Results

WEC Roundtable, Hosted by Boehringer Ingelheim
November 8-9, 2016, Ingelheim, Germany
"THE NEXT GENERATION OF SUSTAINABILITY REPORTING"

World Environment Center EUROPE e.V.

Sustainability reporting has expanded substantially over the last decade. Multiple reporting frameworks along with long-term investors have contributed much to standardization, accountability, and data generation. However, as sustainability has moved towards the center of business decisions, there are important issues about data quality, business relevance and value that remain unresolved.

The objective of this Roundtable included examining three inter-related topics:

- Materiality in sustainability reporting and setting the reporting boundaries
- Current and emerging reporting frameworks and how to best address material issues in practice.
- Integrated reporting and the role of technology.

PARTICIPANTS:
The Roundtable was structured to provide a highly interactive process of discussion amongst 34 senior level sustainability and communication experts from six industries and seven countries; 68% were from global companies (91% of them WEC members), while 21% came from NGO/ academic institutions, and 11% were consulting firms and investors.

HOST
Boehringer Ingelheim: Lars Murawski, VP Corp. EHS & S

MODERATORS
akzente kommunikation + beratung: Dr. Thomas Melde
DFGE Institute: Philipp Wellbrock
ERM: Graham Lane
WEC: Frank Werner and Dr. Terry F. Yosie

SPEAKERS
akzente: Dr. Thomas Melde
BDI (Federation of German Industries): Annette Selter
Boehringer Ingelheim: Lars Murawski
Bristol-Myers Squibb: Ludwig Metz
Corporate Register: Paul Scott
Dow Chemical: Lorraine Francourt
Draexlmaier Group: Prof. Georg Stephan Barfuss
ERM: Shona King
Johnson Controls: Jenna Kunde
NBA Amsterdam (partner of the IIRC): Paul Hurks
Norges Bank Investment: Isabelle Thompsen
Research Center Juelich: Peter Burauel
SAP: Marcus Wagner
UNEP: Elisa Tonda

MAJOR POINTS OF DISCUSSION:

(1) As a result of increasing stakeholder demands for transparency on sustainability performance, a set of overlapping reporting frameworks of increasing complexity have emerged over the past two decades. A major challenge is their tendency to generate marginally useful information of unverified quality for business decision makers, investors and other stakeholders. Although proponents of existing reporting frameworks are showing signs of collaboration, they have not yet achieved a simple, consistent and high quality reporting scheme.

(2) **GRI-reporting** is the most established framework for sustainability / CR reports. However, for the period 2013-2016 the GRI framework's steady raise in attractiveness has flattened to roughly 40% of all reports. For the past ten years integrated reports have steadily gained attention and are already representing 15% of all reports that contain information about social and environment-related topics. **Third party assurance** is losing momentum, most likely due to high fees as a result of the market success of a few very large auditing companies, but the trend towards integrated reports could spur renewed interest in external verification on sustainability information. **The EU's CSR-reporting directive** does not impose any additional requirements to companies that already report on standard GRI indicators such as environmental, social and employee matters, human rights as well as anti-corruption and bribery. However, EU-suppliers with more than 500 employees are affected, too, and have to report on these issues; enforcement, however, is limited as member states such as Germany do not ask for quality assessments.

(3) Companies **define material topics** for their reports by applying materiality assessments inspired e.g. by the GRI, such as listening to their diverse stakeholders and then internally evaluating stakeholder demands for transparency on a case by case basis. It is important to recognize that companies state that not all sustainability reporting needs to reflect financial values. On the other hand, investors are generally the most relevant stakeholders for stock-listed companies. Company reports are an important source of information to reduce risk, understand opportunities and to implement demands for responsibility. However, in addition, government pension funds are applying their own standards for responsible investment: they conduct their own independent research, evaluate third-party results, and they enter into company dialogue such as voting in general meetings and directly speaking with boards.

(4) Looking forward, it is likely that **several reporting frameworks** will continue to exist because of the different needs of companies and their various stakeholders. Some companies are expecting that an integrated report according to the IIRC might replace the company management report, e.g. with links to online information that is structured along the GRI, UN Global Compact Communication on Progress, the Sustainable Development Goals (SDGs), and other reporting schemes. Reporting against the SDGs is in an experimental phase, with companies trying to avoid simply tick-boxing achievements on as many indicators as possible.

(5) It is expected that **technology** will enable more accurate performance indicators and data management, more data consistency, and better system integration. Already, companies use application software to provide information on the features of some of their products, including sustainability data throughout the value chain. Technology is also increasingly enabling connections between sustainability data and economic performance, thus helping to compare any sorts of material flows over locations in real-time. A major economic challenge, however, is to guarantee data accuracy. Although **real-time reporting** has become a realistic option that is interesting for a number of business relationships, it cannot completely replace an archiveable, stand-alone report or pdf for reasons of comparability and accountability.