low-cost accounts. It is important to low- and middle-income individuals to have alternative banking options.</td>
<td>Improving Access to Banking</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Low-Cost Banking Options</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>Strong corporate governance is critical to maintain investor confidence that TD has an exemplary code of conduct, ethics and compliance. With recent media attention on ethics and compliance issues across the financial industry, this topic has increased in significance.</td>
<td>Corporate Governance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ethics and Compliance</td>
</tr>
<tr>
<td>Security, Privacy and Fraud</td>
<td>Protecting customer data is a table stakes for all financial institutions. This topic has increased in concern due to increased regulatory focus and high consumer concern about identity theft.</td>
<td>Privacy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Security and Fraud Protection</td>
</tr>
<tr>
<td>Public Policy</td>
<td>We see increased stakeholder concern that a company’s public policy activities match the corporate responsibility with their practices.</td>
<td>Public Policy</td>
</tr>
<tr>
<td>Supply Chain</td>
<td>We work to purchase goods and services from suppliers who demonstrate ethical and environmentally responsible practices. Providing contract opportunities to diverse suppliers is another tangible way that TD supports local economies.</td>
<td>Supply Chain</td>
</tr>
</tbody>
</table>

Source: TD 2012 Corporate Responsibility Report, pages 14-15
### b) Teck: Outlining material topics and what they mean to Teck and its stakeholders

<table>
<thead>
<tr>
<th>Material Topic</th>
<th>What This Means for Teck</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance and Financial Performance</td>
<td>Ensuring sound business practices through good governance, accountability and ethical business practices, including transparency and anti-corruption</td>
</tr>
<tr>
<td>Ensuring Healthy Financial Performance</td>
<td>Ensuring the healthy financial performance of our business by addressing factors such as production, global demand, market volatility and business growth</td>
</tr>
<tr>
<td>Community</td>
<td></td>
</tr>
<tr>
<td>Maximizing Sustainable Benefits for Communities</td>
<td>Creating economic opportunities for communities through local and indigenous procurement and hiring, investing in communities to enhance quality of life, and demonstrating social and environmental benefits for our COIs</td>
</tr>
<tr>
<td>Managing Impacts on Communities</td>
<td>Monitoring and managing impacts and potential impacts on communities in order to maintain our licence to operate</td>
</tr>
<tr>
<td>Understanding and Respecting the Rights of Indigenous Peoples</td>
<td>Seeking collaborative solutions, meaningful consultation and mutually beneficial agreements with Indigenous Peoples in recognition of their unique interests and concerns related to development</td>
</tr>
<tr>
<td>Respecting Human Rights</td>
<td>Respecting and contributing to the realization of human rights for our employees and our COIs</td>
</tr>
<tr>
<td>Creating Opportunities for Meaningful Community Engagement</td>
<td>Creating early, meaningful, consistent and transparent opportunities for COI engagement with our company</td>
</tr>
<tr>
<td>Our People</td>
<td></td>
</tr>
<tr>
<td>Operating with Excellence in Safety</td>
<td>Developing technical programs to continually improve our safety performance, including learning from high-potential incidents</td>
</tr>
<tr>
<td>Building a Culture of Safety</td>
<td>Developing a values-based safety system that fosters commitment to and leadership in safety from every employee</td>
</tr>
<tr>
<td>Planning for Our Current and Future Workforce</td>
<td>Understanding global trends and employee demographics in order to plan for our current and future workforce requirements</td>
</tr>
<tr>
<td>Attracting, Retaining and Developing Talent</td>
<td>Directing our efforts to attract, retain and develop the most qualified people</td>
</tr>
<tr>
<td>Building Positive and Productive Labour and Management Relations</td>
<td>Maintaining positive and productive labour and management relationships</td>
</tr>
<tr>
<td>Water</td>
<td></td>
</tr>
<tr>
<td>Protecting Water Quality</td>
<td>Minimizing the impacts of our activities on water quality</td>
</tr>
<tr>
<td>Minimizing Water Use Intensity</td>
<td>Minimizing the amount of water used (on an intensity basis) to conduct our activities</td>
</tr>
<tr>
<td>Promoting the Fair Use of Water</td>
<td>Ensuring that our activities consider other water users in the watersheds where we operate</td>
</tr>
</tbody>
</table>

Source: Teck 2012 Sustainability Report, page 11

### 5. Key performance indicators, performance and impact

*How does your company measure its sustainability performance? How do you know whether your sustainability performance is advancing, and how it is impacting society, the environment and your bottom line?*

Use key performance indicators (KPIs) corresponding to high-priority topics to show how your company’s performance is improving and whether it is meeting expectations/targets. The number of topics that a company reports on may influence how, or whether, it reports against various guidelines.
Most reporting guidelines are flexible. As explained in the following table, the GRI, for example, gives reporters the option of “Core” disclosure (i.e., reporting on a select number of high-priority topics/aspects) or “Comprehensive” disclosure (reporting on all topics/aspects) in order for them to be in accordance with its guidelines.

<table>
<thead>
<tr>
<th>General Standard Disclosures</th>
<th>‘In accordance’ – Core (This information should be disclosed in all cases)</th>
<th>‘In accordance’ – Comprehensive (This information should be disclosed in all cases)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy and Analysis</td>
<td>G4-1</td>
<td>G4-1, G4-2</td>
</tr>
<tr>
<td>Organizational Profile</td>
<td>G4-3 to G4-16</td>
<td>G4-3 to G4-16</td>
</tr>
<tr>
<td>Identified Material Aspects and Boundaries</td>
<td>G4-17 to G4-23</td>
<td>G4-17 to G4-23</td>
</tr>
<tr>
<td>Stakeholder Engagement</td>
<td>G4-24 to G4-27</td>
<td>G4-24 to G4-27</td>
</tr>
<tr>
<td>Report Profile</td>
<td>G4-28 to G4-33</td>
<td>G4-28 to G4-33</td>
</tr>
<tr>
<td>Governance</td>
<td>G4-34, G4-56</td>
<td>G4-34, G4-55(*)</td>
</tr>
<tr>
<td>Ethics and Integrity</td>
<td>G4-56, G4-57 to G4-58(*)</td>
<td>G4-56, G4-57 to G4-58(*)</td>
</tr>
<tr>
<td>General Standard Disclosures for Sectors</td>
<td>Required, if available for the organization’s sector(*)</td>
<td>Required, if available for the organization’s sector(*)</td>
</tr>
<tr>
<td>Generic Disclosures on Management Approach</td>
<td>For material Aspects only(*)</td>
<td>For material Aspects only(*)</td>
</tr>
<tr>
<td>Indicators</td>
<td>At least one Indicator related to each identified material Aspect(*)</td>
<td>All Indicators related to each identified material Aspect(*)</td>
</tr>
<tr>
<td>Specific Standard Disclosures for Sectors</td>
<td>Required, if available for the organization’s sector and if material(*)</td>
<td>Required, if available for the organization’s sector and if material(*)</td>
</tr>
</tbody>
</table>

Source: GRI (2013) Reporting Principles and Standard Disclosures

Additional reporting indicators that your company may wish to consider, which are sector specific and are largely aligned with the GRI, are those developed by SASB. More information on SASB can be found in the Resource Index.

Explain how KPIs have been chosen, describe a KPI if there is a chance that it may not be widely understood (e.g., TRIR = total recorded incidence rate) and describe how progress in an area has (or will) lead to better business prospects and performance.

Quantitative performance is widely used as it measures sustainability performance, allowing you to compare your company’s performance to its peers or to its own performance in prior years. Qualitative performance can indicate your company’s progress in meeting a specific goal, objective or initiative (e.g., new training provided to staff) and contextualize the “impact” of key initiatives and investments.
Provide charts or graphs to show how performance has changed (i.e., through year-by-year comparison) across your company’s value chain, and whether it is getting closer to meeting its targets. Because members of your audience may have varied interests—big picture versus specifics—consider offering performance information that can be accessed both by topic and as a consolidated file.

*Report Examples:*

a) **Vancity: Providing infographics and context linked to progress toward sustainability targets**

Source: The Vancity Effect—Vancity 2012 Annual Report, page 25
b) Hemlock Printers: Offering infographics and supporting data linked to a competitive advantage—the demographic and tenure of its staff

Source: Hemlock Printers, Sustainability Report 2012, page 10
c) Loblaw Companies Limited: Offering detailed targets and achievements along with colour coded symbols indicating whether adequate progress was achieved

<table>
<thead>
<tr>
<th>Targets and Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESPECT THE ENVIRONMENT</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TARGETS</th>
<th>ACHIEVEMENTS</th>
<th>PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WASTE REDUCTION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce waste from corporate stores in each region by an additional 5% relative to 2011 results: Atlantic, 72%; Quebec, 62%; Ontario, 72%; West, 53%.</td>
<td>Diverted corporate store-generated waste as follows: Atlantic, 68%; Quebec, 60%; Ontario, 74%; West, 54%.</td>
<td></td>
</tr>
<tr>
<td>Achieve an average of 80% waste diversion from landfill at distribution centres.</td>
<td>Diverted 81% of distribution centre-generated waste nationally.</td>
<td></td>
</tr>
<tr>
<td>Achieve an average of 80% waste diversion from landfill at store support centres.</td>
<td>Diverted 76% of store support centre-generated waste nationally.</td>
<td></td>
</tr>
<tr>
<td>Expand organic waste diversion in two additional distribution centres.</td>
<td>Expanded organic waste diversion programs in eight distribution centres.</td>
<td></td>
</tr>
<tr>
<td>Increase the use of Reusable Plastic Containers (RPC), used for shipping, to 19 million cases.</td>
<td>Increased the use of Reusable Plastic Containers (RPCs) to 14.8 million cases. We did not achieve our target; however, we have quadrupled the use of RPCs since 2011.</td>
<td></td>
</tr>
<tr>
<td>Divert 900,000 pounds of plastic plant pots and flats from landfill, to bring total to 5 million pounds diverted since inception of our national recycling program in 2008.</td>
<td>Diverted approximately 1,135,000 pounds of plastic plant pots and flats from landfill in 2012, bringing our total to 5,235,000 pounds of plastic plant pots and flats diverted from landfill since the inception of our national recycling program in 2008.</td>
<td></td>
</tr>
<tr>
<td>Roll out e-stubs (paperless paystubs) for colleagues at corporate stores and distribution centres.</td>
<td>Program rolled out to all colleagues and franchisees nationally, eliminating the need to mail approximately 1,395,000 paper paystubs annually.</td>
<td></td>
</tr>
<tr>
<td><strong>FOOD WASTE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monitor and assess perishable food waste in corporate stores and distribution centres.</td>
<td>Collaborated with industry associations in Canada and the U.S.A. to launch initiatives to reduce food waste in both our supply chain and corporate stores. Targets will be developed in 2013.</td>
<td></td>
</tr>
<tr>
<td>Pilot a perishable food diversion program in partnership with food recovery programs.</td>
<td>Program in place where select corporate stores in the Greater Toronto Area are partnered with Second Harvest to donate fresh perishable food items.</td>
<td></td>
</tr>
<tr>
<td>Work closely with the Loblaw Chair in Sustainable Food Production, Dr. Ralph Martin, at the University of Guelph to identify and develop knowledge about key issues/trends around food sustainability.</td>
<td>The Chair is focused on sustainable food production in Canada. Research areas include reducing food waste, energy use, and greenhouse gas emissions in agriculture.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Loblaw Companies Limited, 2012 Corporate Social Responsibility Report—online reporting
6. **Balance and clarity**

   How clearly does your company communicate its sustainability priorities, plans and performance? Does it provide a well-rounded picture of its successes, challenges, risks and opportunities?

   Show your stakeholders how a focused and effective sustainability program will improve your overall future direction (i.e., improving bottom line, reducing risks, increasing competitiveness), so that there is a strong link between sustainability and corporate strategy.

   Know your audiences and how they may wish to learn about your company’s sustainability priorities, programs and performance. Provide a balanced picture by including details about risks, challenges and shortcomings along with the story of your company’s successes and future opportunities. A “warts and all” approach shows confidence, particularly when it includes an explanation of the actions the company is taking to improve its performance.

   Let others tell your story by using pictures, testimonials and case studies from stakeholder groups and outside organizations. Additionally, the CEO “welcome letter” and other high-level messaging should make it clear that your company is open to stakeholder feedback, well informed about stakeholder issues and concerns, and confident in its ability to address them.
Reporting Examples:

a) Unilever: CEO letter focusing on the company’s plans to adapt to new risks

Source: Unilever website—online reporting
b) **MEC: Outlining the five-year strategy, successes and social compliance priorities, including “violations we deem to be unacceptable”**

**MESSAGE FROM THE CEO**

Welcome to our 2012 Accountability Report, the theme of which is “Collaboration”. As a relatively small organization (on a global scale), we know that making true progress in sustainability entails just that – collaboration beyond our limited organizational boundaries. We are working with industry peers and NGOs to create lasting positive change, whether it’s collaborating with retailers and brands to advance supply chain practices, or joining forces with others to improve environmental standards of materials.

MEC is operating in an age of exponential change. Competition is not only increasing, but the players are becoming larger and more sophisticated. Supply chains are becoming more volatile and globally diverse. The greatest driver of change is the rapid advancement and omnipresence of technology, which consumers are readily adopting. In response, we’re focusing on becoming more nimble and resilient, and better servicing our members in this new paradigm. Throughout these changes, we continue to embed and integrate sustainability within our day-to-day operations.

In 2012, we updated our 5-year Business Sustainability Strategy, with a focus on four pillars: product integrity, retail operations, member service, and community. We updated our Social Compliance Strategy. We expanded our product assortment, breaking it out into three categories (backcountry, active lifestyle, and lifestyle) to better serve our members in an authentic way. We also invested in e-commerce to provide omni-channel access, and increased our outreach in stores to foster active communities through events, meet-ups, and clinics.

On the sustainability front, we celebrated some successes. In 2012, 53% of MEC-brand apparel materials were bluesign® approved, surpassing our target of 50%. We also achieved a 31% reduction in our carbon footprint (surpassing our 20% reduction target). We continue to see progress in the area of social compliance, though we’re still facing some challenges in violations we deem to be unacceptable. We are working with factories to remediate them.

With our efforts to date, we’re at a point where we’ve picked the low-hanging “sustainability fruit”. Additional gains are becoming tougher to achieve, but we’re up for the challenge, and we believe that progress will only come through the deeper integration of sustainability aspects into our operations. In implementing our 5-year Business Sustainability Strategy, we’ve placed an emphasis on product integrity, as this is where our greatest impact and opportunity lie. We’ve set a bold target of having 100% of our MEC-brand product materials bluesign approved by 2017, and are collaborating with partners to further sustainability in the apparel industry. We have yet to set an updated 5-year carbon reduction target, but are embarking on it in 2013.

It’s been a challenging, yet satisfying, 2012. By adapting to changes in the market and our members’ needs, and collaborating with communities and colleagues, we’re confident we are on track to greater sustainable growth.

David Labistour
CEO

Source: 2012 MEC Accountability Report—online reporting
7. Credibility

How does your company prove the accuracy of its performance data and the credibility of its claims?

Describe how your company addresses potential concerns about the reliability of its data and claims through a combination of consistently applied internal auditing practices, independent quality assurance, and stakeholder review/feedback on the overall structure, topics and tone of the report.

Provide letters from your company’s internal audit team and from third party reviewers that explain the review process, present the findings of the review, clearly indicate any changes resulting from the review and include recommendations for process improvements. If a stakeholder committee reviews your report, summarize the committee’s feedback and show how your company is responding.
Reporting Examples:

a) **Shell: Sharing feedback from its External Review Committee which evaluates its reporting and overall sustainability commitments**

**External Review Committee**

Shell, for the eighth successive year, has invited an External Review Committee to assess its sustainability reporting. This letter provides our assessment of Shell's 2012 Sustainability Report. We express our views as individuals, not on behalf of our organisations.

Roll the mouse over the images below to view the Committee members position.

![Committee Members](image)

**ERC OVERVIEW**

During the annual cycle, the Committee met in person three times in The Hague, the Netherlands, and on other occasions by teleconference. We held meetings with key Shell senior management and other personnel to discuss in detail Shell’s approach to sustainable development and its sustainability reporting.

In reviewing Shell’s 2012 Sustainability Report, the Committee concentrated on three main questions:

- Has Shell selected the most important topics for the report?
- How well has the report dealt with these topics and responded to stakeholder interest?
- Did Shell provide sufficient information and access for us to do our job effectively?

Our review did not include verification of performance data underlying the report, or the information on which the case studies in the report were based.

In addition to our comments on the company’s sustainability reporting, the Committee will meet with Shell’s Executive Committee in mid-2013 (as we did in 2012), to discuss our observations on the company’s strategy and sustainability performance.

In recognition of our time and expertise, an honorarium was offered, payable either to us individually, to our organisation, or to a charity of our choosing. We were also offered reimbursement for the expense of our travel and accommodation.
CHAPTER 4 | Reporting on What Matters Most

This year’s report contains a section on how Shell works with its joint venture partners, contractors and suppliers. Due to the ever-increasing attention on how extractive companies manage governance risks, the explanation of how the Shell Control Framework applies to ventures with Shell’s involvement is very welcome, and the ERC encourages Shell to generate additional materials on this theme in future reporting.

Social performance and investment

In the last report cycle, we understood that new social performance metrics were being developed in 2011 and would be implemented in 2012, and that a new social performance strategy would be forthcoming. The Committee also looked forward to learning about the progress in establishing additional grievance mechanisms for new projects. These items were not included in the 2012 report.

Shell acknowledges that its operations are potentially more vulnerable to above-the-ground or non-technical risks than below-the-ground or technical risks, and that social performance is key to managing above-the-ground risks. Considering the materiality of such risks, the ERC hopes that Shell will move forward on social performance and include more information about this in future sustainability reports.

For the first time, this year’s report includes a breakdown of Shell’s social investments, which helps readers understand the types of investments made. It would be important for Shell and its stakeholders to know that the investments are having the desired impacts on communities. Shell could benefit from completion, publication and proactive application of its social investment strategy, which would not only guide the prioritisation of its social investments at local and global levels, but would also help articulate the impacts, as well as enhance the sustainability, effectiveness and efficiency of these investments.

Conclusion

While acknowledging the high quality of Shell’s sustainability reports, which distinguishes Shell among its peers, there is a growing desire on the part of the ERC to see more strategic context and content in these reports. The Committee would like to see a more comprehensive presentation of Shell’s vision, strategy and metrics for sustainable development in a world facing climate change, growing energy demand, and continuing concern about environmental and social impacts. It is clear from our engagement with Shell that its management and reporting team can take the company’s sustainability reporting to a new level of excellence.

The ERC now looks forward to engaging with the Executive Committee to continue its dialogue on Shell’s sustainability performance.

Source: Shell 2012 Sustainability Report—online reporting
b) **Barrick: Assurance including observed improvements and recommendations to ensure alignment with global programs and guidelines, and improved stakeholder communication**

**OUR FINDINGS**
On the basis of our methodology and the activities described above, it is our opinion that:

**2012 Responsibility Report**

- The 2012 Responsibility Report format has been substantially revised to provide a clear and straightforward presentation of Barrick’s material issues and their underlying management systems and controls.
- Material issues have been appropriately identified in a comprehensive risk assessment process that is fully described.
- The Report provides a fair representation of Barrick’s performance over the reporting period and provides readers with a balanced perspective of its material issues and operations.
- The Report advances Barrick’s ongoing public communication about its operations, environmental and social impacts, and related programs to manage these impacts.
- The Barrick website includes updated responses to some of the key challenges it faces, providing readers with continued understanding and context for Barrick’s operational realities.
- The corporate senior leadership team and regional leadership teams continue to support a company-wide commitment to responsible mining practices at operations and projects.
- The information and data in the Report is accurate, reliable and free from material mistakes or misstatements. It is clearly presented and understandable.
- Barrick has appropriate systems in place for the collection, aggregation and analysis of relevant information and has implemented adequate internal assurance practices.

**Voluntary Principles on Security and Human Rights**

Barrick is committed to the implementation of the Voluntary Principles on Security and Human Rights based on the interviews we conducted and the review of relevant documents. The sites we visited have instituted appropriate systems and procedures to ensure they are adhering to the principles.

**WGC Conflict-Free Gold Standard**

Barrick has prepared and presented a Conflict-Free Gold Report for the 1st quarter of 2013 in accordance with the requirements of the Conflict-Free Gold Standard. We conclude that Barrick does not produce gold from conflict-affected or high risk areas as defined by the Standard.

**Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines**

The 2012 Responsibility Report has been prepared in accordance with the final Mining and Metals Sector Supplement of the GRI (G3) Guidelines, including appropriate consideration of the Reporting Principles, profile disclosures, management approach disclosures and performance indicators to meet the requirements of GRI G3 Application Level A+.

**Carbon Disclosure Project**

Barrick’s greenhouse gas assertion for its 2012 company-wide emissions inventory was verified as correct and complete within the bounds of materiality.
CHAPTER 4 | Reporting on What Matters Most

OBSERVED IMPROVEMENTS

- The revised format of the 2012 Report emphasizes the identified material issues and provides a clearer explanation for how these issues are managed. This change represents a positive development in Barrick’s approach to reporting.
- The Community Relations Management System (CRMS) is being implemented across the company. The sites visited have grievance mechanisms in place which are accessible to stakeholders. Social obligations registers are in place and are being updated with historical and new social obligations. Systems are in place to manage grievances and the company’s progress in meeting its social obligations.
- The Corporate Social Responsibility Advisory Board is engaged with the corporate senior leadership team and interacts with corporate functional leads from Community, Health, Environment, Safety, Security, and Legal, on an as needed basis.
- Transparent processes have been established for reporting, investigating and addressing human rights allegations and there is increased emphasis on respect for human rights throughout Barrick.
- Training in the Voluntary Principles on Security and Human Rights is extensive and ongoing for public and private security personnel. Awareness of the principles continues to grow among community and regional stakeholders.
- Barrick’s Conflict-Free Gold Standard Report for the 1st quarter of 2013 was issued and independently assured. We verified that the report satisfies the requirements of WGC’s Conflict-Free Gold Standard.
- The in-vehicle monitoring system (IVMS) and a continued emphasis on safe driving resulted in fewer vehicular accidents.
- Company sponsored research on fatigue management demonstrates a commitment to continual safety and health improvements.
- Notable progress in data collection and processing continue to improve the completeness and accuracy of the Carbon Disclosure Report for greenhouse gas emissions.
- Previous assurance recommendations have been considered and actions plans have been put in place to address most recommendations.

RECOMMENDATIONS

- Consider expanding Barrick’s role in human rights issues where local institutions managed by the state are not aligned with the company’s human rights policies and international human rights standards and norms.
- Reconsider the decision to include information on African Barrick Gold (ABG) in future Responsibility Reports given their growing independence and evolving corporate identity.
- Consider improving methods for communicating the revised Barrick Vision and Values to employees and stakeholders. The level of awareness among those we interviewed was low.
- Consider increased communication with stakeholders about mine closure plans at the more mature mines regarding closure planning, from both the social and environment perspectives.

Source: Barrick 2012 Corporate Responsibility Report, pages 92-93
8. Institutionalization of sustainability reporting

How does your company ensure that its sustainability reporting supports the company’s brand and strategic messaging, and that it is aligned with the company’s annual financial reports and other communications?

Identify opportunities for your company to coordinate the planning and resourcing of its financial and sustainability reporting so that they can deliver consistent high-level messages. For example, show that all of the company’s strategy, objectives and targets are aligned, rather than segregating those that are unique to sustainability. Make it clear that sustainability is integral to your business—a “must do” rather than a “nice to do”.

Consider applying the basic design and format of your company’s financial reporting to your sustainability report and reference certain key points in both reports. The documents do not have to be identical, but they should be complementary.

Beyond the cover and design, make sure that the tone and content relating to risks and priorities are consistent. Show that through its sustainability initiatives, your company has highlighted risks similar to those identified in the management’s discussion and analysis (MD&A) of its annual financial report.
Reporting Examples:

a) Avalon Rare Metals: Sharing the related MD&A section in its online sustainability reporting, and indicating where sustainability issues impact key risk areas

**MD&A Disclosure**

**MD&A Disclosure on Nechalacho Community, Environment, Health & Safety, and Permitting**

Each quarter, Avalon includes a Community, Environment, Health & Safety, and Permitting section in its Management Discussion and Analysis for Nechalacho, Thor Lake. Following is the latest quarterly filing, link below to previous quarterly disclosure.

**Following is the latest excerpt from the six months ended February 28, 2013**

The Company’s environmental assessment process continued during the Quarter. A pre-hearing conference was held in Yellowknife on January 25, 2013, followed by public hearings held in Yellowknife and Fort Resolution on February 18 to February 22, 2013. Following final submissions from various stakeholders, regulators and the Company, formal closure of the Mackenzie Valley Environmental Impact Review Board’s ("MVEIRB") public record occurred on April 3, 2013. The Company is now awaiting the Report of Environmental Assessment from MVEIRB, which is expected to be finalized in early summer 2013. This report will then be subjected to federal ministerial review and approval, which is required before new operating permits can be issued. Consequently, it now appears unlikely that early construction work planned for the site this summer will proceed on schedule. Management believes that this will not necessarily impact the overall Project schedule to achieve commercial operations by 2017.

Current activities at the Project site are being conducted under a new land use permit issued by the Mackenzie Valley Land and Water Board on June 23, 2011, for a period of 5 years beginning on July 5, 2011. Copies of all information submitted by the Company can be found on MVEIRB’s public registry at [www.reviewboard.ca](http://www.reviewboard.ca).

The Company has placed a high priority on its performance with respect to health and safety at the Project site. The Company’s safety performance remained strong during the Quarter, with no lost time or medical aid accidents. This improvement is attributed to additional safety training and an emphasis on preventative measures such as near-miss reporting, improved housekeeping, risk assessments, regular and more frequent inspections, emergency drills, and both weekly and daily safety meetings.

There was a site inspection at Thor Lake during the winter drill program by the Aboriginal Affairs and Northern Development Canada (formerly Indian and Northern Affairs Canada) Land Use Inspectors. All concerns raised were very minor in nature and were immediately addressed.

The Company has begun discussions with the Louisiana Department of Environmental Quality to identify permitting requirements for the REE Refinery proposed to be located in Geismar, Louisiana. Initial indications are that while the process is rigorous, timelines for receiving permits are more predictable than in the Northwest Territories. Avalon started the permitting process in late 2012 and is on schedule, targeting the completion of permitting by December, 2013.

Source: Avalon Rare Metals—online sustainability reporting
b) Maple Leaf Foods: Applying similar design, themes and messaging in its 2012 annual financial and sustainability reports

Source: Maple Leaf Foods 2012 Sustainability Report and 2012 Annual Report
The observation that “life is a journey, not a destination” provides a helpful way of thinking about sustainability reporting. If you are putting together your company’s first sustainability report, this overview of trends, guidelines, processes and practices will help you get started, but keep in mind that reporting effectiveness comes with experience.

For most early stage or first time sustainability reporters, coming out of the gate with a fully comprehensive report is often unrealistic. In fact, trying to cover too much significant ground in reporting can sometimes detract from the effort and commitment that your company is putting into improving its sustainability programs.

Think about developing a phased approach to sustainability reporting (e.g., a two- to three-year plan) and then, after reviewing your resources and capabilities, establish an achievable goal for your first report. Remember, in sustainability reporting you do get credit for effort and for showing how you intend to reach your sustainability performance and reporting goals.

As you learn by doing, you will develop an understanding of how sustainability reporting guidelines apply to what your company really does. You will better define and understand your high-priority topics and stakeholder audiences. And you will build a stronger network of partners and resources, both internal and external, to support your continuous improvement.

By moving forward with a focus on high-priority topics and steadily building upon what you can do, you will soon be able to produce sustainability reports that meet your company’s objectives and your stakeholders’ expectations.
The following reports and resources can provide additional support to your company when planning its initial approaches and considering how it can continuously improve its sustainability reporting:


Equator Principles: Credit risk management framework for evaluating environmental and social risk in project financial transactions
www.equator-principles.com/

Ernst & Young: The Value of Sustainability Reporting—recent trends and an updated business case for sustainability reporting http://bit.ly/14IIHoP


Global Reporting Initiative: Sector supplements—sector-specific indicators in addition to standard disclosures
www.globalreporting.org/reporting/sector-guidance/Pages/default.aspx


Mining Association of Canada: Towards Sustainable Mining principles, performance measures, protocols, progress reports and verification service providers http://bit.ly/18NZybL

PriceWaterhouseCoopers: Corporate Sustainability Reporting in Canada—CFERF executive research report


Sustainability Accounting Standards Board: Standards, sector groups and recent approaches www.sasb.org/


Toronto Stock Exchange and CPA Canada: A Primer for Environmental and Social Disclosure www.cpacanada.ca/primer


Glossary

CDP—The Carbon Disclosure Project is a reporting initiative that uses the power of measurement and information disclosure to help organizations improve the management of environmental risk.\(^{19}\)

e3Plus—Sustainability framework for responsible exploration.\(^{20}\)


ISO 26000—An international standard that provides guidance on how businesses and organizations can operate in a socially responsible way.\(^{21}\)

IFC—International Finance Corporation

IFC Performance Standards—Advise companies on how they can define their responsibilities for managing their environmental and social risks.\(^{22}\)

IIRC—International Integrated Reporting Council is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs which have developed a framework for integrating environmental, social and governance priorities, risks and performance in corporate reporting.

MAC—Mining Association of Canada

PDAC—Prospectors and Developers Association of Canada

19 www.cdproject.net/en-US/Respond/Pages/companies.aspx
20 www.pdac.ca/programs/e3-plus
21 www.iso.org/iso/home/standards/iso26000.htm
22 www.ifc.org/wps/wcm/connect/3be1a68049a78dc8b7e4f7a8c6a8312a/PS1_English_2012.pdf?MOD=AJPERES
Responsible Care—The chemistry industry’s commitment to sustainability including the betterment of society, the environment and the economy\(^23\)

SASB—The Sustainability Accounting Standards Board is a non-profit that provides standards for use by publicly listed corporations in the U.S. in disclosing material sustainability issues for the benefit of investors and the public\(^24\)

Stakeholders—Groups or individuals who can affect or be affected by the achievements and impacts of your business\(^25\)

Sustainability—Meeting the needs of current generations without compromising the ability of future generations to meet their own needs\(^26\)

TSM—Towards Sustainable Mining is a set of guiding principles and performance elements that govern key activities of companies in all sectors of the mining and mineral processing industry\(^27\)

UNGC—The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption\(^28\)

UNPRI—The United Nations Principles for Responsible Investment is an international network of investors working together to understand the implications of sustainability for investors and to support signatories in incorporating these issues into their investment decision-making and ownership practices\(^29\)

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\(^{23}\) [www.canadianchemistry.ca/ResponsibleCareHome.aspx](http://www.canadianchemistry.ca/ResponsibleCareHome.aspx)

\(^{24}\) [www.sasb.org/](http://www.sasb.org/)


\(^{27}\) [www.pdac.ca/programs/e3-plus](http://www.pdac.ca/programs/e3-plus)

\(^{28}\) [www.unglobalcompact.org/AboutTheGC/index.html](http://www.unglobalcompact.org/AboutTheGC/index.html)

\(^{29}\) [www.unpri.org/about-pri/about-pri/](http://www.unpri.org/about-pri/about-pri/)