Purpose and impact in sustainability reporting

A review of leading UK companies

Building Public Trust
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A message from Alan McGill

Alan McGill

Global Sustainability Reporting and Assurance Partner, PricewaterhouseCoopers LLP

This year's Building Public Trust Awards mark the 11th year that we have been reviewing sustainability reporting across the FTSE 350, public interest entities (PIEs), and, more recently inbound companies.

Over the past 12 months the growth of public awareness and concern over climate change (more frequently now referred to as a 'climate emergency') has seen a huge uptick. There is a strong consensus that if we do not achieve real change in the way we use and consume the Earth's natural resources over the next 10 years then the consequences will be catastrophic. Furthermore, since the release of David Attenborough's 'Blue Planet II' in 2017, sustainability issues such as biodiversity loss and ocean plastics have entered the public consciousness like never before. Society is increasing its expectations of the role businesses should play in tackling these issues, organisations are expected to not only minimise their negative impacts but to contribute positively too. Over the past few years, we have seen companies taking greater responsibility in helping move towards a cleaner and more sustainable planet. Many are articulating this as part of their corporate purpose that is central to their business strategy.

This award celebrates the 'Purpose and impact in sustainability reporting'. I believe that a transparent, concise and ambitious purpose is key for businesses to mitigate sustainability risk in today's volatile and unpredictable environment.

Our analysis of this year's reporting was presented to an independent panel, which chose a winner alongside two highly commended companies. These prestigious awards are presented at our annual Building Public Trust Awards lunch. You can see the winning and highly commended organisations at www.bptawards.com.

In choosing the winner, we reviewed reporting of over 470 organisations. Our in-depth approach and our long history of these reviews give us insight into what a great report looks like, and how innovation in the reporting is developing.

This years report of leading practice examples now includes 3 additional chapters that spotlight on the SDGs and TCFDs – our key findings, reporting trends and a range of some good practice examples; and a further chapter highlighting some international examples of innovative, purpose and impact driven sustainability reporting.

Purposeful business

Companies are becoming more transparent about their corporate purpose. We are seeing companies using their purpose to demonstrate the value that they bring to society and the impact they have on their environment. Of the FTSE100 companies reviewed, 71% clearly described their purpose in their corporate reporting, a 5% improvement relative to last year.

Although FTSE250 companies are less likely to disclose a purpose in their reporting, we have seen a 19% improvement compared to last year.

Greater recognition of climate change risks

With the impact of climate change on business operations becoming more significant, we are seeing increasing disclosure of future-proofing in corporate reporting. Interestingly, 76% of FTSE100 companies reviewed mentioned the Task Force on Climate-related Financial Disclosure (TCFD). The TCFD encourage companies to report on how a changing environment will impact their business and its performance.

Since the initial publication in 2017, more than 800 companies across the world have publicly committed to report on climate-related issues, particularly focusing on governance, strategy, risk management, and metrics and targets. Although we have seen a greater acknowledgement of the TCFD in corporate reporting, only 22% conducted scenario analysis. We expect more companies to conduct this form of assessment as stakeholders place greater importance on mitigating climate change risks.

Top scoring industries

Companies from the retail and consumer, as well as industrial products are the best represented industries across our higher scorers. Of the top 20 best scoring companies, 65% are listed in the FTSE100, whereas only 10% are classified as a FTSE250. Nevertheless, the gap between these companies is becoming less profound as the quality in reporting from smaller companies (measured in terms of market capitalisation) improves.

Integrating SDGs into business strategy

We have seen a continued increase in companies recognising the importance of the UN Sustainable Development Goals (SDGs). This year, 72% of the companies we reviewed explicitly mentioned the SDGs, compared to 64% last year. Prioritising the goals is only the first step in SDG reporting as executives should be aiming to fully integrate the SDGs in their business strategy. More companies have attempted to align their strategy to the SDGs, and we expect this figure to increase year on year. In this years report, we have included a detailed SDG assessment, providing greater insights into the trends and best reporting tips.

I hope this document will be useful in helping you to communicate your purpose and wider impacts in your sustainability reporting.

About this report

This report contains a selection of leading examples that we at PwC have identified following our review of annual reports, sustainability reports and associated websites of the FTSE 350, PIEs and selected inbounds. The leading practice examples are organised into five sections, each of which forms a key building block of good reporting, i.e. reporting that:

- Answers how an organisation considers its environmental and social impact in the context of its purpose and strategy;
- Discloses the way in which it operates and reports this in an open and transparent manner;
- Is fair, balanced and understandable; and
- Is mindful of broader stakeholder needs and how value creation by a business is shared with this wider groupage

Despite a constantly changing political, social and economic landscape, ever increasing and complex regulatory frameworks and reporting trends that continue to develop, we have found very little change over the years in the fundamental components of a good practice report. In this booklet we share these features, organised under the five key questions which your reporting should answer:

1. **How does sustainability fit with your organisation's purpose and strategy?**
2. **How do you consider your priorities?**
3. **How do you monitor and manage performance?**
4. **How do you consider the broader viability of the business?**
5. **How do you report with clarity and transparency?**

This year we have included 3 additional chapters that spotlight TCFD and SDG reporting and trends in International reports.

We give advice on how your reporting can be improved, and show some of the best examples we've found this year of each essential aspect of a good report.

If you would like more personalised advice on your own reporting, do get in touch with us – our contact details are on the back page. You can also find more examples of good practice by visiting our website.

Contents

An overview of good practice sustainability reporting

		What	Why
How does sustainability fit with your organisation's purpose and strategy?	Organisation Overview	Provide an overview of your organisation's key activities and the environment in which you operate.	This helps the reader to view your sustainability information against the wider context of your organisation's remit. The overview is also important for clarifying the scope of the data in the report, which activities are covered and which are not.
	Purpose	Communicate a clear and succinct purpose that explains your organisation's raison d'être beyond creating a financial return for shareholders.	This will demonstrate to the reader why your business exists and what you seek to achieve, creating a shared ambition that is core to your business and clear to all stakeholders.
	Strategy	Describe how your sustainability strategy is integrated into your core corporate strategy and demonstrate how it permeates throughout your business.	This will prove to the reader that sustainability is not just an 'add-on' for your organisation but is considered in every activity. Having a short, medium and long term sustainability strategy will help you track your progress towards key sustainability goals in the future.
How do you consider your priorities?	Materiality	Demonstrate that you have an understanding of the sustainability issues that are most relevant to you and your key stakeholders.	This will prove to the reader that you are focusing on the most important sustainability issues where your efforts will have the greatest impact.
	Stakeholder Engagement	Explain how you engage with principal stakeholders and how this has impacted your sustainability strategy.	This shows the reader that you have considered a wide range of views and therefore made informed decisions about prioritising and acting on your sustainability issues.
	Risks and Opportunities	Explain the key strategic risks and opportunities for your organisation that arise from sustainability issues.	This gives the reader confidence that you have considered the impacts that external sustainability factors might have on the success of your business and that you are acting on these.
How do you monitor and Manage performance?	KPIs and Targets	Identify KPIs that are directly relevant to your sustainability strategy and set challenging but realistic targets that you can assess your performance against.	Clear presentation of progress towards targets will demonstrate to the reader that you are holding yourself accountable to the goals you have set for your organisation.
	Impacts	Provide a clear explanation and quantification of the social, environmental and economic impacts of your business.	This demonstrates to the reader that you have a thorough understanding of your wider impacts on society and the environment. This understanding will allow you to make more informed decisions towards being a more sustainable business.
	Governance	Provide a clear explanation of the company's sustainability governance structure and explain how directors and staff are incentivised to deliver on the sustainability strategy.	This gives the reader confidence that the necessary framework and resources are in place for the strategy to be delivered. Having senior staff members listed in the governance framework further demonstrates your commitment to the strategy.
How do you consider the broader viability of the business?	Value Chain	Consider relevant upstream and downstream value chain aspects of your business in order to take account of all environmental, social and economic impacts, both positive and negative.	This demonstrates you understand the wider influence you have on sustainability issues in society. By thinking holistically you identify areas that create a greater positive impact than you can by changing your core operations.
	Future Proofing	Disclose that you have considered the future resource constraints that might affect your business e.g. non-financial capitals including natural capital and human capital.	This shows the reader that you are monitoring and minimising any resource risks in order to prevent disruption to your organisation in the future.
How do you report with clarity and transparency?	Balanced Reporting	Present information in a balanced and transparent fashion and explain where and how improvements will be made.	Acknowledgement of not only your successes but also your negative sustainability impacts gives the reader confidence that you are a self-aware organisation – one that is honest and transparent about progress towards sustainability goals.
	Assurance	Enhance the credibility of your reported content by referencing, for example, independent studies, external benchmarking, expert review panels or external third party assurance.	This gives the reader confidence in the data and confidence in the integrity of your sustainability reporting. It also gives management confidence in the company's performance over the period.
	Modern Slavery	Disclose your slavery and human trafficking statement in accordance with the Modern Slavery Act 2015.	In line with the UK Modern Slavery Act 2015, all companies with i) a global turnover of over £36 million and ii) operations in the UK, are required to comply by publishing a modern slavery statement annually. The statement demonstrates that you understand the potential risks associated with modern slavery.

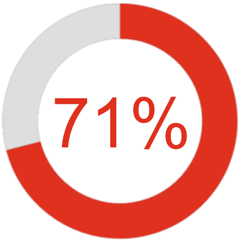
Basic reporting tips	Intermediate reporting tips	Advanced reporting tips
Introduce the reader to your organisation by giving an overview of your size, operations and activities.	Contextualise your sustainability activities in relation to the remit and objectives of your organisation.	Explain both the direct and indirect sustainability impacts that might arise from your organisation's role or activities.
Define a clear purpose which should be a succinct statement.	Ensure your purpose is well-aligned to your core business activities.	Reference to your purpose should be consistent across all company communications. The purpose should form the foundation to your core business strategy.
Demonstrate how your sustainability strategy is integrated into your core business strategy and aligned with core objectives.	Clearly describe your sustainability strategy over the short, medium and long-term.	Report on structures, systems and action plans which allow your sustainability strategy to permeate throughout your organisation. Where relevant, align your strategy to the Sustainable Development Goals.
Report which issues you have identified as material and why.	Report on the process that was undertaken to determine material issues and which key stakeholders were involved.	Focus your reporting on your material issues, linking them to your strategy and KPIs. Where relevant, align your material issues to the Sustainable Development Goals.
Identify the key internal and external stakeholders to your organisation and describe how they have been engaged.	Describe the issues that stakeholders have identified as important and how these have been addressed.	Show linkage between stakeholder consultations and your materiality, strategy and risk and opportunities planning processes. Consider alternative media for communicating messages from your sustainability report.
List out the risks and opportunities relating to sustainability that the organisation is managing.	Describe the action plan in place to address these risks and opportunities.	Disclose the relevance and financial implications of these risks and opportunities. As per the TCFD recommendations, identify the risks and opportunities faced by your business as a result of climate change.
Disclose sustainability KPIs most relevant to your business, including historic performance data to show trends over time.	Set specific and quantifiable short and medium-term targets for these KPIs.	Disclose financial implications behind KPIs. Where relevant, align your sustainability KPIs and targets to the Sustainable Development Goals.
Specifically discuss qualitatively which areas of the environment and society you impact through your operations and supply chains.	Disclose quantitative indicators of the relative size of your impact on society and the environment.	In monetary terms, disclose your impact on society and the environment.
Identify the board member responsible for sustainability issues and outline your sustainability governance structure.	Showcase how sustainability governance permeates through your business, e.g. through department heads with sustainability responsibilities.	Report on how staff are incentivised to deliver on the sustainability strategy throughout the company, and include financial and non-financial incentives (e.g. remuneration, employee awards).
Consider the positive and/or negative effects of your supply chain and/or your products and services in your sustainability reporting.	Report quantitative data on material effects from across your value chain, both positive and negative, and strategies in place to address these.	Set specific targets for material value chain effects and report on progress towards them.
Disclose significant use of non-financial capitals, e.g. water, land, timber.	Explain whether you expect that the availability of any non-financial capitals might be restricted in the future.	Describe your strategy for managing your risks. Consider the resilience of your business to climate change by undertaking scenario analysis, as per the TCFD recommendations
Report progress against all targets, whether performance has been good or bad.	Explain poor performance and how you will address it going forward.	If you reach targets ahead of schedule, set more challenging targets for the future.
Reference independent data, e.g. external benchmarking, to ensure the credibility of your reporting.	Obtain internal or external assurance over the sustainability data in your report.	Include the assurance opinion, which should clearly state the scope of the work, the assurance standard followed and the work completed, in the report.
Publish a signed statement on your website by a director (or equivalent), disclosing that your company is in accordance with the Modern Slavery Act.	Disclose a statement that includes information against the overview of the business, related policies, and risk assessments of modern slavery risks	Ensure your Modern Slavery Statement includes information against each area that the government guidance 'Transparency in Supply Chains' recommends.

Overview of analysis

Our analysis of FTSE 100, 250, Public Interest Entities (PIE's) and inbound companies yielded the following statistics across the range of criteria considered by the Purpose and Impact in Sustainability reporting award.

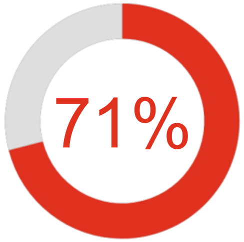
1. How does sustainability fit with your organisation's purpose and strategy?

Of the FTSE 100 companies we reviewed:



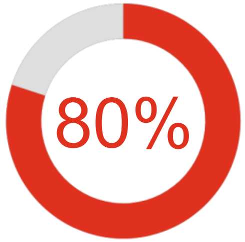
Describe the company's key business activities and how they link to sustainability

(FTSE 250: 78%)



Describe the company's purpose beyond making money for shareholders.

(FTSE 250: 52%)

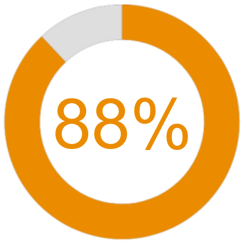


Set out a clear sustainability strategy

(FTSE 250: 78%)

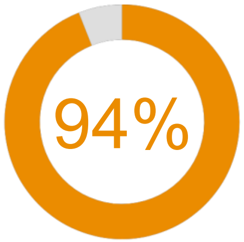
2. How do you consider your priorities?

Of the FTSE 100 companies we reviewed:



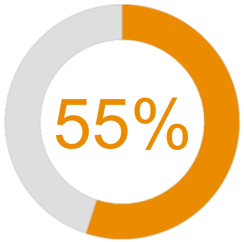
Identify what the company believes are its material issues

(FTSE 250: 87%)



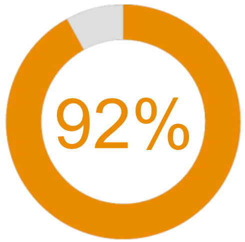
Identify internal and external stakeholders

(FTSE 250: 91%)



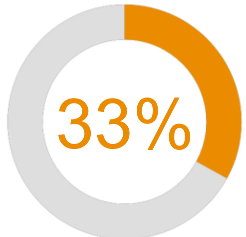
Outline actions taken in response to stakeholder concerns

(FTSE 250: 39%)



Explicitly identify sustainability risks

(FTSE 250: 83%)

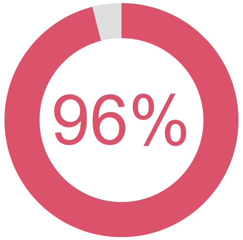


Explicitly identify sustainability opportunities

(FTSE 250: 39%)

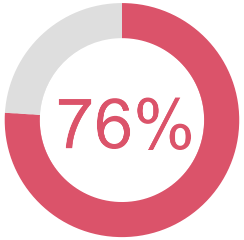
3. How do you monitor and manage performance?

Of the FTSE 100 companies we reviewed:



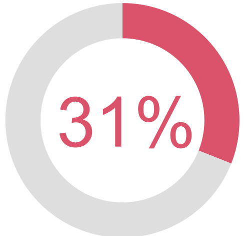
Disclose a range of sustainability KPIs

(FTSE 250: 87%)



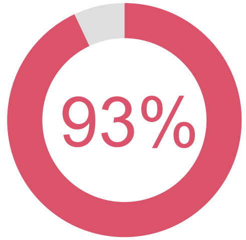
Disclose targets for each KPI

(FTSE 250: 52%)



Specifically disclose the environmental and/or social impacts of the business

(FTSE 250: 22%)

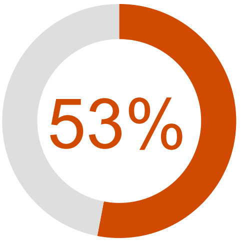


Describe the sustainability governance structure

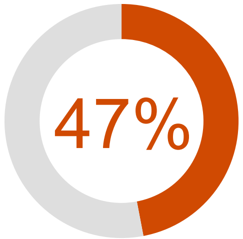
(FTSE 250: 83%)

4. How do you consider the broader viability of the business?

Of the FTSE 100 companies we reviewed:



Include upstream and downstream impacts in materiality assessments and/or target setting
(FTSE 250: 83%)

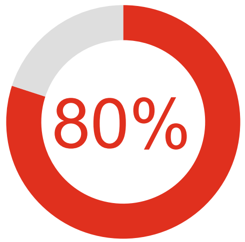


Discuss future constraints on their most important non-financial capitals

(FTSE 250: 50%)

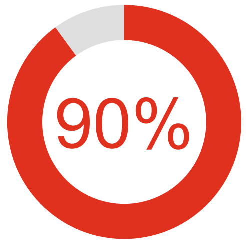
5. How do you report with clarity and transparency?

Of the FTSE 100 companies we reviewed:



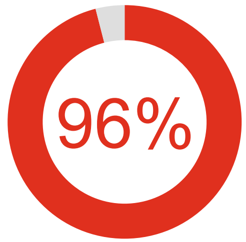
Give adequate attention to reporting negative and positive performance

(FTSE 250: 83%)



Have external assurance on some sustainability metrics

(FTSE 250: 83%)



discloses a slavery and human trafficking statement in accordance with the Modern Slavery Act 2015.
(FTSE 250: 100%)

1

How does sustainability fit with your organisation's purpose and strategy?

1.1 Organisation overview

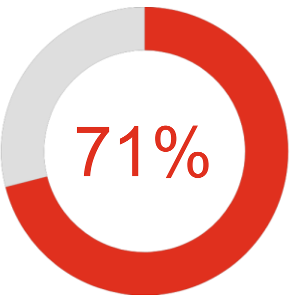
Provide an overview of your organisation's key activities and the environment in which you operate.

This helps the reader to view your sustainability information against the wider context of your organisation's remit. The overview is also important for clarifying the scope of the data in the report, which activities are covered and which are not.

Tips to make your reporting more effective:

Basic	Intermediate	Advanced
Introduce the reader to your organisation by giving an overview of your size, operations and activities.	Contextualise your sustainability activities in relation to the remit and objectives of your organisation.	Explain both the direct and indirect sustainability impacts that might arise from your organisation's role or activities.

Of the FTSE 100 companies we reviewed



Describe the company's key business activities and how they link to sustainability.

(FTSE 250: 78%)

> DS Smith explicitly explains its business operations and activities. We like how the business model is integrated with its key products, showing the importance placed on a circular economy business model.

DS Smith Sustainability Report 2018, page 2-3


Our business

As packaging strategists, we promote longer-term strategies to create a more efficient packaging ecosystem.

Packaging

DS Smith is a leading provider of consumer packaging, with emphasis on state-of-the-art packaging design.

c. 22,800 employees

34 countries

Paper

We are a leading manufacturer of high-quality papers. Our papers are used by the packaging industry for conversion into board for making corrugated boxes.

c. 2,900 employees

10 countries

Recycling

DS Smith is Europe's largest cardboard and paper recycler, and a leading global supplier of paper for recycling. We manage over 5 million tonnes of recycling every year.

c. 800 employees

14 countries

Plastics

Our Plastics business comprises flexible packaging and dispensing solutions, rigid packaging and returnables, as well as foam products.

c. 2,000 employees

13 countries

Our business model

How we bring our business and processes together to enable our strategic vision and create sustainable value.

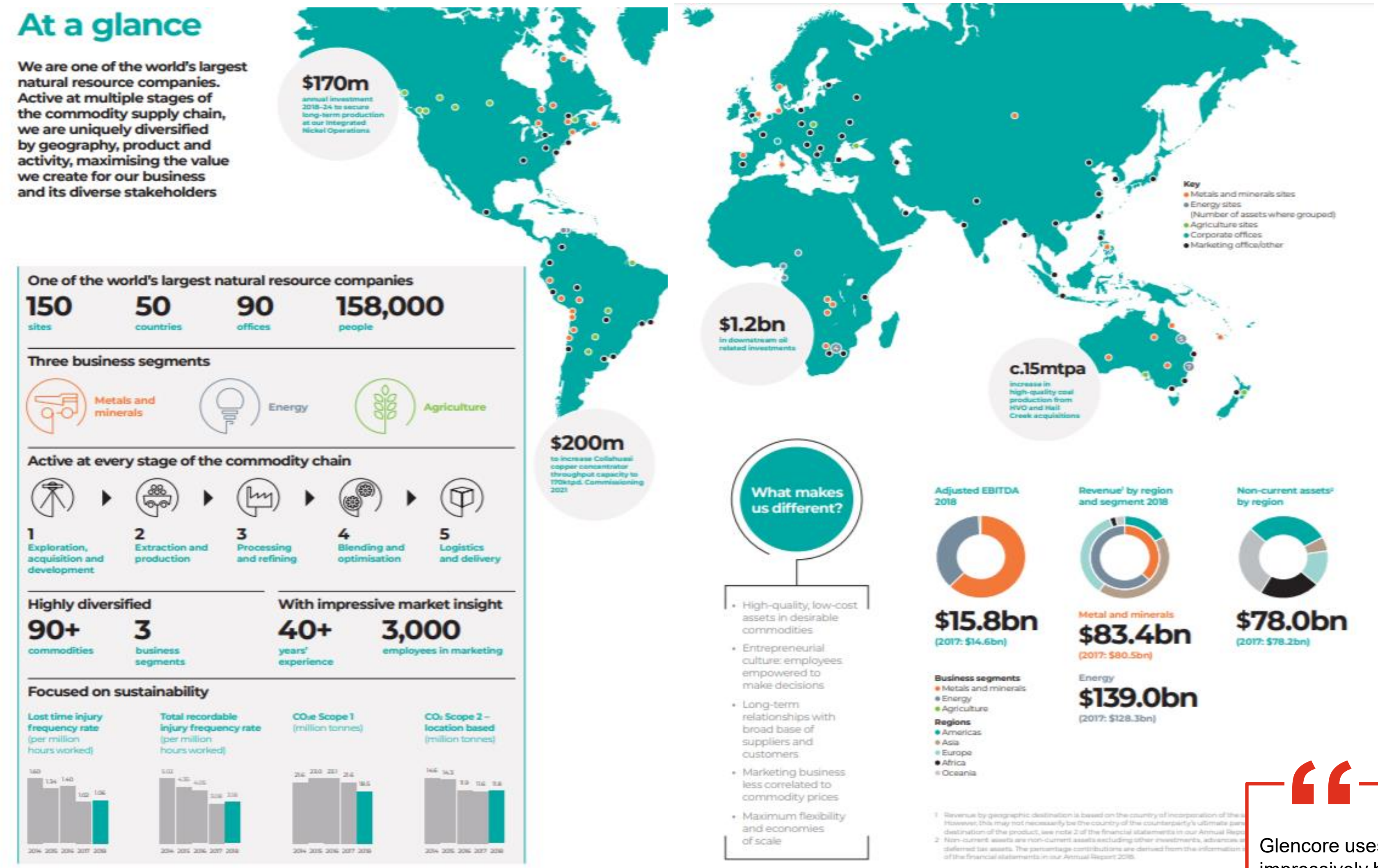
Redefining packaging through our circular business model

At DS Smith, our business model is truly circular with a unique capability of complementary recycling, paper and packaging operations. It is through this closed-loop system that we are able to embed sustainability into our products and services and deliver packaging solutions and recycling services that meet the evolving requirements of supply chains, customers and consumers.

Download the Annual report & accounts 2018: dssmith.com/annual-reports

https://www.dssmith.com/contentassets/5880dbda8a944e0aafdbbae341218518/ds-smith-sustainability-review-208_final-online.pdf

Glencore Sustainability Report 2018, page 3



> Glencore uses visuals to impressively highlight its geographical footprint, environmental performance, and supply chain.

1.2 Purpose

ConvaTec Corporate Responsibility Report 2018, page 8

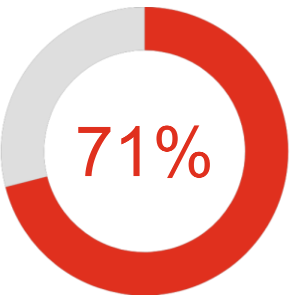
Communicate a clear and succinct purpose that explains your organisation's raison d'être beyond creating a financial return for shareholders.

This will demonstrate to the reader why your business exists and what you seek to achieve, creating a shared ambition that is core to your business and clear to all stakeholders.

Tips to make your reporting more effective:

Basic	Intermediate	Advanced
Define a clear purpose which should be a succinct statement.	Ensure your purpose is well-aligned to your core business activities.	Reference to your purpose should be consistent across all company communications. The purpose should form the foundation to your core business strategy.

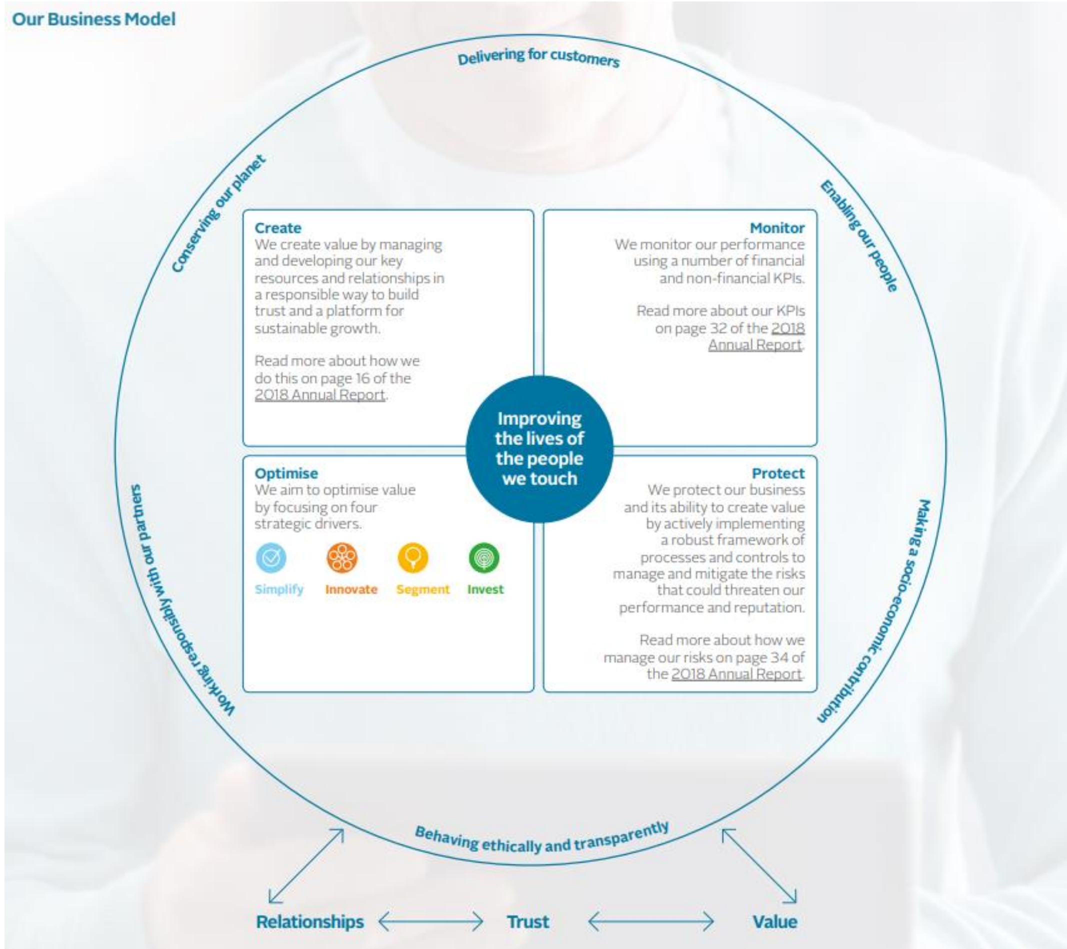
Of the FTSE 100 companies we reviewed:



Describe the company's purpose beyond making money for shareholders.

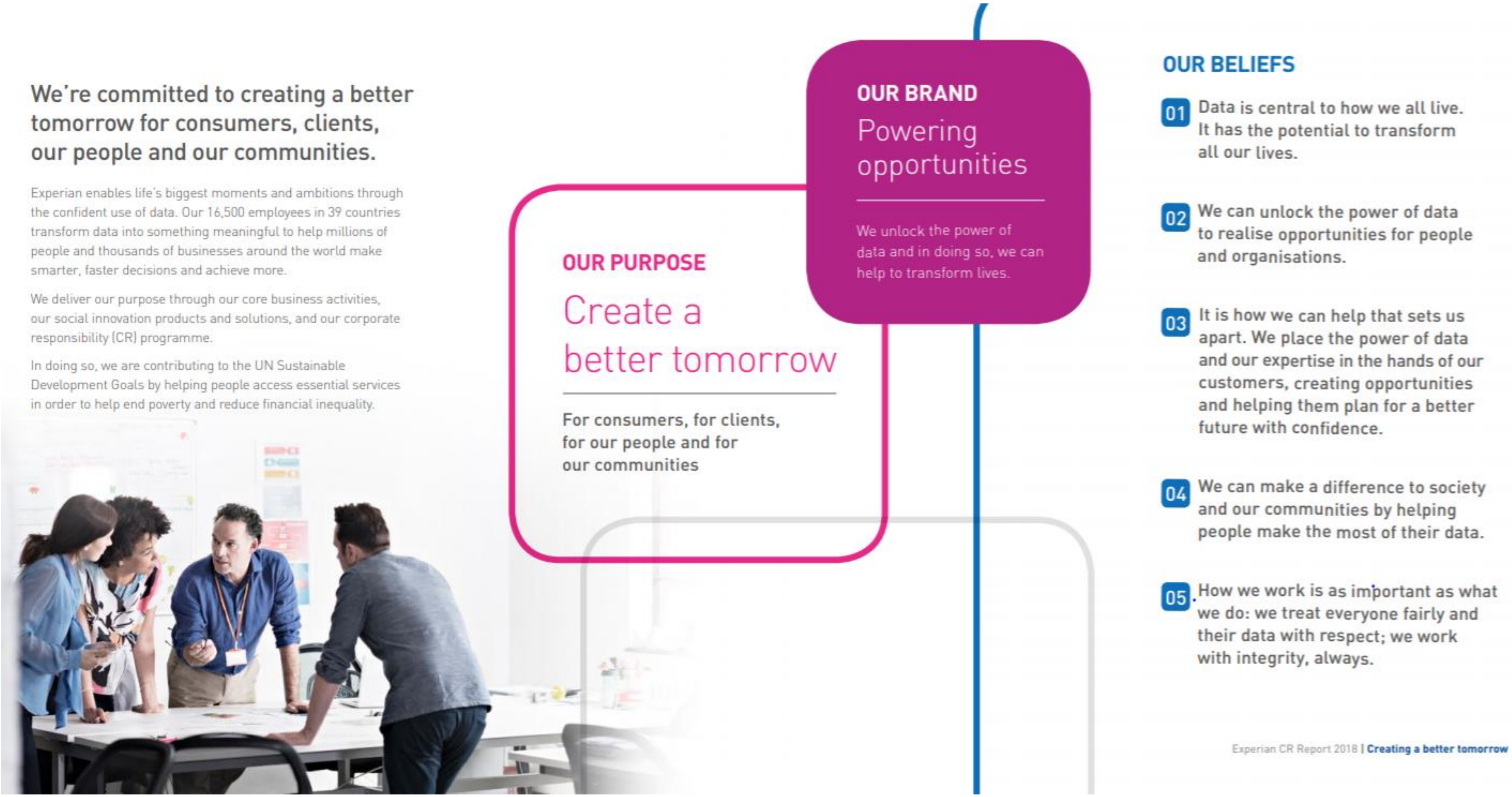
(FTSE 250: 52%)

We like how ConvaTec puts its purpose physically at the heart of its business model.



https://www.convatecgroup.com/media/1557/corporate-responsibility-report-2018.pdf

Experian plc Corporate Responsibility Report 2018, page 6



We're committed to creating a better tomorrow for consumers, clients, our people and our communities.

Experian enables life's biggest moments and ambitions through the confident use of data. Our 16,500 employees in 39 countries transform data into something meaningful to help millions of people and thousands of businesses around the world make smarter, faster decisions and achieve more.

We deliver our purpose through our core business activities, our social innovation products and solutions, and our corporate responsibility (CR) programme.

In doing so, we are contributing to the UN Sustainable Development Goals by helping people access essential services in order to help end poverty and reduce financial inequality.

OUR PURPOSE

Create a better tomorrow

For consumers, for clients, for our people and for our communities

OUR BRAND

Powering opportunities

We unlock the power of data and in doing so, we can help to transform lives.

OUR BELIEFS

01 Data is central to how we all live. It has the potential to transform all our lives.

02 We can unlock the power of data to realise opportunities for people and organisations.

03 It is how we can help that sets us apart. We place the power of data and our expertise in the hands of our customers, creating opportunities and helping them plan for a better future with confidence.

04 We can make a difference to society and our communities by helping people make the most of their data.

05 How we work is as important as what we do: we treat everyone fairly and their data with respect; we work with integrity, always.

Experian CR Report 2018 | **Creating a better tomorrow**

> Experian plc's purpose is concise and focuses on its key stakeholders, consumers, clients, people, and community.

1.3 Strategy

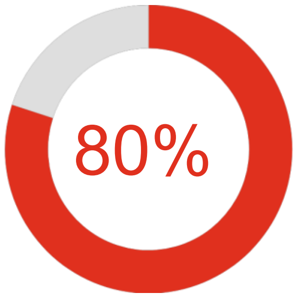
Describe how your sustainability strategy is integrated into your core corporate strategy and demonstrate how it permeates throughout your business.

This will prove to the reader that sustainability is not just an ‘add-on’ for your organisation but is considered in every activity. Having a short, medium and long term sustainability strategy will help you track your progress towards key sustainability goals in the future.

Tips to make your reporting more effective:

Basic	Intermediate	Advanced
Demonstrate how your sustainability strategy is integrated into your core business strategy and aligned with core objectives.	Clearly describe your sustainability strategy over the short, medium and long-term.	Report on structures, systems and action plans which allow your sustainability strategy to permeate throughout your organisation. Where relevant, align your strategy to the Sustainable Development Goals.

Of the FTSE 100 companies we reviewed:



Set out a clear sustainability strategy

(FTSE 250: 78%)

> Redrow aligned sustainability strategy with its purpose, targets, and key performance indicators to measure progress.

Redrow Annual Report 2018, page 4

Developing Thriving Communities

We develop thriving communities by creating better places to live. There are three strands which support this work:

- Nature for People – increasing biodiversity on our developments and connecting communities with nature on their doorstep;
- Placemaking for Wellbeing – our innovative Placemaking framework sets out eight design principles, which define how we achieve sustainable development on all our sites; and
- Homes for All – building the right homes, in the right places to create cohesive and thriving communities.

MEASURE	2020 OBJECTIVES	KEY PERFORMANCE INDICATORS 2018	KEY PERFORMANCE INDICATORS 2017
EPS	• EPS increasing to 95p	85.3p	70.2p
DPS	• DPS of 32p	28p	17p
Revenue	• Revenue increasing to c£2.2bn	£1,920m	£1,660m
Sales Outlets	• 150 outlets	132	132
Monies committed to fund improvements to local communities	• Continued investment in local communities	£184m	£163m
	• Affordable homes delivered	1,102	1,014

https://www.redrowplc.co.uk/media/2355/redrow_report_2018.pdf

Heathrow 2018 Sustainability Progress Report, page 6

HEATHROW 2.0 STRATEGY OVERVIEW

Heathrow 2.0 is our plan for sustainable growth. It sets out how we will improve life for colleagues and communities, contribute to a thriving economy, and help to tackle global challenges including climate change.

Our plan has four pillars, underpinned by 12 objectives and a range of goals and indicators. It covers our own business as well as the role we will play in driving change across the wider industry. It shows how we aim to go beyond mitigation and deliver positive impacts that enable us and those around us to thrive.

A GREAT PLACE TO WORK

1. Safe and well
A place where everyone can get to their destination and return home, safe and well
2. Careers, not just jobs
A place where anyone can reach their potential
3. Culture of sustainability
A place that lives and breathes sustainability

A GREAT PLACE TO LIVE

4. Respite for residents
A place that's getting quieter
5. Quality air, locally
A place where local air improves
6. Sustainable communities
A place where local people shape their future

A THRIVING SUSTAINABLE ECONOMY

7. Connecting the UK
A place that provides a gateway hub for the UK to the world and the world to the UK
8. The next economy
A place that nurtures small and medium sized businesses and social enterprises
9. Sustainable supply chain
A place that drives change throughout our supply chain

A WORLD WORTH TRAVELLING

10. Zero carbon airport
A place that is run on renewable energy and delivers zero waste
11. Accelerating the era of sustainable flight
A place that nurtures small and medium sized businesses and social enterprises
12. Responsible gateway
A place that strives to end trafficking of people and wildlife

> Heathrow has a clear strategy with 12 focus points underpinning it. We like how forward thinking it is and the amount of issues it covers.

https://www.heathrow.com/content/dam/heathrow/web/common/documents/company/heathrow-2-0-sustainability/futher-reading/heathrow-sustainability-report-2018-report.pdf

2

How do you consider your priorities?

2.1 Materiality

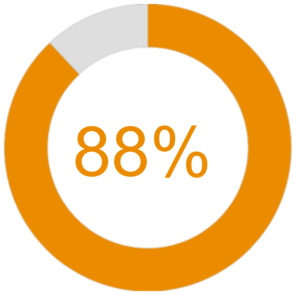
Demonstrate that you have an understanding of the sustainability issues that are most relevant to you and your key stakeholders.

This will prove to the reader that you are focusing on the most important sustainability issues where your efforts will have the greatest impact.

Tips to make your reporting more effective:

Basic	Intermediate	Advanced
Report which issues you have identified as material and why.	Report on the process that was undertaken to determine material issues and which key stakeholders were involved.	Focus your reporting on your material issues, linking them to your strategy and KPIs. Where relevant, align your material issues to the Sustainable Development Goals.

Of the FTSE 100 companies we reviewed:

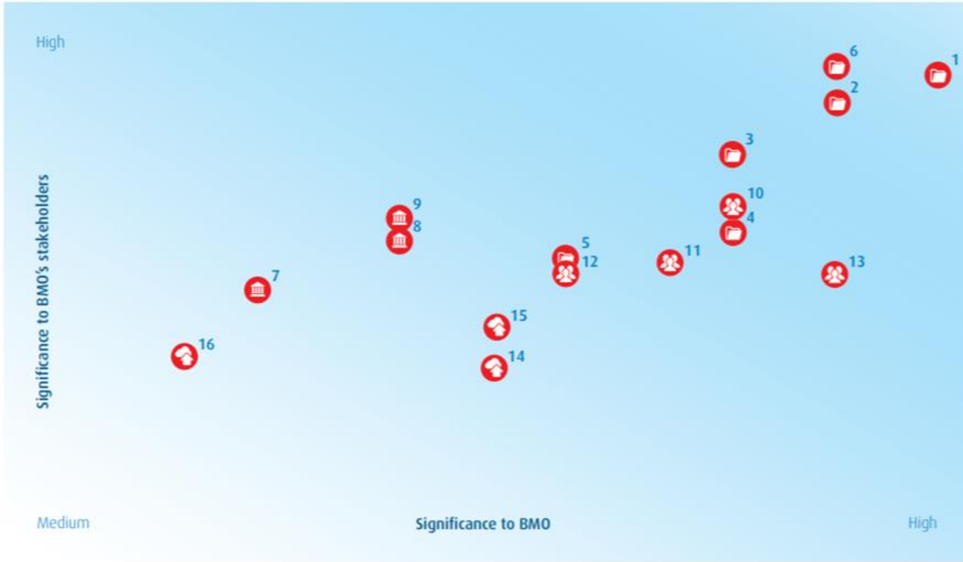


Identify what the company believes are its material issues

(FTSE 250: 87%)

> BMO clearly explain the process which it takes to identify its key material issues. We like the use of the matrix to prioritise the significance of the issues for its operations and stakeholders.

BMO Environmental, Social and Governance Report 2018, page 12-13



Managing Our Business

1 Business Conduct (3.80)
2 Consumer Protection and Transparency (3.73)
3 Corporate Governance (3.59)
4 Customer Feedback (3.38)
5 Executive Compensation (3.29)
6 Privacy and Data Security (3.82)

Advancing Responsible Banking & Investing

7 Access to Banking/Financial Inclusion (3.23)
8 Responsible Investing (3.38)
9 Responsible Lending (3.40)

New topics in 2018:
Human Rights
Climate Change

Inspiring Our People

10 Diversity and Inclusion (3.45)
11 Employee Engagement (3.30)
12 Learning and Development (3.27)
13 Talent Attraction and Retention (3.27)

Building Sustainable Communities

14 Contributing to Our Communities (3.02)
15 Financial Literacy (3.13)
16 Reducing Our Environmental Footprint (3.05)

1. **Topic identification**
   - Identified 19 potential ESG topics in a broad review of global research and analysis that considered the specific issues facing our industry, reports on trends, sustainability reporting by peers in our industry, and widely acknowledged frameworks such as the GRI Standards and Financial Services Sector Disclosures.

2. **Prioritization**
   - Surveyed more than 3,300 individuals – a representative sampling of employees, customers, investors, communities/civil society organizations (CSO) and BMO leaders in North America, Europe and Asia – in order to find out how they rated each of the 19 potential topics on a four-point scale, based on its level of importance to BMO and BMO's stakeholders, as well as how effective they believe BMO has been in addressing the topic.
   - Plotted the topics on a materiality matrix based on their average survey ratings.
   - Conducted in-depth interviews with select investors, community/CSO representatives and BMO leaders to gain an understanding of the context for the survey scores and comments, and to identify any other topics, risks and opportunities that we should consider and address.

3. **Validation**
   - Conducted an internal workshop with BMO leaders and subject-matter experts in which we reviewed and validated the topics on the materiality matrix. Participants also considered topics that fell below the threshold of materiality, as well as a number of other topics cited during the online survey and in-depth interviews, to determine whether any of those topics should also be addressed in some way in the ESG Report.
   - Presented the final materiality matrix – including an indication of the priority topics to be discussed in our ESG Report and their alignment with specific topics in the GRI Content Index – to BMO's Sustainability Council for validation.

https://www.bmo.com/corporate-governance/files/en/BMO_ESG_PAS_en.pdf

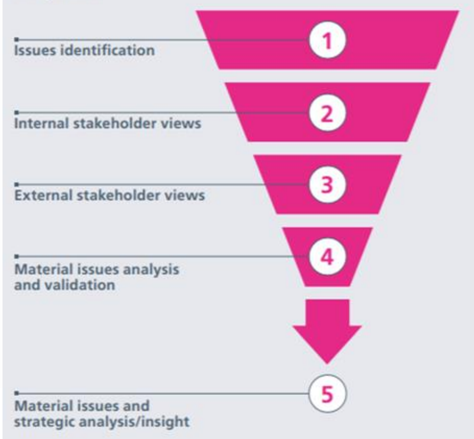
Reporting our material issues

RB's sustainability priorities

RB carries out a materiality assessment in line with Accountability's five-part materiality test and the GRI G4 sustainability guidelines implementation manual, with revisions taking place as needed in the interim. Additional sources that inform our views and issues also include:

- Reporting trends and external standards
- Business priorities and corporate values
- Corporate risk framework
- Industry benchmarking and peer review
- International media review
- ESG agencies and indices
- Legislative reviews and updates

The process



Reckitt Benckiser's sustainability report includes an extensive materiality section with a detailed methodology for identifying material issues and how the issues drive the company's strategic priorities.

Our materiality assessment process

We define our material issues in line with the United Nations Sustainable Development Goals and the indicators that are most relevant to our operations. We engage with a range of stakeholders, including consumer groups and communities, peers, suppliers, experts, policymakers and investors to consider the most material issues for our business, both regarding current activities and also into the future. Utilising internal and external research, surveys, interviews and interactive webinars, our materiality assessment helps to gather a 360-degree perspective on the environmental, social and governance issues facing our Company and our stakeholders.

The process adopts both quantitative and qualitative inputs on sustainability issues and opportunities following a four-staged approach:

- Issues identification – identifying key ethical, governance, environmental and social issues, drawing on internal and external resources and research.
- Internal stakeholder engagement – gathering views and insights across RB's Corporate and Business Unit divisions, functions and geographies, reflecting on the complexity and diversity of our organisation
- External stakeholder feedback – engaging with a board range of external opinion formers from consumers and suppliers to leading experts, NGOs and investors to better understand expectations, key drivers and future trends.
- Analysis and validation – detailed analysis of the internal and external context that RB is operating in, supported by the development of a dynamic quantitative materiality tool, providing additional understanding of the complexities and interrelationships impacting our material issues and strategic directing.

2.2 Stakeholder engagement

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

This shows the reader that you have considered a wide range of views and therefore made informed decisions about prioritising and acting on your sustainability issues.

Tips to make your reporting more effective:

Basic

Identify the key internal and external stakeholders to your organisation and describe how they have been engaged.

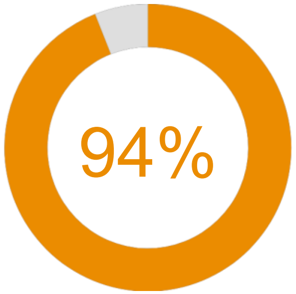
Intermediate

Describe the issues that stakeholders have identified as important and how these have been addressed.

Advanced

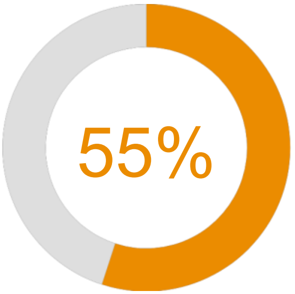
Show linkage between stakeholder consultations and your materiality, strategy and risk and opportunities planning processes. Consider alternative media for communicating messages from your sustainability report.

Of the FTSE 100 companies we reviewed:



Identify internal and external stakeholders

(FTSE 250: 91%)



Outline actions taken in response to stakeholder concerns

(FTSE 250: 39%)

“

Boots disclose the mechanism for engagement for each stakeholder. It highlights the issues raised by each stakeholder group and the actions taken to address them.

Boots Corporate Social Responsibility 2018, page 16-17

Stakeholders	Mechanism for engagement	Expectations/issues that arose through engagement	Actions taken
Non-governmental organizations (NGOs)	• At a minimum, quarterly meetings with key charity partners • Formal yearly feedback with key charity partners • Regular and ad hoc meetings, as well as conference participation with NGOs; frequency varies from business to business and from group to group	• Consumer health education and marketing • Product safety • Community engagement and partnerships	• Mental health education and resources for veterans • Expanded UK dementia awareness campaign • Trained cancer information pharmacists • Chemical Policy Statement • Collaboration on personal care products rating system with The Sustainability Consortium (TSC)
Stockholders, investors, lenders	• Annual stockholders meeting • Frequent dialogue through our investor relations team • May 2018 sell-side analyst event, participation in investor conferences at least twice yearly • Annual submission of CDP Climate Change questionnaire	• Prescription drug abuse • Access to affordable and quality healthcare • Tobacco use	• Expansion of opioid abuse prevention programs and partnerships • Copay support for patients • Disaster response and enhanced preparedness to provide healthcare access • Tobacco removed from pilot project stores in Gainesville, Florida
Government bodies and agencies	• Weekly or more frequent meetings with government agencies • Weekly or more frequent dialogue with membership associations • Consultation responses at national and international levels • Quarterly industry panels	• Energy use and climate impacts • Packaging • Waste management • Prescription drug abuse	• Energy efficiency investments • Established refrigerant baseline in our main markets • Joined UK Plastics Pact • Expansion of opioid abuse prevention programs and partnerships
Internal stakeholders	• Annual employee performance reviews/appraisals • Quarterly and/or annual employee feedback surveys, varies from business to business • Ethics, safety, compliance, development and other training—frequency varies from business to business and from role to role • Daily Company and business communications through email, intranet and bulletin boards • Quarterly town hall meetings with senior leadership	• Employee health, safety and wellbeing • Employee wages and hiring practices	• U.S. parental leave benefit and other benefit updates • U.S. wage increase • Walgreens Boots Alliance diversity and inclusion leadership goal • UK gender pay gap, actions taken

http://www.boots-uk.com/media/4213/wba_2018_csr_fnl_webversion_1_24.pdf

Morrisons Corporate Responsibility Report 2018/19, page 32

Ongoing engagement with our stakeholders

Engaging with our stakeholders enables us to identify issues and opportunities and respond to changing needs.

> Morrisons identify the different ways that it engages with its stakeholders and clearly understand its primary concerns.

STAKEHOLDERS	HOW WE LISTENED	WHAT OUR STAKEHOLDERS CARE ABOUT	EXAMPLES OF ENGAGEMENT
Communities	Council correspondence, letters and surveys, local news, social media.	Our communities want us to be an active neighbour, to support the causes that matter to them and make a positive difference through acting responsibly and thoughtfully.	• £5.5m donated to local community groups through Morrisons Foundation • Quieter Hour introduced in stores for customers with autism • Community rooms established for local community group use in stores • Colleague beach cleans organised near to coastal stores
Customers	Customer listening groups, sales of products, customer insight survey, social media, correspondence.	We know that customers recognise that sustainability issues are important. They want us to make it easier for them to be supportive through healthier and more responsible buying habits, without additional cost.	• Helping customers to reduce their plastic by removing plastic bags for produce, offering more loose fresh fruit and veg to customers, paper carrier bag introduced • V Taste vegan range launched • Free fruit for kids rolled out across all stores • Eat Fresh boxes launched to help customers manage food in the home
Colleagues	Colleague Your Say forums, internal communications, Your Say surveys, colleague social media platforms, CR initiatives.	Our colleagues care about how we look after them, from their progression within the business to their engagement. They want to be treated equally and be rewarded by their commitment.	• Store programme for women in leadership launched • My Performance online tool for every colleague • Your Say forums established • Over 500 Craft Apprenticeships launched
Government and regulators	Formal enquiries, meetings, trade associations, social media, visits.	Government policy implemented through legislation, regulation and, increasingly, sector specific voluntary agreements which forms the back drop to our operational activity.	• Working with DEFRA and WRAP to provide insight for Government's Environmental Plan to increase loose fresh fruit and vegetables • Providing written evidence to Government on progress against UN Sustainable Development Goals
Investors	Enquiries, surveys, Annual General Meeting, meetings.	Investors scrutinise our activity on a range of environmental and social measures as well as financial performance, to ensure investment risks are limited.	• Completion of Carbon Disclosure Project for carbon • Responding to investor enquiries on sustainable supply chains and science based targets
Non-Governmental Organisations (NGOs)	Enquiries, surveys, collaborative projects, visits, meetings, blogs, social media.	NGOs care about the impact we have on the environment and society. They ask us to make changes to the way we operate to help address a particular topical issue.	• Responding to Greenpeace's survey on plastics activity • Working with environmental communications charity, Hubbub, on their initiative to increase recycling in the city of Leeds • Working with food redistribution charity, FareShare, to increase surplus redistribution in our manufacturing sites
Suppliers	GSCOP, conferences, meetings, visits, audits and surveys.	We trade with companies all around the world and our challenge is to ensure that their operation is aligned with our values, policy and responsible business practices. Through our terms of trade, monitoring processes, technology, supply chain management, certification and auditing we work hard to ensure compliance.	• Searching for the best local suppliers as part of Local Foodmakers initiative • Supporting #Farm24 event to promote British farming • Working with 250+ farmers to reduce on-farm waste through Naturally Wonky range
Industry	British Retail Consortium (BRC) working groups, IGD working groups, industry conferences, collaborative projects.	We know the positive impact working collaboratively as an industry can have to help tackle the issues that affect our society and environment. In some cases, joining forces is the only way to create meaningful change.	• Working with industry to reform the way we use plastics through UK Plastics PACT • IGD Food Waste Task and Finishing Group to establish a food waste reduction road map for the food industry • Working with industry to improve sustainability of soy supply chains

https://www.morrisons-corporate.com/globalassets/corporatesite/corporate-responsibility/corporate-responsibility-report/morrisons_cr_2018_interactive.pdf

2.3 Risks and opportunities

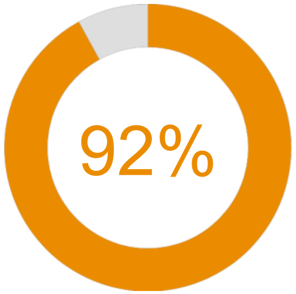
Explain the key strategic risks and opportunities for your organisation that arise from sustainability issues.

This gives the reader confidence that you have considered the impacts that external sustainability factors might have on the success of your business and that you are acting on these.

Tips to make your reporting more effective:

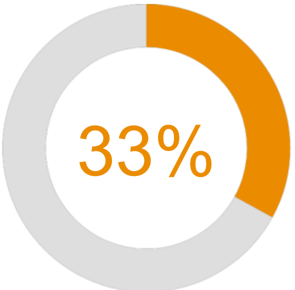
Basic	Intermediate	Advanced
List out the risks and opportunities relating to sustainability that the organisation is managing.	Describe the action plan in place to address these risks and opportunities.	Disclose the relevance and financial implications of these risks and opportunities. As per the TCFD recommendations, identify the risks and opportunities faced by your business as a result of climate change.

Of the FTSE 100 companies we reviewed:



Explicitly identify sustainability risks

(FTSE 250: 83%)



Explicitly identify sustainability opportunities

(FTSE 250: 39%)

Thames Water Annual Report 2017/18, page 72 – 78

Climate and Societal

Description
Strategic execution, customer behaviour and demand can change due to external influences outside of our control, such as population growth, climate change, long-term weather patterns and new technologies.

Link to strategic priorities:

Risk Climate:

Key Drivers
- Climate change and long-term weather patterns;
- Adverse and unseasonal weather events;
- Population growth; and
- Uncertainty around the UK leaving the EU (Brexit).

Mitigation
- Long-term investment in the network and assets to strengthen customer relationships, secure future water requirements, develop resilience and reduce the impact of adverse weather patterns and events, and population growth;
- Work to manage the unavoidable impacts of climate change to the business and reduce carbon and greenhouse gas emissions;
- Continue to find solutions that balance competing environmental, social and economic demands in a more sustainable way through the five-year business plan; and
- Concentrate on demand reduction activity such as smart metering and water efficiency solutions to help build resilience within the network and assets.

Potential business impact
Customer Service; Financial; Regulatory; Operations; Reputation

Opportunity
Increase operational effectiveness by recognising and managing external trends.

Executive responsibility
Richard Aylard – External Affairs & Sustainability Director

Role of the Executive Team
- Monitor the delivery of plans and the appropriate allocation of resources to long-term strategic drivers; and
- Regularly debated capital investment and any challenges and opportunities.

Movement in the period
- There has been no significant change in the inherent risk profile during 2017/18.

Looking forward
- Continue to regularly review our forecast planning and investment programme; and
- Review the effect the UK leaving the European Union has on our people and market.

> Thames Water discloses the key drivers and mitigation efforts, alongside potential impacts which climate change may have on the business. We like how it has also acknowledged potential opportunities that may arise.

https://corporate.thameswater.co.uk/-/media/Site-Content/Thames-Water/Corporate/AboutUs/Investors/Annual-report/2018/2017-18-Annual-Report-and-Annual-Performance-Report.pdf

Berkeley Group Annual Report 2018, page 68

	RISK DESCRIPTION AND IMPACT	APPROACH TO MITIGATING RISK
CLIMATE CHANGE	The effects of climate change could directly impact Berkeley's ability to deliver its product through disruptions to programme and supplies of materials. Our customers and communities could be adversely affected through overheating, water shortages or flooding. There is also an increased level of interest in disclosures on climate change management. Failure to report in line with regulations or key recommendations could expose Berkeley to penalties and reputational damage.	The Group Sustainability Team identifies strategic climate change risks and opportunities facing the business through the regular review of issues and trends, along with active collaboration with external experts. These are shared with the Chief Executive and Board Director Responsible for Sustainability. Climate change action is a key focus for Berkeley with this featuring prominently under Our Vision, with commitments to both mitigate and adapt to climate change. By taking action under our carbon emissions reduction target our sites, offices and sales suites are identifying and investing in energy efficiency measures. We are also increasingly using energy from low carbon or renewable sources. Climate change adaptation measures are considered for all new developments submitted for planning to build resilience into our homes and developments. Mitigation measures are also incorporated. We welcome the recommendations from the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and are taking action to implement these over time through the evolvement of our processes and reporting.

RESIDUAL RISK RATING	LIKELIHOOD CHANGE DURING YEAR	IMPACT CHANGE DURING YEAR	COMMENTARY
MEDIUM	→	→	We monitor the actions taken to reduce carbon emissions across our activities and report the greenhouse gas emissions for which we are responsible. In 2018, we were the first major housebuilder to become carbon positive, offsetting more emissions than we produce. We also regularly review the features incorporated into our homes and places to both mitigate and adapt to climate change. This year we have committed to produce transition plans which enable homes to operate at net zero carbon by 2030. This year, Berkeley is reporting qualitatively on the governance, strategy and risk management components of the TCFD recommendations on our website. **See pages 28, 32 and 36** **Key Performance indicators see pages 2 and 3** — Greenhouse gas emissions intensity

Hammerson Sustainability Report 2018, page 26

Managing risk

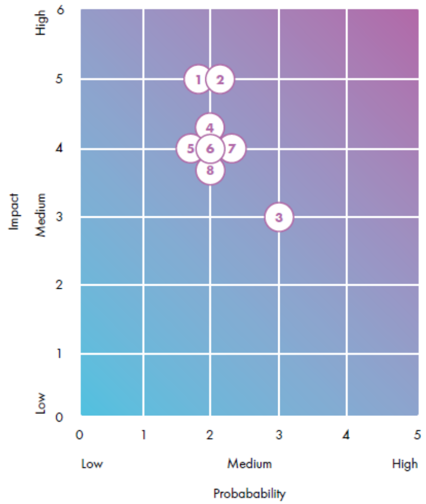
Management of any potential risks flowing from sustainability are high on the corporate agenda.

The risk heat map set out below includes the eight sustainability risks we consider to be most significant for the business. The map is based on the probability of the identified risk occurring and the severity of the impact if it does occur. The analysis demonstrates that the eight key sustainability risks are contained within the medium risk area of the map. We consider each of the risk areas as being effectively managed but the business is alert to their importance. The approach to risk management set out here mirrors the corporate risk strategy as set out in our Annual Report and Accounts. Sustainability risks are communicated through the business via our Corporate Responsibility Governance structure.

MORE

More detail on our sustainability risk and our management approach is set out in table 8.1, p. 124–125

Chart 1.9 Risk Heat Map



1. Failure to address sustainability within our development programme
2. Non-compliance with UK, Irish, French and EU Environmental regulation and legislation
3. Rising energy cost including regulatory / fiscal charges
4. Poor performance in investor-focused industry benchmarks
5. Impact of climate change on our portfolios
6. Failure to achieve corporate development targets
7. Employees insufficiently equipped with the knowledge and tools to achieve corporate sustainability goals
8. Lack of engagement of JV partners on sustainability matters

> Berkeley Group discloses a detailed description of its sustainability-related risks. It highlights the approach to mitigate key issues, as well as rating the significance of the risk to core business.

> Hammerson assesses its risks by identifying the most impactful and likely sustainability factor using a matrix and risk heat map.

3

How do you monitor and manage performance?

3.1 KPIs and targets

Identify KPIs that are directly relevant to your sustainability strategy and set challenging but realistic targets that you can assess your performance against.

Clear presentation of progress towards targets will demonstrate to the reader that you are holding yourself accountable to the goals you have set for your organisation.

Tips to make your reporting more effective:

Basic

Disclose sustainability KPIs most relevant to your business, including historic performance data to show trends over time.

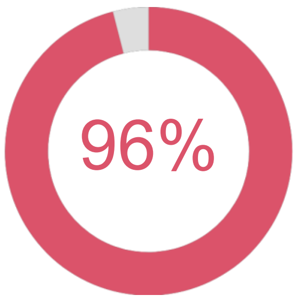
Intermediate

Set specific and quantifiable short – and medium-term targets for these KPIs.

Advanced

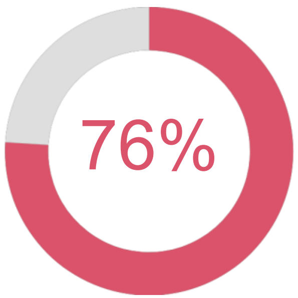
Disclose financial implications behind KPIs. Where relevant, align your sustainability KPIs and targets to the Sustainable Development Goals.

Of the FTSE 100 companies we reviewed:



Disclose a range of sustainability KPIs

(FTSE 250: 87%)

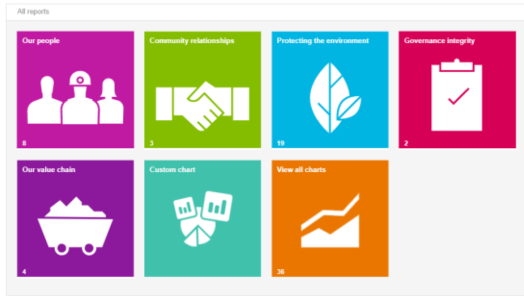


Disclose targets for each KPI

(FTSE 250: 52%)

Rio Tinto website

Interactive charts



> We like Rio Tinto's use of interactive charts that allow users to customise the chart for different thematic areas.

https://www.riotinto.com/ourcommitment/performance-tool-21474.aspx

BT Digital Impact and Sustainability Report 2018/19, page 20

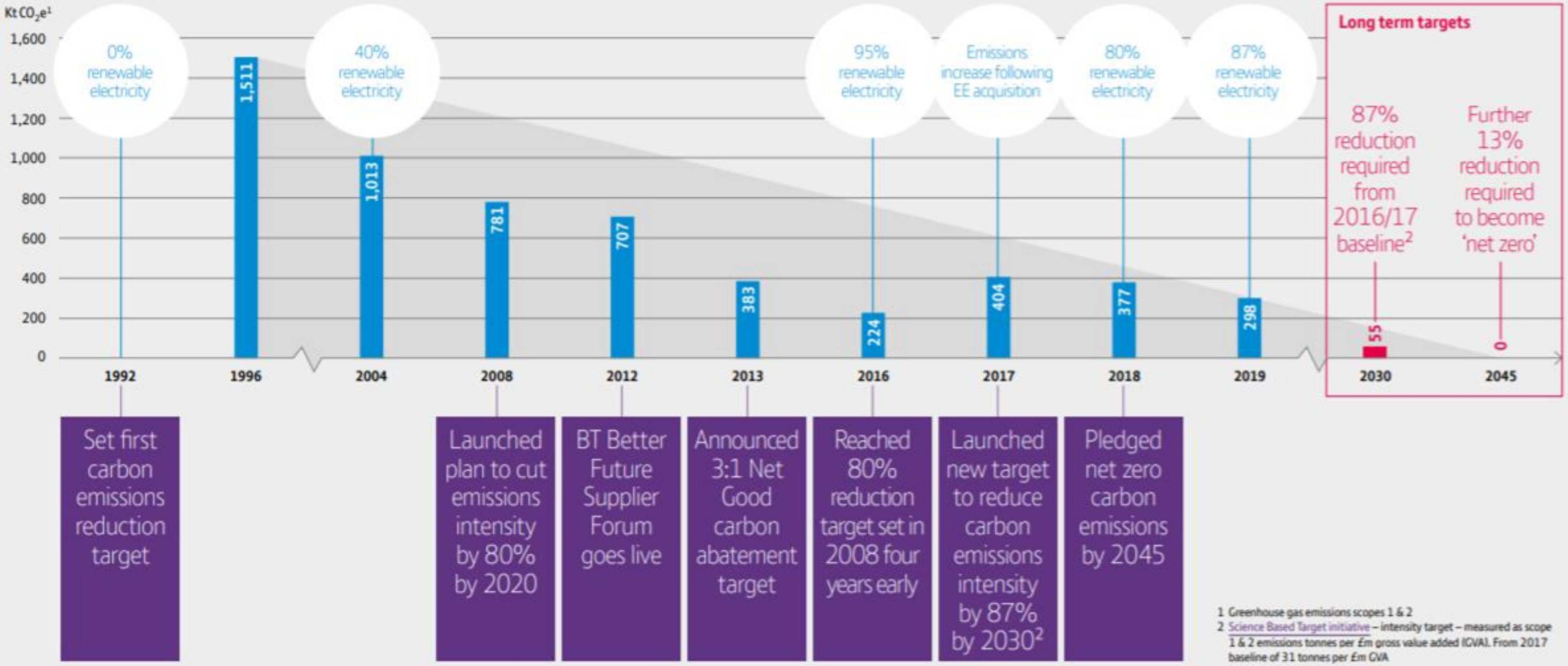
> BT has disclosed quantitative KPIs since 1992. It clearly shows the significant improvement that it has made towards its 'journey to net zero emissions'. BT aligns its KPIs with short and long-term targets.

Reducing our carbon emissions

We're aiming to be a net zero carbon emissions[1] business. That's no mean feat. But we've already made big strides. To do this, we're targeting 100% renewable electricity by 2020. We're investigating how to decarbonise our buildings. And we're looking at how we can convert our fleet to ultra-low emission vehicles.

Information on how we manage and govern our climate change strategy can be found in the Environmental management appendix.

Our journey to net zero emissions



1 Greenhouse gas emissions scopes 1 & 2
2 Science Based Target initiative – intensity target – measured as scope 1 & 2 emissions tonnes per £m gross value added (GVA). From 2017 baseline of 31 tonnes per £m GVA

https://www.btplc.com/Digitalimpactandsustainability/Ourreport/2019summary/assets/documents/BT-Digital-impact-and-sustainability-report.pdf

3.2 Impacts

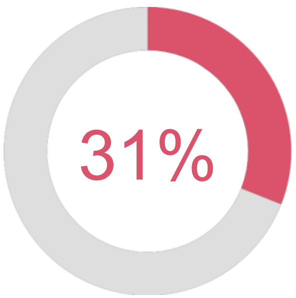
Provide a clear explanation and quantification of the social, environmental and economic impacts of your business.

This demonstrates to the reader that you have a thorough understanding of your wider impacts on society and the environment. This understanding will allow you to make more informed decisions towards being a more sustainable business.

Tips to make your reporting more effective:

Basic	Intermediate	Advanced
Specifically discuss qualitatively which areas of the environment and society you impact through your operations and supply chains.	Disclose quantitative indicators of the relative size of your impact on society and the environment.	In monetary terms, disclose your impact on society and the environment.

Of the FTSE 100 companies we reviewed:

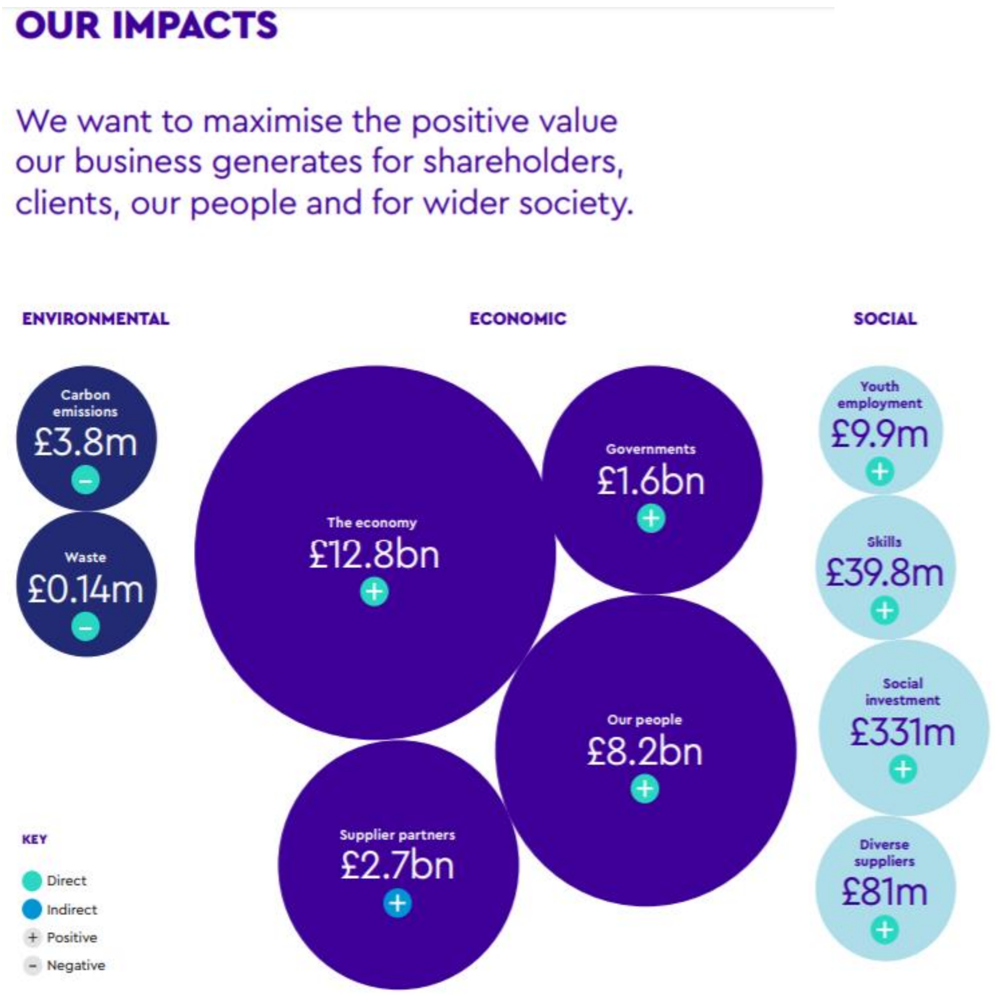


Specifically disclose the environmental and/or social impacts of the business

(FTSE 250: 22%)

WPP monetises the environmental, economic, and social impacts of its business operations. It explicitly identifies the direct and indirect impacts showing the importance placed on maximising 'the positive value for shareholders'.

WPP Sustainability Report 2018, page 7



https://www.wppage com/-/media/project/wpp/files/sustainability/sustainability-report-2018/wpp-sustainability-report-2018.pdf?la=en

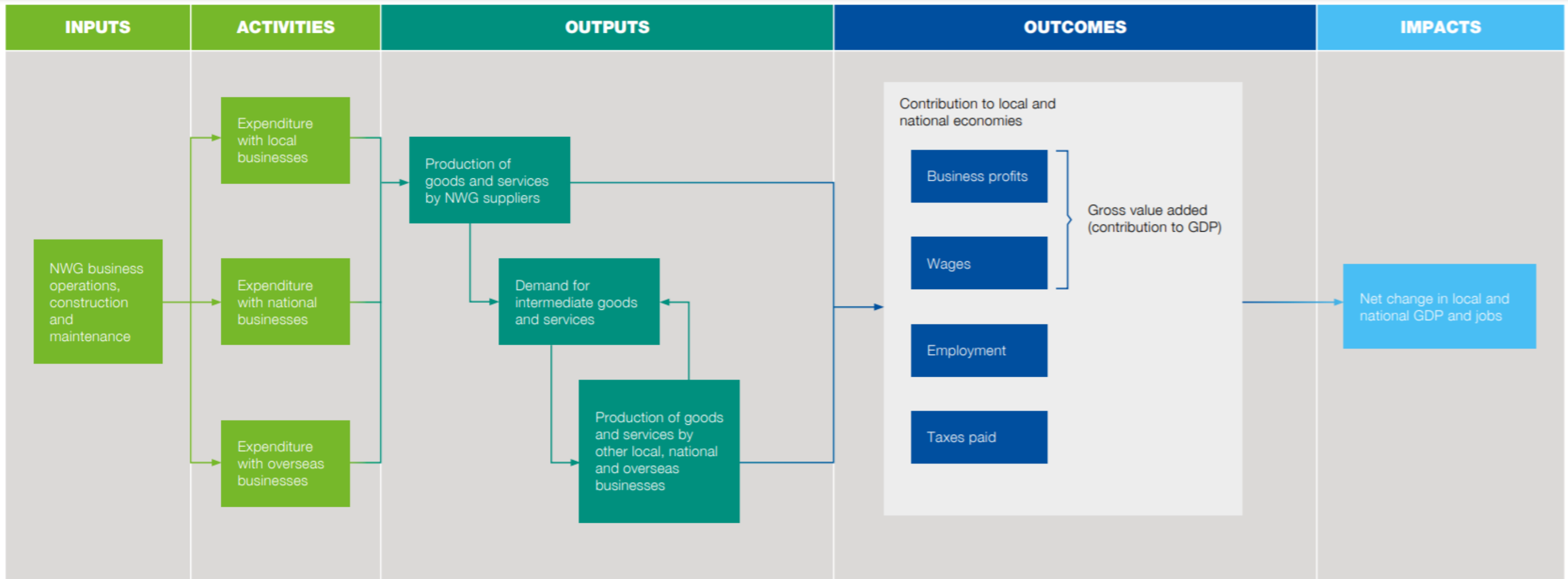
https://www.wppage com/-/media/project/wpp/files/sustainability/sustainability-report-2018/wpp-sustainability-report-2018-quantifying-our-impacts.pdf?la=en

Northumbrian Water 'Our contribution' report 2019, page 22

	TOTAL POTENTIAL BENEFICIARIES		OUTCOMES ADJUSTMENT FACTOR		BENEFIT PER PERSON		TOTAL BENEFIT IN 2018
CENTRAL ESTIMATE	357	x	64%	x	£1,330	=	£300,000
LOWER-BOUND ESTIMATE	357	x	100%	x	£470	=	£170,000
UPPER-BOUND ESTIMATE	714	x	64%	x	£470	=	£330,000

Total benefit rounded to nearest £'000. Other figures rounded to nearest whole number.

> Northumbrian Water measured the social value created by its initiatives. We like how they conducted extensive research on the potential long term impacts of its operation, alongside developing impact pathways to demonstrate this



3.3 Governance

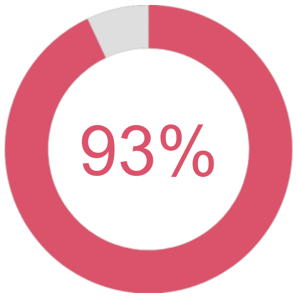
Provide a clear explanation of the company's sustainability governance structure and explain how directors and staff are incentivised to deliver on the sustainability strategy.

This gives the reader confidence that the necessary framework and resources are in place for the strategy to be delivered. Having senior staff members listed in the governance framework further demonstrates your commitment to the strategy.

Tips to make your reporting more effective:

Basic	Intermediate	Advanced
Identify the board member responsible for sustainability issues and outline your sustainability governance structure.	Showcase how sustainability governance permeates through your business, e.g. through department heads with sustainability responsibilities.	Report on how staff are incentivised to deliver on the sustainability strategy throughout the company, and include financial and non-financial incentives (e.g. remuneration, employee awards).

Of the FTSE 100 companies we reviewed:



Describe the sustainability governance structure

(FTSE 250: 83%)

Barclays provide a detailed description of its board governance framework. We like how they disclose the impact sustainability-related performance has on Directors remuneration.

Barclays ESG Report 2018, page 14

Governance and risk management overview

Our ability to meet our responsibilities to our key stakeholder groups is underpinned by a strong commitment to the way we do business – ensuring that we run our business responsibly and manage our broader social and environmental impacts appropriately.

As a global organisation with customers and clients active across all economic sectors and financial services delivered through complex regulated operations and infrastructure, we aim to manage environmental, social and governance issues effectively and consistently across the Group's businesses with appropriate governance and oversight.

This section provides summary information on governance and risk management topics from an ESG perspective with links to further detail across the Annual Report and other sources, including Barclays website and additional disclosures.

Board oversight

The Barclays PLC Board of Directors is responsible for the overall leadership of the Barclays Group, including establishing its Purpose, Values and Strategy and satisfying itself as to the alignment of Barclays' culture to its Purpose, Values and Strategy. In 2018, the Board approved a new common Purpose for the Barclays Group – Creating opportunities to rise – which reflects Barclays' entrepreneurial spirit, relentless quest for better customer and client centricity, and our commitments to society at large and to our colleagues.

How we behave is instrumental in our achieving the highest standards of performance, adding value to our customers and clients, and meeting our regulatory obligations. The Board believes that its role is to create and preserve value, not just for shareholders but for all stakeholders and society more widely. The impact of our behaviour and business on customers and clients, colleagues, wider society and the environment is monitored by the Board with support from the Barclays PLC Board Reputation Committee.

Barclays PLC Board Reputation Committee

The Board Reputation Committee supports the Board in promoting its collective vision of Barclays' Purpose, Values, culture and behaviours. It reviews the management of conduct and reputational risk and oversees Barclays' conduct in relation to its corporate and societal obligations, including setting the guidance, direction and policies for Barclays' approach to customer and regulatory matters. The committee reviews and approves Barclays' approach to citizenship, environmental and social matters, including advising management on these matters. It also safeguards the independence of and oversees the

Board Governance Framework

Barclays PLC
Responsible for the overall leadership of the Barclays Group

Audit Committee
- Reviews accounting policies and financial reports
- Monitors the internal control environment
- Considers the adequacy and scope of the internal and external audit
- Reviews and monitors the Barclays Group's Whistleblowing policies

Risk Committee
- Monitors and recommends financial and operational risk appetite
- Monitors the financial and operational risk profile
- Reviews limits for types of financial and operational risk

Reputation Committee
- Oversees Barclays' culture
- Considers Barclays' conduct and reputational risk issues and exposures
- Reviews and approves Barclays' approach to citizenship, environmental and social matters
- Oversees Barclays' approach to customer and regulatory matters

Nominations Committee
- Reviews the composition of the Board
- Recommends the appointment of new Directors
- Considers succession plans for the Chair and Group Chief Executive
- Oversees the annual Board effectiveness review

Remuneration Committee
- Sets principles and parameters of remuneration for Barclays
- Considers and approves remuneration for executive Directors and senior executives
- Oversees employee share schemes

Further detail on each Committee's activity in 2018 is available in the Directors' report in the Annual Report

https://home.barclays/content/dam/home-barclays/documents/citizenship/ESG/Barclays-ESG-2018.pdf

Anglo American Sustainability Report 2018, page 18-21

GOVERNANCE AND MANAGEMENT APPROACH

Sustainability considerations are firmly embedded into Anglo American's governance structures. In this section, we review the roles of the Board's Sustainability, Audit and Remuneration committees, as well as the Group's sustainability governance structure.

The role of the Anglo American Board of directors is to promote and safeguard the long term success of the business, while considering the interests of its various stakeholders. A full account of our approach to corporate governance is available in the 2018 Anglo American Annual Report.

Several standing committees – the Sustainability, Remuneration, Nomination and Audit committees – are designated to take on certain responsibilities on the Board's behalf.

The Sustainability Committee holds accountability for overseeing how Anglo American manages its most material sustainability issues. The committee meets four times a year and comprises Jack Thompson (chairman of the committee); Stuart Chambers (chairman of the Board); non-executive directors Ian Ashby, Nolitha Fakude, Mphu Ramatlapeng and Jim Rutherford; Mark Cutifani (chief executive); and Tony O'Neill (technical director). Jack Thompson will be stepping down from the Board and as chairman of the committee on 30 April 2019. Ian Ashby, who has served as a member of the committee since his appointment in July 2017, will succeed Jack Thompson as committee chairman. Business unit heads, Group directors of people and organisation and corporate relations, the Group general counsel and company secretary, and the Group head of safety and sustainable development also participate in meetings.

In 2018, directors and non-executive members of the committee visited the Gahcho Kué diamond mine in Canada's Northwest Territories. The committee also participated in Global Safety Day at several Metallurgical Coal sites in Australia.

As part of its overall mandate to oversee audit, internal control and risk management, the Audit Committee reviews the principal risks to the Group, including those related to catastrophic event risk and material sustainability issues.

SUSTAINABILITY COMMITTEE DISCUSSIONS IN 2018

At each meeting, the committee reviews detailed reports covering the Group's performance across a range of sustainability areas and discusses significant social, safety, health and environmental incidents. In addition to the regular reports, the following matters were discussed during 2018:

- Business unit updates from: Kumba Iron Ore, Nickel, Iron Ore Brazil, Metallurgical Coal and PGMs
- Mining Charter III
- Material legal developments
- Mine-closure liabilities
- Sustainability Report assurance findings
- 2017 Social Way assessment results
- The basis for reporting on joint ventures
- Operational risk reviews
- Risk/liability of tailings storage facilities at divested operations
- Materiality review
- Feedback from external stakeholder research
- Operational risk management capability and training
- Co-disposal area at Moranbah North
- Sustainable Mining Plan implementation update
- Dust management at Sishen mine
- Anglo American's sustainability performance and future sustainability trends
- Human rights
- Climate change
- Socio-political trends

Policies and standards

Our sustainability standards are articulated in the Anglo American Safety, Health and Environment (SHE) Way, the Government Relations Way and the Social Way.

The 'Ways' apply throughout the Group and set out the vision, principles, policies, management system requirements and performance expectations for managing our core sustainability risks and opportunities. We also promote comparable standards in non-managed joint ventures and associate companies to the extent possible.

Group Technical Standards define the mandatory minimum requirements we set for managing a wide range of specific issues. In relation to sustainability, these include, for example, the management of water, energy, tailings-storage facilities and various technical aspects of mining that relate to safety.

Through our responsible-sourcing programme, we aim to ensure that those we do business with follow a set of minimum standards of responsible business conduct that are comparable to what we expect of ourselves.

Permitting

Given that delays in acquiring permits, or failures to comply with conditions attached to permits, can have high financial, operational and reputational costs, Anglo American has established a cross-cutting permitting practice. Its flagship project, the Minimum Permitting Requirements (MPR) programme, was established in 2014 to support operations in timeously obtaining the right permits and complying with the conditions of existing permits. Meeting the MPR is part of the critical foundations of our approach to sustainability; it helps identify the areas within permitting that are subject to risks and provides guidance in order to achieve sound permitting practice. In 2018, a total of 43 business units, sites and projects were reviewed against the MPR, with action plans in place to address gaps, as well as plans for annual reviews to ensure continuous improvement. For example, Quellaveco's first-class permitting practice developed since the MPR roll-out facilitated Board approval of the feasibility study and the decision, in July 2018, to move the project into construction phase.

From November 2018, we have been deploying a state-of-the-art IT solution to optimise permitting.

ANGLO AMERICAN'S GOVERNANCE DOCUMENTS

GROUP POLICY	Broad encompassing statement of business intentions, aspirations and/or commitments
GROUP TECHNICAL STANDARD	Defines the common business and technical requirements

GUIDELINES	SPECIFICATION	PROCEDURES
Expands upon the requirements of a standard and provides the expected approach on how that criteria might be achieved, inclusive of leading and best practice.	Defines an explicit set of technical requirements to be satisfied by a given design, system or service.	Defines specific work, how it should be done, and who should do it.

Owned by Group functions
Owned by business units and/or sites

"

The Anglo American sustainability report provides a detailed assessment of the governance and management approach within the business. We like how the report discloses key discussion topics for the sustainability committee.

https://www.angloamerican.com/~/media/Files/A/Anglo-American-Group/PLC/investors/annual-reporting/2019/aa-sustainability-report-2018.pdf

4

How do you consider the broader viability of the business?

4.1 Value chain

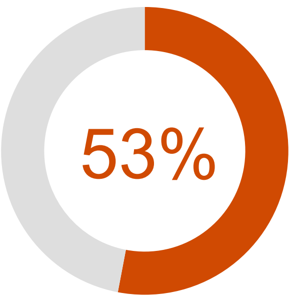
Consider relevant upstream and downstream value chain aspects of your business in order to take account of all environmental, social and economic impacts, both positive and negative.

This demonstrates you understand the wider influence you have on sustainability issues in society. By thinking holistically you may identify areas that create a greater positive impact than you can by changing your core operations.

Tips to make your reporting more effective:

Basic	Intermediate	Advanced
Consider the positive and/or negative impacts of your supply chain and/or your products and services in your sustainability reporting.	Report quantitative data on material impacts from across your value chain, both positive and negative and strategies in place to address these.	Set specific targets for material value chain impacts and report on progress towards them.

Of the FTSE 100 companies we reviewed:

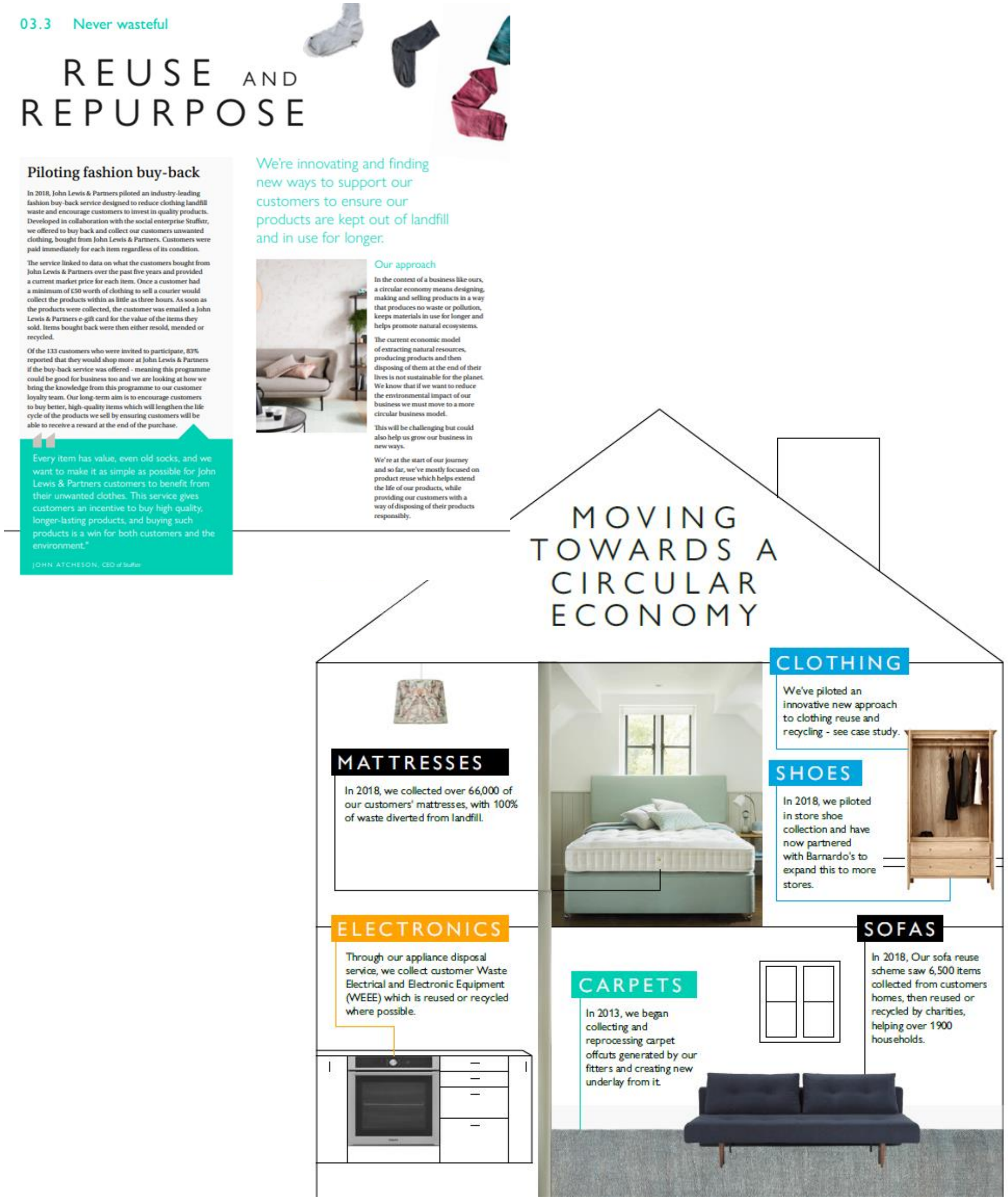


Include upstream and downstream impacts in materiality assessments and/or target setting

(FTSE 250: 83%)

> John Lewis Partnerships emphasises the importance of moving towards a circular economy. They demonstrate how their business is helping to reduce waste.

John Lewis Partnership Corporate Responsibility Report 2018/19, page 27



03.3 Never wasteful

REUSE AND REPURPOSE

Piloting fashion buy-back

In 2018, John Lewis & Partners piloted an industry-leading fashion buy-back service designed to reduce clothing landfill waste and encourage customers to invest in quality products. Developed in collaboration with the social enterprise Stuffstr, we offered to buy back and collect our customers unwanted clothing, bought from John Lewis & Partners. Customers were paid immediately for each item regardless of its condition.

The service linked to data on what the customers bought from John Lewis & Partners over the past five years and provided a current market price for each item. Once a customer had a minimum of £50 worth of clothing to sell a courier would collect the products within as little as three hours. As soon as the products were collected, the customer was emailed a John Lewis & Partners e-gift card for the value of the items they sold. Items bought back were then either resold, mended or recycled.

Of the 133 customers who were invited to participate, 83% reported that they would shop more at John Lewis & Partners if the buy-back service was offered - meaning this programme could be good for business too and we are looking at how we bring the knowledge from this programme to our customer loyalty team. Our long-term aim is to encourage customers to buy better, high-quality items which will lengthen the life cycle of the products we sell by ensuring customers will be able to receive a reward at the end of the purchase.

"Every item has value, even old socks, and we want to make it as simple as possible for John Lewis & Partners customers to benefit from their unwanted clothes. This service gives customers an incentive to buy high quality, longer-lasting products, and buying such products is a win for both customers and the environment."

JOHN ATCHESON, CEO of Stuffstr

We're innovating and finding new ways to support our customers to ensure our products are kept out of landfill and in use for longer.

Our approach

In the context of a business like ours, a circular economy means designing, making and selling products in a way that produces no waste or pollution, keeps materials in use for longer and helps promote natural ecosystems.

The current economic model of extracting natural resources, producing products and then disposing of them at the end of their lives is not sustainable for the planet. We know that if we want to reduce the environmental impact of our business we must move to a more circular business model.

This will be challenging but could also help us grow our business in new ways.

We're at the start of our journey and so far, we've mostly focused on product reuse which helps extend the life of our products, while providing our customers with a way of disposing of their products responsibly.

MOVING TOWARDS A CIRCULAR ECONOMY

CLOTHING

We've piloted an innovative new approach to clothing reuse and recycling - see case study.

MATTRESSES

In 2018, we collected over 66,000 of our customers' mattresses, with 100% of waste diverted from landfill.

SHOES

In 2018, we piloted in store shoe collection and have now partnered with Barnardo's to expand this to more stores.

ELECTRONICS

Through our appliance disposal service, we collect customer Waste Electrical and Electronic Equipment (WEEE) which is reused or recycled where possible.

SOFAS

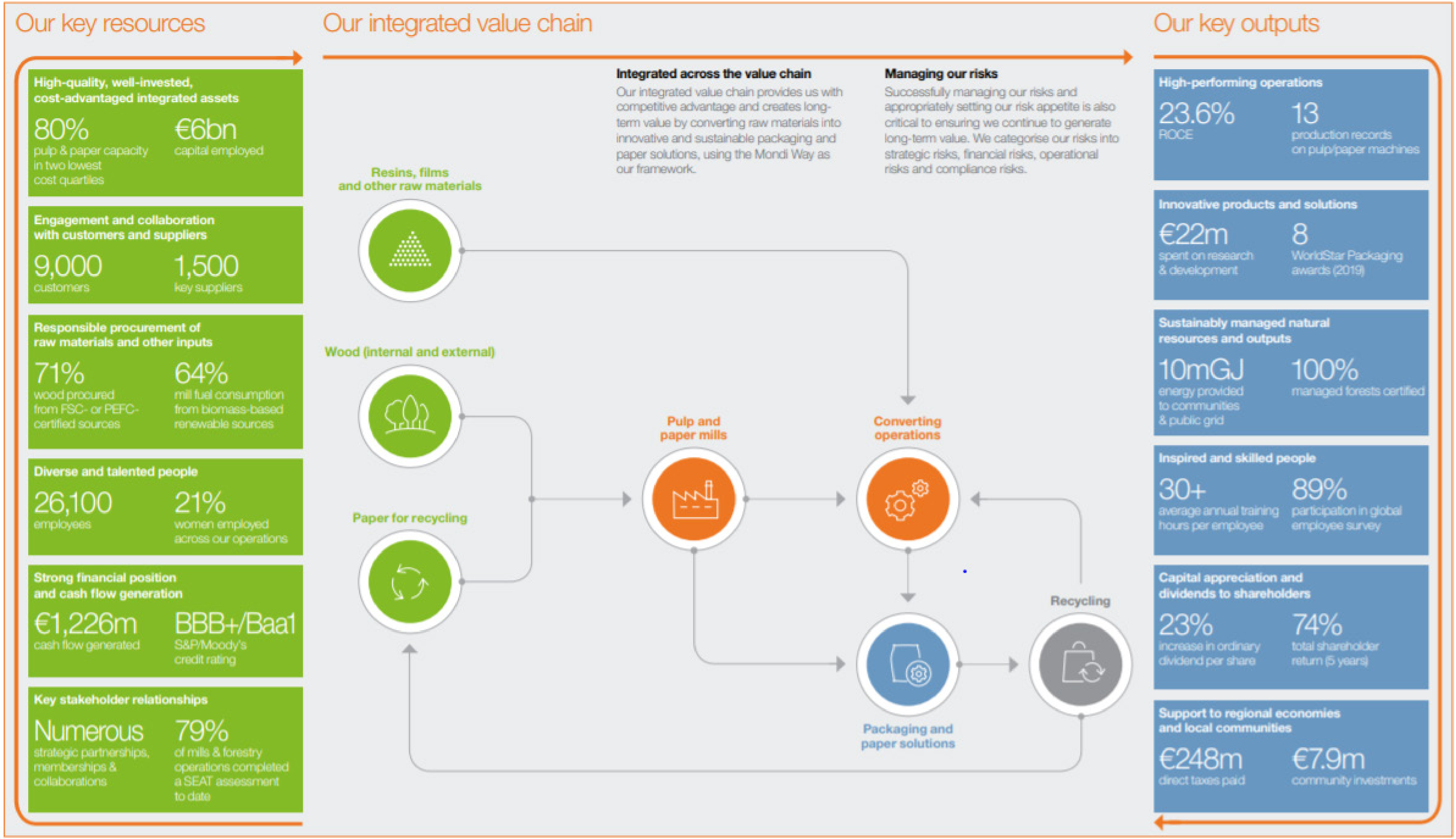
In 2018, Our sofa reuse scheme saw 6,500 items collected from customers homes, then reused or recycled by charities, helping over 1900 households.

CARPETS

In 2013, we began collecting and reprocessing carpet offcuts generated by our fitters and creating new underlay from it.

https://www.johnlewispartnershipage co.uk/content/dam/cws/pdfs/Juniper/jlp_cr_report_1819.pdf

Mondi Sustainable Development Report 2018, page 18



❝

Mondi discloses an integrated value chain showing the value created from converting raw materials into sustainable packaging. We like how it linked the value chain to relevant KPI's.

4.2 Future proofing

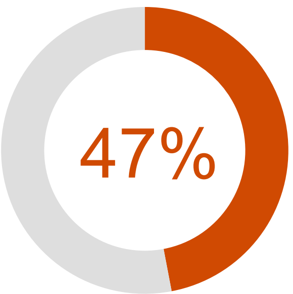
Disclose that you have considered the future resource constraints that might affect your business e.g. non-financial capitals including natural capital and human capital.

This shows the reader that you are monitoring and minimising any resource risks in order to prevent disruption to your organisation in the future.

Tips to make your reporting more effective:

Basic	Intermediate	Advanced
Disclose significant use of non-financials capitals, e.g. water, land, timber.	Explain whether you expect that the availability of any non-financial capitals might be restricted in the future.	Describe your strategy for managing your risks. Consider the resilience of your business to climate change by undertaking scenario analysis, as per the TCFD recommendations.

Of the FTSE 100 companies we reviewed:



Discuss future constraints on their most important non-financial capitals

(FTSE 250: 50%)

> Anglian Water Services demonstrate how it is addressing potential problems that will heighten in the future, including climate change. We like how it has considered opportunities that may arise if correctly addressed.

Anglian Water Services Integrated Report 2019, page 22-23

HOW WE'RE ADDRESSING OPPORTUNITIES AND CHALLENGES

We have identified the main factors that affect our business now and will affect it in the future.

ISSUES COMMON TO THE WHOLE WATER INDUSTRY

REACHING BEYOND REGULATORY COMPLIANCE AND PERFORMANCE TARGETS

We are operating in an environment where complex social, political and environmental challenges are increasing.

Our customers and stakeholders rightly expect us to deliver an excellent service while also playing a big role in tackling these wider social and environmental challenges of climate change, growth and resilience.

Company performance reaches far beyond regulatory compliance and meeting targets. We are proud to be a purpose-led business rooted in long-term sustainable ambitions continually examining our impact on the communities we serve. This purpose is embedded in everything we do. Anglian Water continues to demonstrate how a responsible and sustainable approach such as ours is not only desirable but intrinsically linked to business performance.

We have been at the heart of leading this approach across the industry and this year were instrumental in the creation of the water industry's Public Interest Commitment, setting new standards for a social contract with customers and stakeholders. It's a statement that commits the entire industry to continuing to deliver wider benefits to society, above and beyond the provision of clean, fresh drinking water.

PLANNING FOR THE LONG TERM

The nature of the water industry requires us to take the long view – planning years, and even decades, ahead on issues including water resources, the maintenance of assets, advances in technology and closing the skills gap.

We look to tackle these long-term issues in collaboration with others. That includes delivering our capital programme through long-term alliances with our contractors and suppliers, and joint research and planning on issues like drought resilience. Where possible, we look to lead and shape the regional and national conversation to secure the action and investment needed for a sustainable future.

AFFORDABILITY AND CUSTOMER EXPECTATIONS

Customer expectations have been transformed in recent years, a change accelerated by social media. Customers compare our service with that of the top UK brands and they expect us to be as good, if not better.

They also expect us to cope with the challenges listed here while ensuring that bills remain affordable and the costs of increasing our resilience are shared fairly between current and future customers. We will need to invest in both new supplies and innovative approaches to demand management.

https://www.anglianwater.co.uk/siteassets/household/about-us/aws-air2019.pdf

SSE Sustainability Report 2019, page 10

> SSE identify material issues that are emerging in the industry. It identifies the importance of the trends for its business and how it may impact the value which it creates.

IDENTIFYING MATERIAL ISSUES

The combined challenge of maintaining a secure and affordable supply of energy, while mitigating the impact of producing it – also known as the 'energy trilemma' – remains the most material challenge to SSE's business and the energy industry as a whole.

SSE has mechanisms that allow it to identify further impacts it may have on society, the economy or the environment. Through monitoring trends in the external environment and engaging with its key stakeholders, SSE is able to identify material issues to its business and those with an interest in SSE and the wider industry.

SSE is also guided by international frameworks for sustainable development and the increasing demand for environment, social and governance (ESG) disclosure to ensure it is addressing and reporting on the most material issues to shareholders and wider society, and therefore creating value in a sustainable way.

EMERGING TRENDS (PAGE 11)

SSE tracks existing and developing trends in the external environment which may influence the way it seeks to meet its business objectives. These trends are not restricted to the energy sector alone, they extend to wider societal issues too. Tracking these trends can highlight challenges and opportunities for the business, its stakeholders and society as a whole, and allows SSE to prepare or respond appropriately.

WORKING WITH SSE'S STAKEHOLDERS (PAGES 12 TO 13)

Engaging constructively with its key internal and external stakeholders is crucial to help SSE identify issues which are, or are likely to become, material to the company or its stakeholders. By identifying issues that are most material to its stakeholders, SSE is able to focus and prioritise decision-making within the organisation, allowing it to achieve more positive environmental, social and economic impacts.

Details of how SSE engages with its six core groups of stakeholders and what issues are material to them can be found on pages 12 and 13, alongside examples of specific issues engaged on in 2018/19 and how this impacted decision-making.

MATERIAL RISKS (PAGE 14)

SSE's Risk Management Framework and System of Internal Control allow it to manage and respond to 10 Group Principal Risks identified for SSE, which outline the core uncertainties facing the company. Sustainability is considered to varying degrees throughout all of the Principal Risks, with specific sustainability-related issues, in particular climate change, being highlighted as influencing factors.

GLOBAL FRAMEWORKS AND DISCLOSURE (PAGE 15)

SSE is conscious that it does not operate in isolation and considers the role its business plays in a national and international context. Global frameworks provide SSE with a lens from which the company can address the issue of climate change and other material sustainability-related issues that face the business. They guide SSE to consider issues material to its business in a much wider societal and global sense, allowing it to focus its activities to ensure it plays a part in addressing global challenges, thereby enhancing the sustainability of its business and its capacity to create value over the long-term.

The most important of these frameworks is the UN's SDGs which are designed to address some of the biggest challenges facing humanity. SSE has aligned its 2030 Goals directly to them.

Identifyin

EMERGING TRENDS

A path to net zero

The first and most significant trend in 2018/19 was the acceleration of evidence that supports a net zero carbon target in the UK. The Intergovernmental Panel on Climate Change published their 1.5 degree report in November 2018, outlining the effect that 1.5 degrees of global warming will have on ecosystems and human lives. That report also described the relatively short window of opportunity that exists to prevent global temperature rises of more than 1.5 degrees. This prompted a business coalition, which included SSE, under the auspices of the Prince of Wales's Corporate Leaders Group to urge the UK Government to pursue a net zero target for 2050.

At the same time public campaigners, from naturalist David Attenborough to school pupils across the world, helped bring climate change to unprecedented levels of international public concern. This was followed by the publication of the UK's Committee on Climate Change Net Zero Report in May 2019.

The combination of strengthened public sentiment and increased scientific evidence provides a powerful impetus for accelerated policy action through the early 2020s. SSE firmly supports the adoption of a net zero carbon target by 2050 for the UK and seeks to play a practical role in delivering the renewable electricity and grid infrastructure that will be required to achieve it.

The Future of the Corporation

In November 2018, the British Academy published its first tranche of research from its new international research and public engagement programme 'The Future of the Corporation'. The aim of the programme is to develop an evidence base that will serve as a foundation to redefine business for the 21st century and build trust between business and society.

SSE believes this to be a hugely important piece of work and is supporting the programme as it progresses into a practical programme for action that places the creation of social value at the heart of business purpose.

Ownership of electricity networks

The proposals by the Labour Party in the UK to bring electricity networks into state control have stimulated a debate about the way in which the private companies deliver in the public interest. SSE has sought to respond constructively by working with stakeholders to provide evidence of the public interest delivered. While there is overwhelming evidence that GB consumers have benefited from lower costs, higher reliability and better-quality service following privatisation 30 years ago, SSE is proposing progressive reform to the UK energy system. These reforms should focus firmly on delivering fairness to consumers, enable increased involvement of local communities and ensure network companies contribute to local economies, pay employees fairly and pay taxes on any profits earned.

Flexibility first

With the transformation of local electricity grids proving to be the key enabler of a localised, low-carbon energy system, developments in 2018/19 have accelerated this transition. An important principle of the newly emerging 'Distribution System Operator' (DSO) role is the significance of flexibility to accommodate both new sources of electricity demand, like electric vehicles, and new sources of electricity generation, like small renewable generators. In 2018/19, the electricity network industry agreed to a principle of 'flexibility first'. This means the industry will pursue 'smart' solutions to accommodate both enhanced electricity supply and demand before implementing costly network upgrades. This is an important milestone in the development of the smart grids the country will need in the future.

Offshore wind for UK benefit

With the dramatic reduction in the cost of delivering offshore wind farms, the sector is expected to play a highly significant role in the UK's decarbonisation, with an increase from 8GW today to at least 30GW in 2030. At the same time, communities across the country are, rightly, expecting to secure some benefit from investment in offshore wind farms. The UK Government's mechanism for stimulating this large-scale private investment mechanism is the 'Contract for Difference' and in 2019 an important deal was struck between the offshore wind industry and the UK's Department for Business, Energy and Industrial Strategy. The objective of this Sector Deal is to build the capability of the UK's supply chain through an industry investment of up to £250m, supporting better, high-paying jobs right across the UK.

5

How do you report with clarity and transparency?

5.1 Balanced reporting

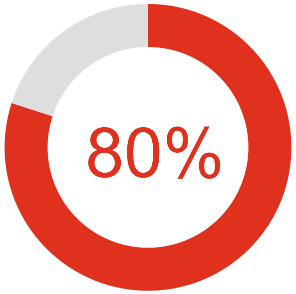
Present information in a balanced and transparent fashion and explain where and how improvements will be made.

Acknowledgement of not only your successes but also your negative sustainability impacts gives the reader confidence that you are a self-aware organisation. One that is honest and transparent about progress towards sustainability goals. Describing the actions you will take to address poor performance and maximise good performance demonstrates that your organisation is committed to achieving the sustainability targets that have been set.

Tips to make your reporting more effective:

Basic	Intermediate	Advanced
Report progress against all targets, whether performance has been good or bad.	Explain poor performance and how you will address it going forward.	If you reach targets ahead of schedule, set more challenging targets going forward.

Of the FTSE 100 companies we reviewed:



Give adequate attention to reporting negative and positive performance

(FTSE 250: 83%)

> Tesco has demonstrated well-balanced reporting by identifying targets which it has met as well as those where they are underperforming.

Tesco 'Little Help Plan' 2018/19, page 18

Sourcing.

Action	KPI	Latest result	Year	Progress
1 Lead the industry in addressing the sustainability challenges in our supply chains starting with our most important products and ingredients.	We aim to lead the industry in addressing the sustainability challenges in our supply chains, starting with our top 20 products and ingredients. An update on progress against our top 20 can be found at www.tescoplc.com/top20. We share good practice with industry, convene peers and collaborate with experts where needed. Through our first biannual independent survey, 200 experts rated us +0.19 on a scale of -2 to +2 for our performance in leading the industry on sustainability.			●○○○
2 Build trusted partnerships with our suppliers.	Percentage of suppliers satisfied with working with Tesco (Supplier Viewpoint).	Group: 77.5%	H2 2018/19	●●●●
3 Ensure international human rights standards are respected at all our suppliers' sites.	Percentage of high-risk tier 1 supplier sites having had an audit in the last year.	UK: 98%	2018/19	●●●○
	Percentage of high-risk tier 1 supplier sites where critical non-conformances have been identified.	UK: 63%	2018/19	●●●○
	Percentage of tier 1 high-risk sites where critical non-conformances have been identified and mitigation or remediation processes implemented on time.	UK: 89%	2018/19	
4 Focus on the most serious risks to workers throughout our supply chains, working transparently with NGOs, unions and others to identify and address them.	Number of collaborative initiatives to address entrenched risks.	Group: 24	2018/19	●●●○
5 Support sourcing communities facing complex social and environmental challenges.	We are working with our clothing and general merchandise suppliers to benefit workers, their families and disadvantaged groups in our sourcing countries. Last year our projects, including financial literacy training for women and scholarships for workers' children, benefited over 150,000 people. In our food sourcing, the Tesco and Community Fund in Southern Africa and the Equapak Foundation in Ecuador also continue to support community-based projects linked to our supply chains.			●○○○
6 Reduce supply chain carbon emissions by 7% by 2020.	Percentage reduction in manufacturing supply chain emissions (Baseline 2015/16).	UK: 6.2% reduction	2017/ 18	●●●○
	Percentage of key suppliers measuring agricultural emissions.	UK: 50%	2018/19	●●●○
7 Achieve zero net deforestation in our sourcing of raw materials by 2020.	Percentage of palm oil (tonnes) certified to Roundtable on Sustainable Palm Oil (RSPO) standard.	UK: 100% ROI: 100% Central Europe: 100% Asia: 37%	2018	●●●○
	Percentage of paper/wood products certified by Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or from a recycled source.	UK: 87%	2018	●●●○
	Percentage of soy (tonnes) for whole chicken products meeting our Zero Deforestation Soy Transition Plan	UK: 77%	2018	●●●○
8 Sustainably source all our wild fish.	Percentage of wild-caught seafood certified by the Marine Stewardship Council (tonnes).	UK: 72%	2018	●●●○
9 Improve water and biodiversity impacts in key agricultural regions.	Number of key suppliers with sustainable agriculture projects underway.	UK: 25	2018/19	●○○○
10 Treat all animals in our supply chain humanely at all life stages.	Percentage of audited sites that meet our animal welfare standards.	UK: 86%	2018/19	●●●○

https://www.tescoplc.com/media/754524/little-helps-plan-report-2019_final-1.pdf

M&S Plan A report 2018, page 11

> M&S clearly state where they are on track to meet their targets (On plan) and where they are falling short (Behind plan). They also explain actions for the next year to try to meet the target.

PLANET

07. RECYCLABLE PACKAGING** — BEHIND PLAN

07. FOOD WASTE REDUCTIONS (BY 20% & 50%)** — ON PLAN

08	Clothing re-use & recycling	08	Sustainable design toolkit
08	C&H recycled materials	08	Food waste (household)
08	C&H repair services	08	Zero landfill**
08	C&H circular economy stds		

09. SCIENCE BASED TARGET EMISSIONS** — ON PLAN

09	Carbon neutral operations**	10	Renewable peak demand
10	UK/ROI energy efficiency**	10	C&H fuel efficiency**
10	Int. energy efficiency**	10	Food fuel efficiency**
10	Renewable electricity**	11	Store refrigeration (GHG)**
10	Biomethane**	11	Store refrigeration (HFCs)**
		11	Store climate adaptation

11. SCIENCE BASED TARGET FOOTPRINT — BEHIND PLAN

11	Zero deforestation**	11	Sustainable animal protein

12. PRODUCT PLAN A ATTRIBUTES** — BEHIND PLAN

12. RESPONSIBLY SOURCED MATERIALS** — ON PLAN

12. SUSTAINABLE COTTON** — BEHIND PLAN

13. SUSTAINABLE FOOD FACTORIES** — BEHIND PLAN

13. SUSTAINABLE C&H PROCESSING** — ON PLAN

13	M&S Farming for Future**	13	Sustainable property sups
13	Soil health	13	Sustainable C&H factories
13	Wild caught fish sourcing**		

SCIENCE BASED TARGET FOOTPRINT**

13 CLIMATE ACTION

By 2030, in line with climate science, we'll reduce our indirect greenhouse gas emissions from upstream and downstream sources by at least 13.3 million tonnes.

Our 2019 progress

Our target of 13.3 million tonnes CO_2e by 2030 has been approved by the Science Based Target Initiative and is based on reductions made by M&S to the indirect emissions from our supply chains and when customers use our products. These are known as Scope 3 emissions and were estimated at 6.4 million tonnes for 2016/17. Because Scope 3 emissions are indirect and we're relying on data from a range of external sources, we're reporting annual reductions in arrears against a 2016/17 baseline.

For 2017/18, our actions reduced these Scope 3 emissions by around 65,000 tonnes CO_2e. This was mainly achieved by sourcing sustainable cotton and improving energy efficiency and sourcing at our Food suppliers. This scale of reduction will need to be significantly improved to reach the required one million tonnes a year target eand so at present is considered as being Behind plan.

BEHIND PLAN

Organisation overview
Purpose
Strategy
Materiality
Stakeholder engagement
Risks and opportunities
KPIs and targets
Impacts
Governance
Value chain
Future proofing
Balanced reporting
Assurance
Modern Slavery
TCFD
SDGs
International

5.2 Assurance

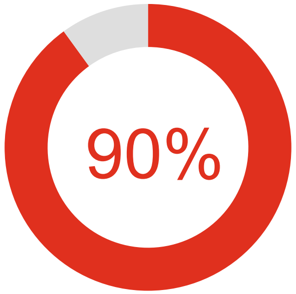
Enhance the credibility of your reported content by referencing, for example, independent studies, external benchmarking, expert assess panels or external third party assurance.

This gives the reader confidence in the data and confidence in the integrity of your sustainability reporting. It also gives management confidence in the company's performance over the period.

Tips to make your report more effective:

Basic	Intermediate	Advanced
Reference independent data, e.g. external benchmarking, to ensure the credibility of your reporting.	Obtain internal or external assurance over the sustainability data in your report.	Include the assurance opinion, which should clearly state the scope of the work, the assurance standard followed and the work completed, in the report.

Of the FTSE 100 companies we reviewed:



Have external assurance on some sustainability metrics

(FTSE 250: 83%)

> "The scope of Centrica's assurance includes metrics covering customers, carbon and employees, as well as those metrics relevant to management's long term incentive plans.

Centrica Assurance Statement 2018

pwc

Independent Limited Assurance Report to the Directors of Centrica plc

The Board of Directors of Centrica plc ("Centrica") engaged us to provide limited assurance on the information described below and set out in Centrica's Annual Report 2018, (the "Annual Report 2018") for the year ended 31 December 2018.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over the information marked with the symbol † in Centrica's Annual Report 2018 (the "Selected Information"). The Selected Information and the Reported Criteria against which it was assessed are summarised below.

Selected Information	Reporting Criteria
Lost time injury frequency rate	We assessed the selected information using the Centrica 2018 Basis of Reporting document as set out in the Responsibility section of Centrica's website (https://www.centrica.com/BoR).
Total recordable injury frequency rate	
Significant process safety events (tier 1)	
Process safety frequency rate (tier 1 and 2)	
Fatalities	
Centrica overall NPS	
Consumer Net Promoter Score NPS: • UK Home • North America Home • Ireland NPS • Connected Home NPS	
Business NPS: • UK Business • North America Business	
Total carbon emissions	
Scope 1 emissions	
Scope 2 emissions	
Employee engagement	
The performance from the long term incentive plans' non financial KPIs for: • Process Safety frequency rate (tier 1 and 2) • Total recordable injury frequency rate • Lost time injury frequency rate • Significant process safety events (tier 1) • Centrica overall NPS • British Gas NPS • Direct Energy NPS • Employee engagement	

Our assurance does not extend to information in respect of earlier periods or to any other information included in the Annual Report 2018.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our Independence and Quality Control

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control (UK & Ireland) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent and multi-disciplinary team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria, which Centrica is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 31 December 2018.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of Centrica's management, including the Corporate Citizenship (CC) team and those with responsibility for CC management and group CC reporting;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information. This included analysing and testing over a selection of Business Areas selected on the basis of their inherent risk and materiality to the group, to understand the key processes and controls for reporting site performance data to the group CC team;
- performed limited substantive testing on a selective basis of the Selected Information in relation to a selection of business areas, both remotely and at corporate head office, to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Selected Information.

Centrica's responsibilities

The Directors of Centrica are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the content of the Annual Report 2018.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of Centrica.

This report, including our conclusions, has been prepared solely for the Board of Directors of Centrica in accordance with the agreement between us, to assist the Directors in reporting Centrica's corporate responsibility performance and activities. We permit this report to be disclosed in the Annual Report 2018 for the year ended 31 December 2018, and online at https://centrica.com/responsibility/our-performance/reports-data to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and Centrica for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
20th February 2019

https://www.centrica.com/media/2387/pwc_assurance_statement_2018.pdf

Unilever Assurance Report 2019

pwc

Independent Limited Assurance Report to the Directors of Unilever plc

The Board of Directors of Unilever plc ("Unilever") engaged us to provide limited assurance on the information described below and set out in Unilever's Basis of Preparation 2018 for the 2018 reporting year.

Our conclusion

Based on the procedures we have performed and the evidence obtained, nothing has come to our attention that causes us to believe that in all material respects for Unilever's 2018 reporting year: (i) the Selected Information has not been prepared; and (ii) the Selected Statements are not fairly stated, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information and Selected Statements

The scope of our work was limited to assurance over the information shown in Appendices 1 and 2 (the "Selected Information" and "Selected Statements"). Our assurance does not extend to information in respect of earlier periods, unless otherwise indicated in Appendices 1 and 2.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information', and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and Quality Control

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent and multi-disciplinary team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Selected Information and Selected Statements need to be read and understood together with the Reporting Criteria ("Unilever's Basis of Preparation 2018", available on Unilever's website[1]), which Unilever is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information and Selected Statements are for the 2018 reporting year.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information and Selected Statements. In doing so, we:

- made enquiries of relevant Unilever management;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information and Selected Statements. This included visiting ten manufacturing sites and completing three desktop reviews of site level data, selected on the basis of their inherent risk and materiality to the group, to understand the key processes and controls for reporting site performance data and to obtain supporting information;
- performed limited substantive testing on a selective basis of the Selected Information and Selected Statements at corporate head office and in relation to thirteen manufacturing sites to check that: (i) data had been appropriately measured, recorded, collated and reported; and (ii) activities set out by management are appropriately evidenced and reported; and
- assessed the disclosure and presentation of the Selected Information and Selected Statements.

Unilever's responsibilities

The Directors of Unilever are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information and Selected Statements that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information and Selected Statements;
- measuring and reporting the Selected Information based on the Reporting Criteria and evidencing the Selected Statements; and
- the content of the Unilever Basis of Preparation 2018.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information and Selected Statements are free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of Unilever.

This report, including our conclusions, has been prepared solely for the Board of Directors of Unilever in accordance with the agreement between us, to assist the Directors in reporting Unilever's sustainability performance and activities. We permit this report to be disclosed online[1] at www.unilever.com/sustainable-living/ in respect of the 2018 reporting year, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information and Selected Statements. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and Unilever for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
13 March 2019

[1] *The maintenance and integrity of Unilever's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information and Selected Statements or Reporting Criteria when presented on Unilever's website*

Appendix 1: Selected Information subject to limited assurance procedures

The Selected Information subject to limited assurance procedures are set out below. The Reporting Criteria "Unilever's Basis of Preparation 2018" www.unilever.com/ara2018/downloads has been used to prepare and report the Selected Information. Unilever's Basis of Preparation 2018 also explains the definitions and terminology used to describe the Selected Information.

USLP Indicator	Reported performance (Selected Information)
Health & Hygiene (pillar commitment)	
• The number of people reached on a cumulative basis by an intervention through our programmes on handwashing, self-esteem, sanitation, oral health, skin healing and safe drinking water by the end of 2018.	• 653 million people reached by the end of 2018.
• The number of litres of clean drinking water provided through the sale of Pureit devices since 2005.	• 106 billion litres of clean drinking water by the end of 2018, of which 10 billion litres were provided in 2018.
Waste (pillar commitment)	
• The percentage change in Unilever's waste impact (packaging that is not recycled or recovered, and leftover product) per consumer use between the period measured from 1 January 2010 to 31 December 2010 ("2010 baseline") and the period measured from 1 July 2017 to 30 June 2018 ("2018 footprint").	• 31% decrease in the waste associated with the consumer use of our products.
Sustainable Sourcing – Sustainable Dairy	
• The percentage of dairy products purchased from sustainable sources from 1 January 2018 to 31 December 2018.	• 75% of dairy products purchased sustainably from 1 January 2018 to 31 December 2018.
Fairness in the workplace	
• The percentage of procurement spend with suppliers who meet the mandatory requirements of Unilever's Responsible Sourcing Policy ("RSP") from 1 January 2018 to 31 December 2018.	• 61% of procurement spend meeting the mandatory requirements of the Unilever RSP.
Opportunities for Women	
• The percentage of women who were in Unilever management roles as at 31 December 2018;	• 49% of women were in Unilever management roles as at 31 December 2018.
• The number of women enabled to access initiatives aiming to promote their safety in the period 1 January 2017 to 30 September 2018;	• Enabled 8,891 women to access initiatives aimed at promoting their safety.
• The number of women we have enabled to access initiatives aiming to develop their skills in the period between 1 October 2010 and 30 September 2018; and	• Enabled 1,723,800 women to access initiatives aimed at developing their skills.
• The number of women enabled to access initiatives aiming to expand their opportunities in our retail value chain for the period 1 July 2017 to 30 September 2018.	• Enabled 113,407 women to access initiatives aimed at expanding their opportunities in our retail value chain.

“

Unilever's assurance statement includes a detailed description of all the selected information subject to assurance and their performance in the period. The reporting criteria is referenced clearly too.

https://www.unilever.com/Images/unilever-sustainability-slr-assurance-report-13-march-2019-final_tcm244-534609_en.pdf

5.3 Modern Slavery

Disclose your slavery and human trafficking statement in accordance with the Modern Slavery Act 2015.

In line with the UK Modern Slavery Act 2015, all companies with i) a global turnover of over £36 million and ii) operations in the UK, are required to comply by publishing a modern slavery statement annually. The statement demonstrates that you understand the potential risks associated with modern slavery.

Tips to make your report more effective:

Basic

Publish a signed statement on your website by a director (or equivalent), disclosing that your company is in accordance with the Modern Slavery Act.

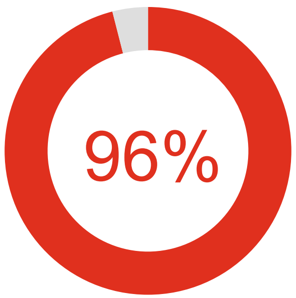
Intermediate

Disclose a statement that includes information against the overview of the business, related policies, and risk assessments of modern slavery risks.

Advanced

Ensure your Modern Slavery Statement includes information against each area that the government guidance 'Transparency in Supply Chains' recommends.

Of the FTSE 100 companies we reviewed:



Discloses a slavery and human trafficking statement in accordance with the Modern Slavery Act 2015.

(FTSE 250: 100%)

"

J Sainsbury plc conducts a risk assessment to understand which suppliers are subjected to the highest modern slavery risk. We like the use of a world map to hotspot the key risks in its supply chain.

J Sainsbury plc Modern Slavery Statement, page 10

Risk assessment

Our Modern Slavery Risk Assessment Tool gives us unique insights into slavery risks across our complex global supply chain, not only at product and service level but also for individual ingredients and components.

This tool provides a level of detail that is unprecedented in our industry, combining our own data with economic models of sectors such as agriculture and manufacturing. This enables us to identify risks in multiple tiers of our supply chain, so we can take action. Importantly, this includes the lower tiers, where the risks are greatest but also more difficult to identify. This year we expanded our tool to cover Argos.

Across our Group, we will use findings from our tool to inform our supplier conversations, as we identify areas of risk in our supply chain.

We continue to gather information on recruitment flows in our supply chains and on the presence of labour providers, which is where the risk of forced labour is highest. We also support industry initiatives to map recruitment flows and trends globally.

The tool has also proved useful in other areas. It is a great way to visualise our supply chain and sourcing, so we now also use it to analyse our spend in particular locations or on specific products and services, assessing how important they are to us.

We can work with PwC to feed new information into our tool, continually improving our approach to identify slavery risks in our supply chain.

How our tool, developed with PwC and human rights experts Ergon, works:

1. Sainsbury's data
Compile spend, location and product/service data from business units including Food Commercial, Sainsbury's Argos, Sainsbury's Bank and Procurement (goods and services not for resale)

→

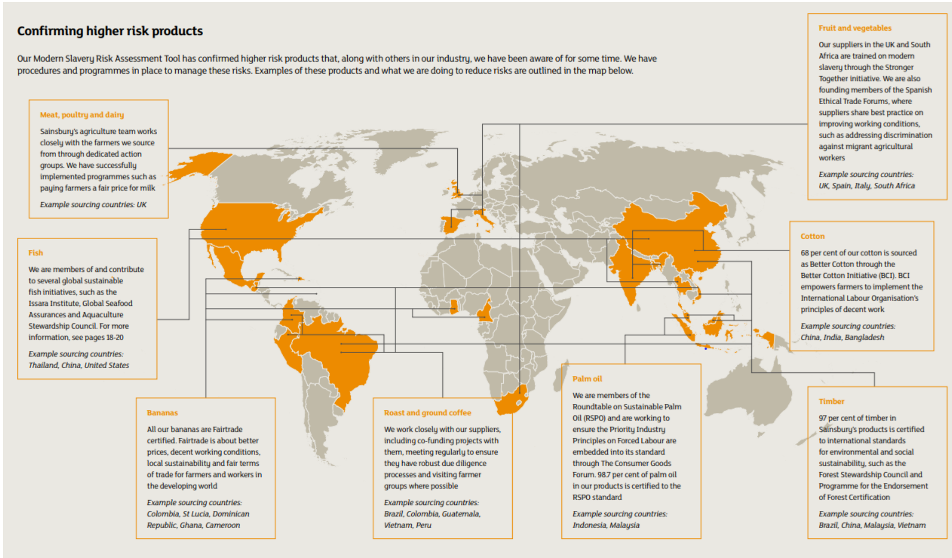
2. Economic location modelling
Use economic location modelling to fill gaps and unknowns in the Sainsbury's dataset across supply chain tiers

→

3. Modern slavery risk scoring
Develop modern slavery risk index and scoring based on research and subject matter expertise

→

4. Modern slavery tool (Tableau)
Present modern slavery risk for each business unit using Tableau, an interactive data visualisation software programme



https://www.about.sainsburys.co.uk/~/media/Files/S/Sainsburys/Sainsburys%20Modern%20Slavery%20Statement%202018-19.pdf

Kingfisher Transparency Statement 2018/19, page 4-5

our targets and commitments

Our commitment to human rights is integrated in our sustainable growth plan – our sustainability roadmap up to 2025 – which sets out how we will make it easy for our customers to have sustainable, good homes (See www.kingfisher.com/sustainability).

This includes two targets designed to promote human rights and address modern slavery risks (see **table to the right**).

We support a number of external initiatives that aim to protect and promote human rights. We are committed to playing our part in working towards the United Nations Sustainable Development Goals (SDGs) and are a signatory to 'Better Retail, Better World', the British Retail Consortium (BRC) commitments on the goals. We are also a member of the UN Global Compact and report progress against its 10 principles annually in our Sustainability Report.

We believe it is important to report openly on our approach and progress. Our Modern Slavery Act Transparency Statement 2017/18 was ranked 11th in the Business & Human Rights Centre's report – FTSE 100 & the UK Modern Slavery Act: From Disclosure to Action. It was ranked 12th in the Global Governance FTSE 100 League Table compiled by the non-profit Development International (DI).

Targets	Progress in 2018/19	Progress against target
Ensure all suppliers meet our ethical and environmental standards by 2020[1]. To monitor progress, we require high-risk production sites of finished goods for resale to have an ethical audit by 2020. We have also started assessing our suppliers of goods and services not for resale using the EcoVadis assessment. We will report progress next year.	995 production sites have had an ethical audit in the past two years. This is 47% of high-risk production sites on Sedex, the online supplier data exchange (www.sedexglobal.com). See **Due diligence processes** section for further details of our supplier audit programme.	**On track to target**
Establish strategic community programmes to achieve positive change in key sourcing regions by 2025. Many of our community programmes help to support and promote human rights.	We have started engaging with key suppliers and stakeholders in Turkey and China to identify where we can make a difference for communities, workers and suppliers, including piloting projects in our Turkish ceramics supply chain, see page 11.	**On track to target**

Kingfisher's human rights are integrated in its sustainability strategy. We like how the company disclosed relevant targets with clear deadlines.

goods for resale – supplier production sites by continent (%)

our supply chain

Our products are currently sourced globally from around 2,800 suppliers and there are around 3,700 production sites[1] that supply us with finished goods. The number of suppliers this year is around one-third lower than in 2017/18, reflecting progress on our ONE Kingfisher transformation strategy.

The map shows the percentage of production sites by continent.

There are many more indirect suppliers in our extended supply chain, including suppliers of raw materials and component parts used in the products we sell and buy. Read more in **Assessing risks among materials suppliers.**

We also source goods and services not for resale from around 400 key suppliers[2].

Kingfisher identify the supplier origin of its products, allowing the company to focus greater attention on the higher risks areas.

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https://www.kingfisher.com/content/dam/kingfisher/Corporate/Documents/Sustainability/2019/Kingfisher%20MSA%20Statement%202018%2019.pdf.downloadasset.pdf

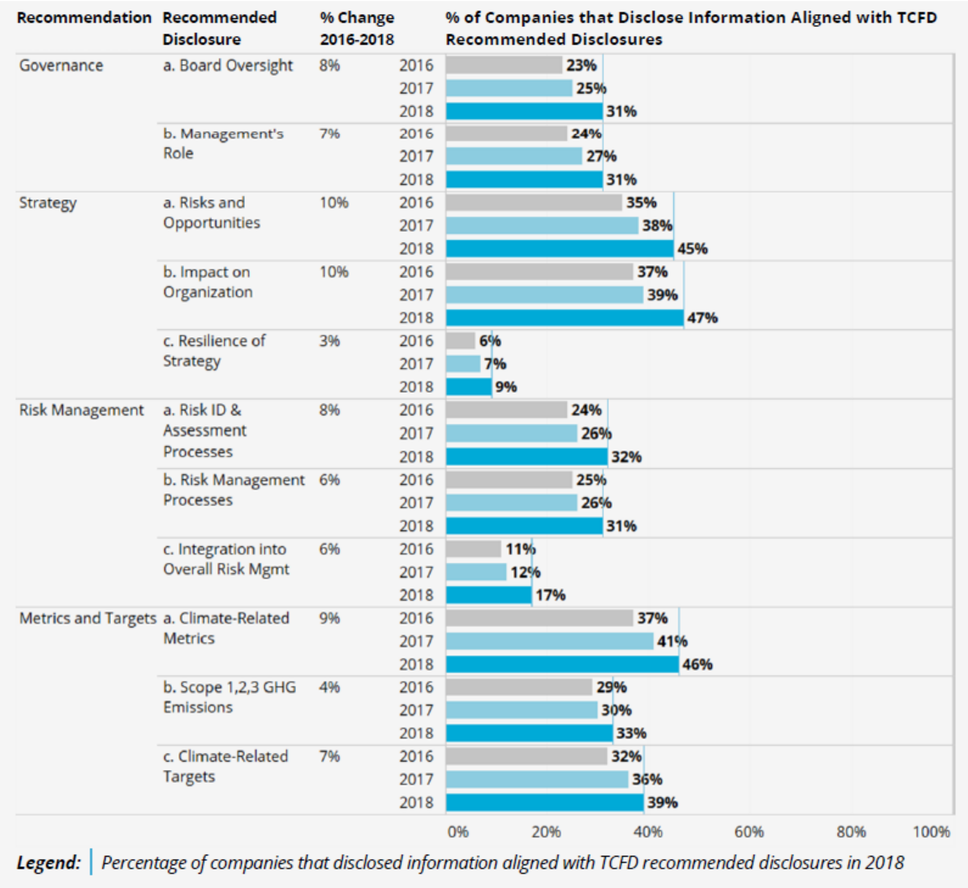
6

Spotlight

TCFD reporting

6.1 Current state of disclosure

The Task Force on Climate-related Financial Disclosures (TCFD) recommendations present a framework for companies to identify and manage their climate related risks. This is vital for investors, lenders and insurers to analyse and price climate risks and opportunities. The recommendations are driven by 4 key pillars: Governance, Strategy, Risk Management, and Metrics and Targets. They are underpinned by 11 disclosure recommendations.



Task Force on Climate-related Financial Disclosures: Status Report page 8

Governance
The organization's governance around climate-related risks and opportunities

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management
The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities

FSB TCFD status report 2019

The TCFD status report released in June 2019 reviewed the reports of over 1,000 companies between 2016-2018 from across the globe. It concluded that the quality and quantity of disclosures related to climate-related financial information has increased since 2016 but not at a quick enough pace. Other key conclusions include:

- Progress was best among businesses who have previously engaged around climate change;
- Companies are not revealing the potential financial impact of climate risks on their business;
- Companies who are undertaking scenario analysis are not reporting on the resilience of their strategies to the climate risks identified (recommendation with the lowest number of disclosures); and
- The involvement of more functions, outside of sustainability functions, is required to fully implement the TCFD recommendations.

https://www.fsb-tcfd.org/wp-content/uploads/2019/06/2019-TCFD-Status-Report-FINAL-053119.pdf

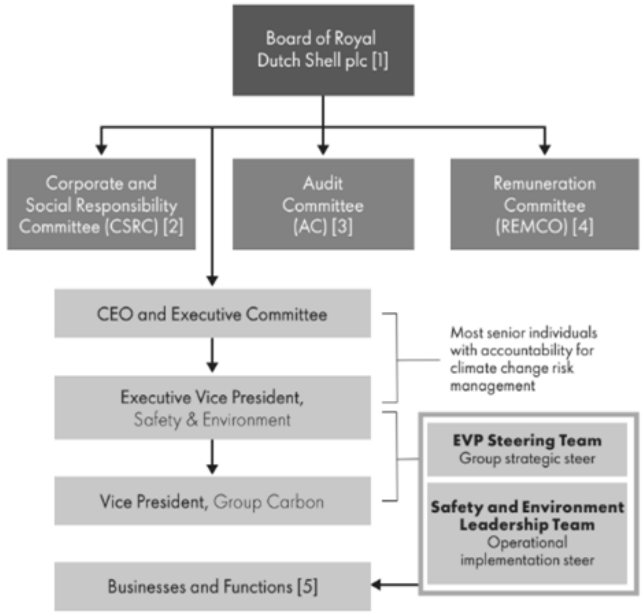
6.2 Emerging best practice

Shell Annual Report 2018 page 72

> We like Shell's use of a simple governance structure diagram to explain who in the organisation is responsible for managing climate risks. It is also good to see climate considerations across multiple committees.

[1] Oversight of climate change risk management.
[2] Non-executive Directors appointed by the Board to review and advise on sustainability policies and practices including climate change.
[3] Non-executive Directors appointed by the Board to oversee the effectiveness of the system of risk management and internal control.
[4] Non-executive Directors appointed by the Board to set the remuneration policy in alignment with strategy.
[5] Responsible for implementing Shell's GHG strategy. They are represented in the Safety and Environment Leadership Team.

Climate change management organogram

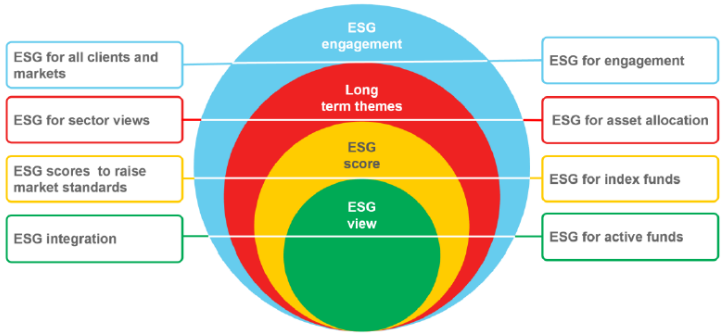


Legal and General Investment Management TCFD report 2018 page 22

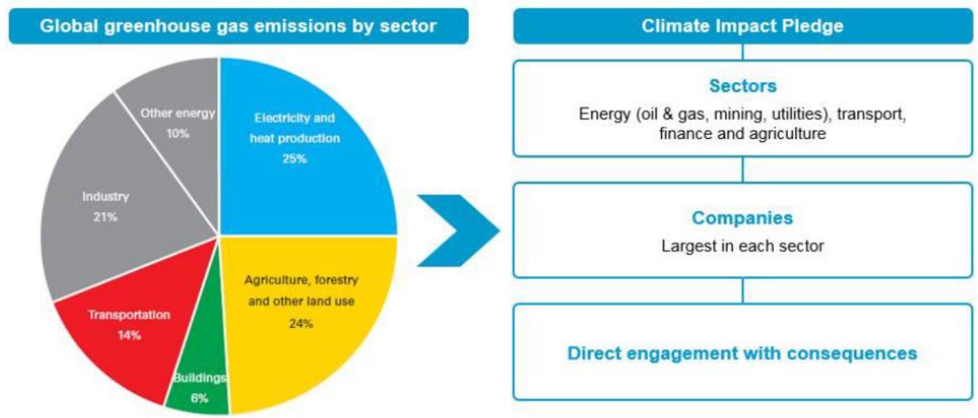
> Risk management – Legal and General present a multi-layered approach to identifying climate risks to its assets and associated engagement strategies.

PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

Climate-related risks can be identified at the level of a company, sector, country or the entire market. To systematically assess such risks, we utilise a multi-layered process, depicted below.



LGIM engages directly with companies and policymakers globally to ensure that the market transitions to a low-carbon economy in an orderly manner. The first step is identifying the industries which contribute the most to global greenhouse gas emissions and therefore require urgent action.

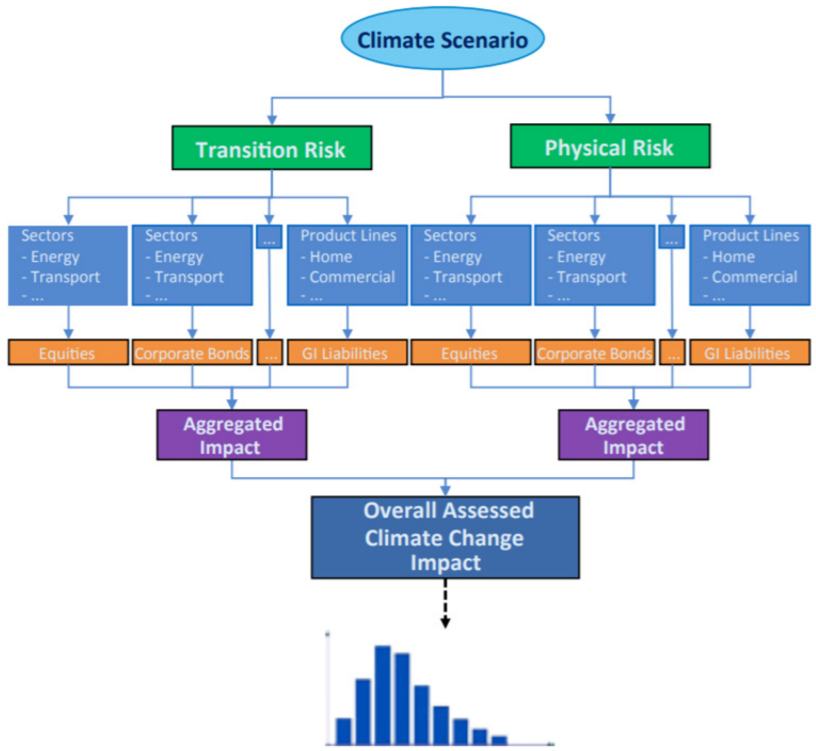


Source: IPCC, 2014

https://reports.shell.com/annual-report/2018/servicepages/disclaimer.php
https://www.lgim.com/files/_document-library/capabilities/lgim_tcfd_report.pdf

6.2 Emerging best practice

> Strategy – Aviva go in to detail about the methodology behind its scenario analysis and the scenarios they have used to analyse the possible climate impacts to the business. It has also not been shy to disclose the negative impacts which it faces.



Aviva's Climate-Related Financial Disclosure 2018 page 22 and Dashboard page 4

1. Aviva is most exposed to the 4°C scenario where physical risk dominates, negatively impacting long-term investment returns on equities, corporate bonds, real estate, real estate loans and sovereign exposures. The aggressive mitigation 1.5°C scenario is the only scenario with potential upside.

2. When aggregated together to determine an overall impact of climate-related risks and opportunities across all scenarios, the plausible range is dominated by the results of the 3°C and 4°C scenarios, reflecting that neither existing or planned policy actions are sufficiently ambitious to meet the Paris agreement goal.

3. The 1.5°C scenario is dominated by transition risk, even after taking into account mitigating technology opportunities. In the 2°C scenario, transition and physical risks are more evenly balanced, whereas in the 3°C and 4°C scenarios physical risk dominates.

Initial Climate VaR output by scenario for Aviva's shareholder funds as at 31/12/2018. Source: Aviva.

The grey bars represent the range of outputs between the 5th Percentile and the central estimate for each scenario and the orange bars the range between the central estimate and the 95th Percentile.

Physical versus transition risks by scenario for Aviva's shareholder funds as at 31/12/2018. Source: Aviva.

The IPCC has identified four potential future scenarios with respect to climate change. Each scenario describes a potential trajectory for future levels of greenhouse gases and other air pollutants and can be mapped to potential temperature rises and levels of mitigation required: 1.5°C (emissions halved by 2050), 2°C (emissions stabilise at half today's levels by 2080), 3°C (emissions rise to 2080 then fall) and 4°C (emissions continue rising at current rates).

Transition risks and opportunities include the projected costs of policy action related to limiting greenhouse gas emissions as well as projected profits from green revenues arising from developing new technologies and patents. Physical risks cover the financial impact of climate change through extreme weather as well as the impact of rising sea levels and mean temperatures.

https://www.aviva.com/content/dam/aviva-corporate/documents/socialpurpose/pdfs/climate-related-financial-disclosure-dashboard-2018.pdf

London Stock Exchange Group Corporate Sustainability Report 2018 page 32

> Metrics and targets – We like how clearly the London Stock Exchange lays out its carbon KPI's and performance.

Overall Performance

During the reporting period, we achieved an 18% reduction in our absolute carbon footprint and an 16% reduction in Carbon Emissions per FTE. This is a slower rate of change to 2017, where LSEG achieved a 43% reduction in carbon emissions per FTE. This was due to significant action in 2017, where 64% of the Group's electricity was moved to production by natural renewable energy sources.

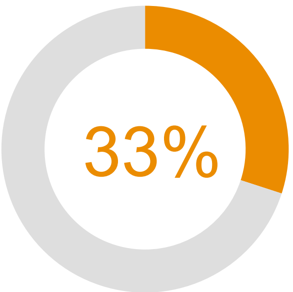
We maintained our accreditation for our ISO 14001 Environmental Management System by a UKAS accredited body. The system initially covers the UK property portfolio and we are assessing expansion to cover further locations.

In 2018 we built on the setting of Scope 1 and Scope 2 science-based targets, by completing a review of our Scope 3 emission sources with SBTI. We continue to develop our scope 3 target, in order for us have all 3 scopes targets verified by the SBTI.

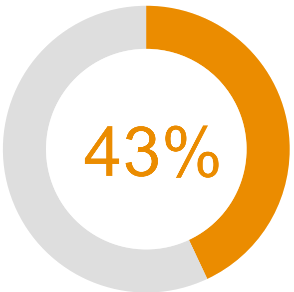
2020 Target: Reduce tCO_2e by 20% per £m Revenue and per FTE
Progress against 2020 Target: Reduction of 70% per £m Revenue and reduction of 63% per FTE

		2018	2017	2016	Performance against 2018 target	
Disclosure	Indicator	tCO_2e	tCO_2e	tCO_2e	Target	Actual
Carbon Footprint (tCO_2e)	Total Group Carbon Footprint	17,864	21,866	31,646	-5% tCO_2e per FTE	-16% tCO_2e per FTE
	per m^2	0.201	0.235	0.351		
	per FTE	3.36	3.98	6.91		
	per £m Revenue	8.37	11.2	19.1	-5% tCO_2e per £m Revenue	-26% tCO_2e per £m Revenue
	Scope 1	1,414	1,919	1,583		
	Scope 2 – Market Based	7,132	11,694	21,676		
	Scope 2 – Location Based	19,169	21,850	23,010		
	Scope 3	8,792	7,320	6,572		
	Scope 3 (Electricity T&D)	527	932	1,815		
	Data Centres	3,441	6,975	15,408		
	Offices	5,884	7,261	8,314		
	Tenants	17.1	545	1,538		
Fugitive Emissions	Emissions from Aircon & Refrigeration	48.5	88.7	114		

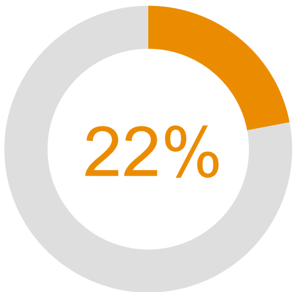
Of the companies reviewed:



Are a TCFD signatory
Of which, FTSE 100 (50%)



Are a beginning to report against the TCFD recommendations
Of which, FTSE 100 (61%)



Are undertaking scenario analysis Of which, FTSE 100 (68%)

The future of TCFD reporting

As evidenced by the status report, there is still a way to go with TCFD reporting and even companies who are highlighted as demonstrating best practice could, in most cases, be further improved. As disclosures develop in coming years, the following key themes are likely to arise:

- Currently scenario analysis is discussed qualitatively, moving forward, companies need to begin disclosing the quantitative results.
- Taking this one stage further, companies should eventually calculate and disclose the financial implications of the climate risks which have been identified as potentially impacting their business strategies.
- Responsibility for climate change can be taken by a specific climate or sustainability committee or can be encompassed within other committees such as risk and or remuneration. Successful climate governance can take many forms, so long as climate issues are discussed widely and these actually inform decision making at the most senior level.
- Regulation will strengthen and policies, like that of the PRA on banks and insurers management of climate risk, are likely to follow in other sectors and parts of the world.

https://www.lseg.com/sites/default/files/content/documents/LSEG%20Corporate%20Sustainability%20Report%2031%20December%202018.pdf

7

Spotlight

SDG reporting

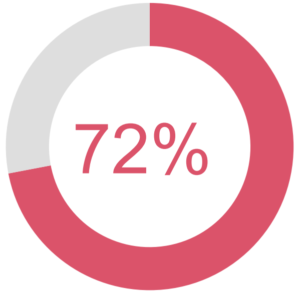
7.1 Reporting on the SDGs

Growing importance of SDGs

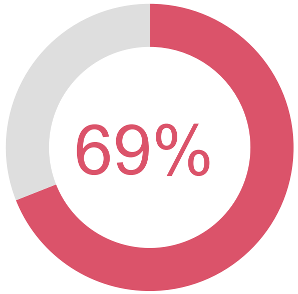
With the growing risks of climate change, alongside the increasing demand for resources, the UN SDGs should be at the heart of all executive agendas. 193 governments have agreed to these 17 Global Goals underpinned by 169 targets, to transform the world by a 2030 deadline. If we are going to achieve this, businesses must play their role in contributing towards the targets.

Why should companies be reporting on SDGs?

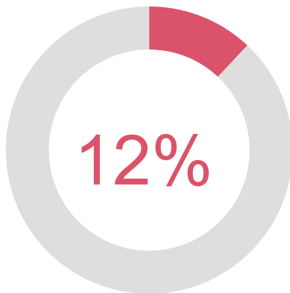
- The SDGs provide a common language for stakeholders, including investors, regulators, as well as governmental organisations. Understanding the material ESG issues will improve our ability to focus and effectively coordinate.
- The SDGs can unlock opportunities for organisations. It is estimated that $12 trillion[1] in potential business opportunities, as well as millions of job created or retained, are linked to the Goals.
- SDG reporting supports good management of the SDGs that allows management to effectively integrate the goals into its business strategy and operations.
- By disclosing the contribution made towards the SDG goals, organisations and governments can assess the annual progress that has been made towards the 2030 targets.



Of companies mention the SDG's in their annual corporate or sustainability report



of companies mention how their business impacts on the SDG's



Of companies disclosed targets with a quantitative ambition

[1] Better Business, Better World (2017) Business Commission on Sustainable Development. Available at http://report.businesscommission.org/

7.2 Journey of SDG Reporting

Best practice reporting

1 — Aligning contribution

- Identify specific indicators you can use to measure your contribution towards the goals.
- Regularly, collect quantitative data for each indicator and disclose the impact your business is having towards the goals.

2 — Understanding material issues

- Review the SDGs at a target level and evaluate how they relate to your business.
- Prioritise the material issues to your business, identified by key stakeholders.

3 — Prioritising SDGs

- Link the prioritised material issues to the relevant SDGs at a target level.
- Identify SDG targets that your company can make the largest contribution towards.

4 — Integrating SDGs with business strategy

- Align the company strategy, (including objectives, material issues, company targets) with specific SDG targets that reflect its impact.

How to integrate the SDG goals in your organisation

An Analysis of the Goals and Targets

The Analysis of the Goals and Targets is the first target-level tool for business to comprehensively understand their possible contribution and impacts on each SDG target. It contains a list of established business disclosures, including qualitative and quantitative indicators from existing reporting frameworks to help identify the most material SDG issues to one's business and improve corporate reporting by using the available indicators under the relevant targets.

Integrating the SDGs into Corporate Reporting: A Practical Guide

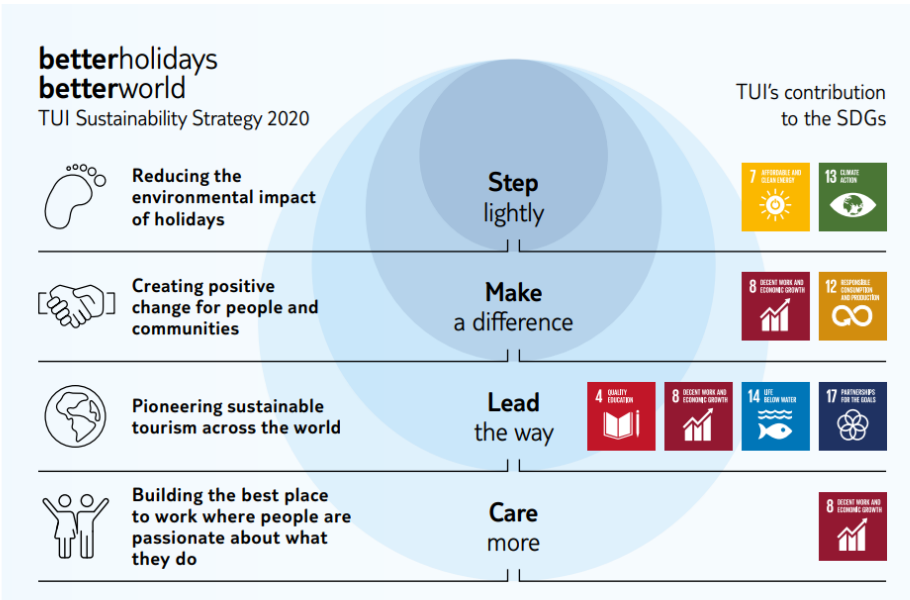
UNGC and GRI (with technical support from PwC) have published a practical guide to support corporate reporting on the SDGs. This guide is an important contribution to helping business embed the SDGs in their existing reporting processes in alignment with the Ten Principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the GRI Standards. It completes a toolkit developed by the Action Platform to promote and facilitate effective corporate reporting on the SDGs.[6]

[6] https://www.pwc.com/gx/en/sustainability/SDG/sdg-reporting-2018.pdf

7.3 Best practice

Tui Sustainability Report 2018, page 10

TUI'S SUSTAINABILITY STRATEGY 2015 – 2020



> Tui demonstrates the importance SDGs play in developing its business strategy by aligning the prioritised SDGs to the relevant strategic theme.

https://www.tuigroup.com

SSE Sustainability Report 2019, page 17

The UN's Sustainable Development Goal (SDG) 13, Climate Action, urges immediate global action to reduce carbon emissions and tackle climate change. SSE's performance against Climate Action's specific targets is summarised below, followed by an explanation of the targets, their relevance to SSE and a summary of SSE's contribution.

Performance summary

SDG target	KPI	Unit	2018/19	2017/18
13.1 Climate adaptation	**Weather-related resilience expenditure by SSEN Distribution:**			
	Overhead line replacement and refurbishment	£m	36.4 [1]	35.6
	Tree cutting	£m	19.7 [1]	17.7
	Flood protection	£m	0.8 [1]	1.5
13.2 Integrate national policy	Scope 1 carbon emissions[2]	Million tonnes CO_2e	8.81 (A)	10.16 (A)
	Scope 2 carbon emissions[3]	Million tonnes CO_2e	0.72 (A)	0.91
	Scope 3 carbon emissions[4]	Million tonnes CO_2e	9.29 (A)	10.63
	Total carbon emissions[5]	Million tonnes CO_2e	18.83 (A)	21.70
	Carbon intensity of SSE's generated electricity[6]	gCO_2e per kWh	284 (A)	305
	SSE's CDP Climate Change Programme response score	Rating	A-	B

1 2018/19 data may be subject to minor adjustment before final inclusion in the regulatory reporting pack published to Ofgem in July 2019.
2 Scope 1 comprises electricity generation (includes energy bought in under power purchase agreements), operational vehicles and fixed generation, sulphur hexafluoride emissions and gas consumption in buildings.
3 Scope 2 comprises electricity consumption in operations (generation, transmission and distribution) and non-operation buildings and distribution losses.
4 Scope 3 comprises upstream emissions associated with the extraction, refining and transport of raw fuels purchased, SHE transmission losses, gas sold and business travel.
5 GHG emissions from SSE's Joint Ventures are excluded. For more detail see SSE's GHG Reporting Criteria at sse.com/sustainability.
6 SSE's 2030 carbon intensity target is based on generation emissions only.
(A) Where you see the (A) 'Assurance symbol' in this report, it indicates data has been subject to assurance. For the limited assurance opinion see sse.com/sustainability/reporting-and-policy/.

SDG target	Why it is important to SSE	How SSE contributed in 2018/19
Climate adaptation 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	SSE is concerned to ensure the reliability of electricity supplies to its customers. The physical impact of climate change, such as extreme weather, has the potential to interrupt this supply of energy. Extreme weather events pose a particular threat to the resilience of SSE's electricity networks. Other risks include flooding of assets, such as electrical sub-stations and generation plant.	• SSEN invests in its distribution networks in storm resilience activities; • SSEN provides a Resilient Communities Fund to support local communities equip themselves to respond to emergency incidents.
Integrate national policy 13.2 Integrate climate change measures and policies into national policies, strategies and planning	Climate change policy in the UK is underpinned by the Climate Change Act 2008 and in Ireland it is the Climate Act 2015. These laws provide the legislative context for business decisions taken by SSE, of which its target to reduce the carbon intensity of the electricity it generates by 50% by 2030 is the most important in aligning with these national policies. Furthermore, SSE works closely and constructively with governments to support the formation of policy in support of the Paris Agreement on Climate Change.	• SSE made the case for a net zero carbon target in the UK for 2050; • SSE reduced the carbon intensity of the electricity it generated as well as its total carbon emissions; • SSE continued its advocacy for a strong carbon price; • SSE made progress in its 2018 CDP submission and in meeting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations; • SSE Disclosed, for the first time, the financial quantification of its most material climate-related risks and low-carbon opportunities.

> SSE prioritise SDGs at a target level. We like how they aligned KPIs to SDGs at a target level, as well as explaining the importance they are to SSE.

https://sse.com/media/623847/SSE-Sustainability-report-2019-FINAL-spreads.pdf

CRH Sustainability Report 2018, page 20

Supporting the UN Sustainable Development Goals

Business is increasingly seen as having a key role to play in responding to society's global challenges. The UN SDGs have become the platform for stakeholders to work together to develop solutions on a global stage.

Like many companies, we are on a journey to embed the SDGs into our business planning and activities, with a focus on those SDGs that most closely align to the areas where we have the greatest influence and impact.

The SDGs represent a real opportunity for sustainable business growth – fostering new opportunities and partnerships while contributing to societal challenges and protecting the environment. Here, we provide some examples to show how our activities contribute to our four focus SDGs.

Looking to the future, we will work to further align our processes with the SDGs, putting them front and centre of our post-2020 targets and short, medium and long-term action plans. We continue to work in collaboration with others to better measure our contribution to the detailed targets behind each SDG.

42% sales revenue
of products with enhanced sustainability attributes

An increasing number of our products are helping customers to build sustainable structures and achieve higher scores in green building rating schemes. For example, Oldcastle BuildingEnvelope®, part of our Americas Products Division, manufactured and supplied a custom engineered curtain wall, windows and storefronts for the $250 million Avalon North Station apartment complex which achieved Leadership in Energy and Environmental Design (LEED®) silver certification. Read more about our sustainable products attributes on page 37.

>1,300 stakeholder events
across Group locations

When a company recognises its role within their community as an employer and provider, everyone stands to benefit. Locally, our businesses thrive on regular engagement with customers, suppliers, neighbours and communities. Examples of our shared global approach to community engagement across the Group can be seen on page 51.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

CRH

13 CLIMATE ACTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

1.5m tonnes CO_2
avoided due to our reduction target

We achieved this success mainly through investments in alternative fuels, alternative raw materials and operational excellence. For example, Cementbouw, part of our Europe Materials Division, uses silicate-based geopolymers in the manufacture of products, which are sourced from slag, mineral dust or other by-products, helping to reduce the CO_2 footprint of a product by up to 80%. Read more about how we are achieving our reduction target on pages 56-57.

32m tonnes
alternative raw materials consumed

By rethinking and redesigning our products and components, we improve the life-cycle performance of buildings and provide end-of-life solutions for our products. For example, recycled asphalt pavement (RAP) and shingles accounted for 22% of total asphalt requirements amongst our companies in the US in 2018. Read more about our 'closed-loop' economy on page 36.

Setting out our sustainability targets and ambitions

Our Group-level targets focus our efforts on the areas that are most important for delivering long-term value by managing our sustainability risks and opportunities. They are complemented by business-specific metrics, monitoring and reporting to track results across key areas such as safety, energy efficiency and resource efficiency.

As we look towards setting targets beyond 2020, we plan to use our materiality assessment processes to more explicitly link our targets to our focus UN SDGs and the Paris Climate Agreement.

We are using this symbol throughout this Report to highlight further details about each of our sustainability targets

> CRH integrated the SDGs throughout the sustainability report, including the CEO message, materiality assessment, and targets. We like how they showed the contribution they have made towards the SDGs.

8

Spotlight

International reporting

8.1 Trends

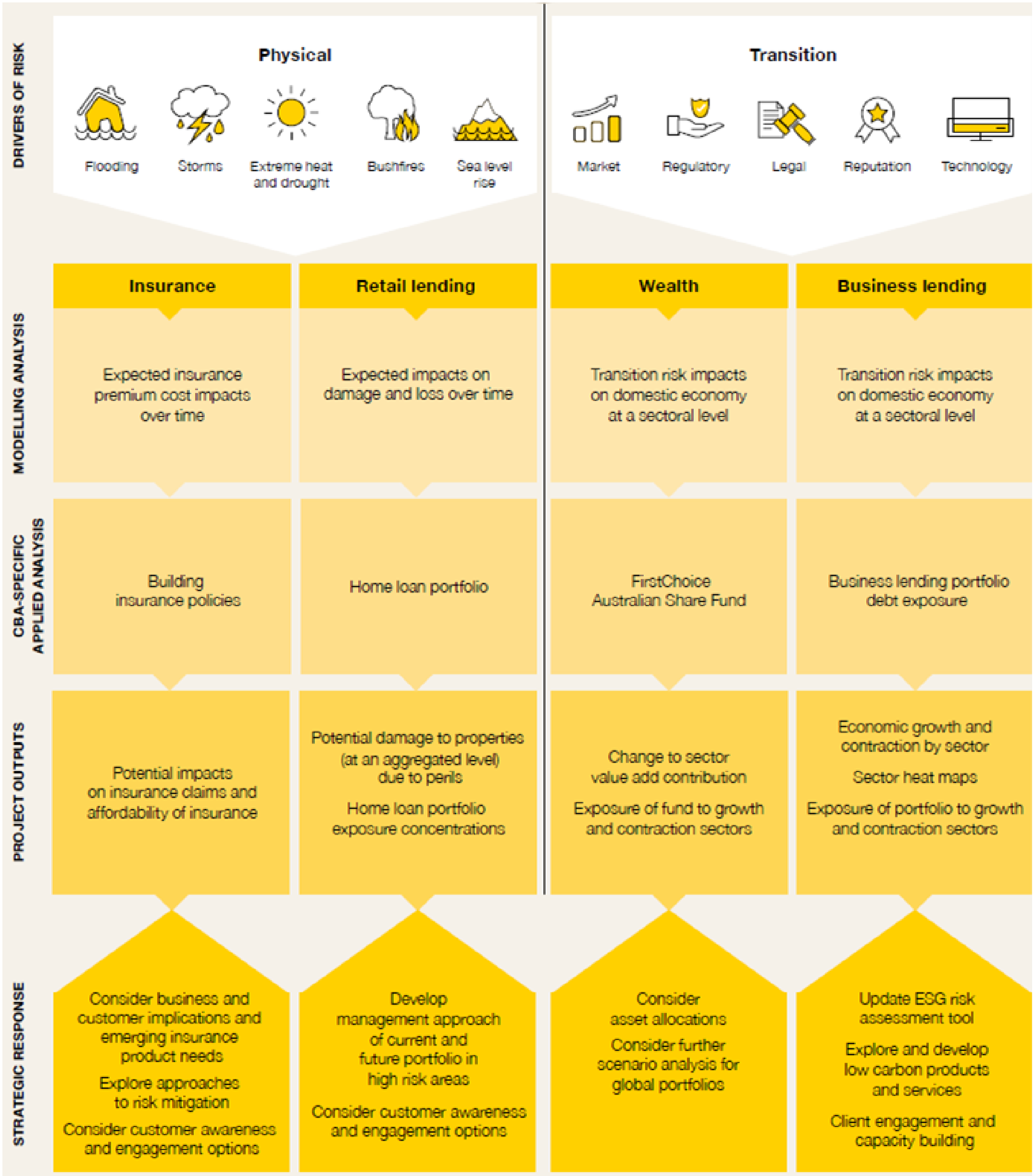
The Building Public Trust Sustainability reporting award only examines UK companies as well as certain inbounds, (i.e. those which have a large UK presence). It is therefore interesting to look at international sustainability reporting best practice and compare it to that of the UK.

Some key observations of international reports:

- There is a greater uptake of integrated reporting;
- Many reports demonstrated a strong case for climate action and have a good consideration of climate risks and opportunities;
- Many reports acknowledged their negative impacts as well as positive; and
- There is a strong sense of innovation, both in reporting methods and through sustainability practices.

> "The Commonwealth Bank of Australia uses a diagram to communicate the scenario analysis which it has undertaken. You can clearly see both the impacts on and strategic responses from its insurance, retail lending, wealth and business lending businesses. The scenario analysis and climate risk sections of the report are strong TCFD reporting examples.

Commonwealth Bank of Australia Annual Report 2018, page 51

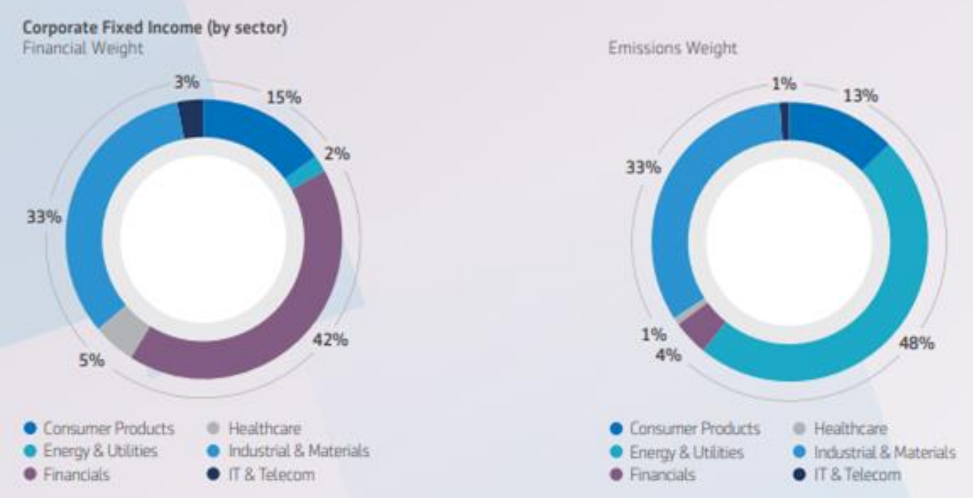


https://www.commbank.com.au/content/dam/commbank/about-us/shareholders/pdfs/results/fy18/cba-annual-report-2018.pdf

Aegon Responsible Investment Report 2018, page 32

Results (insurance-linked equity) are summarized in the table below:

	Unit	Equity
Absolute Footprint	tCO2e	867,000
Relative Intensity	tCO2e/EURm AuM	114
Weighted Average Carbon Intensity	tCO2e/EURm revenue	208
Carbon Risk / Vulnerability	(See notes)	9.85
Coverage	% AuM	99%



"

Aegon uses metrics including carbon intensity and risk to evaluate the climate related risk to their investments.

Eni Annual Report 2018, page 108

GOVERNANCE

Eni's decarbonization strategy is part of a structured system of Corporate Governance; within this, the **Board of Directors** (BoD) and the Chief Executive Officer (CEO) play a central role in managing the main aspects linked to climate change. The BoD examines and approves, based on the CEO's proposal, the Strategic Plan, which sets out strategies and includes objectives also on climate change and energy transition. Eni's economic and financial exposure to the risk that may derive from new carbon pricing mechanisms is examined by the BoD both in the phase leading up the authorisation of every investment and in the following half-year monitoring of the entire project portfolio.

The BoD is also informed annually on the result of the impairment test carried out on the main Cash Generating Units in the E&P sector and elaborated with the introduction of a carbon tax valued according to the IEA SDS scenario (see pages 99-100). Finally, the BoD is informed on a quarterly basis of the results of the risk assessment and monitoring activities of Eni's top risks, including climate change. Since 2014, the BOD has been supported in conducting its duties by the **Sustainability and Scenarios Committee** (CSS), with whom examines, on a periodic basis, the integration between strategy, future scenarios and the medium/long-term sustainability of the business. During 2018, the CSS discussed in detail climate change issues at all meetings, including the decarbonisation strategy, energy scenarios, renewable energies, research and development to support the energy transition, climate partnerships and water resources and biodiversity issues[2]. Since the second half of 2017, the BoD and the CEO are also supported by an **Advisory Board**, composed of international experts, called to analyze the main geopolitical, technological and economic trends, including issues related to the decarbonization process[3]. In 2018, Eni also contributed to the "Climate Governance"[4] initiative of the World Economic Forum (WEF), with the involvement of the Eni BoD. From 2015, the CEO also chairs the Steering Committee of the **Climate Change Program**, a cross-functional working group composed of members of Eni's top management that assists the CEO in developing and monitoring an appropriate short/medium/long-term decarbonization strategy. The strategic commitment to reduce greenhouse gas emissions is part of the Company's key goals. Therefore, the CEO's short-term incentive plan includes the objective of reducing the intensity of GHG direct emissions from upstream operated activities by 12.5%. This objective is consistent with the target of reducing greenhouse gases by 2025 announced to the market and is applied to the incentives for Company managers who have a strategic role on this matter.

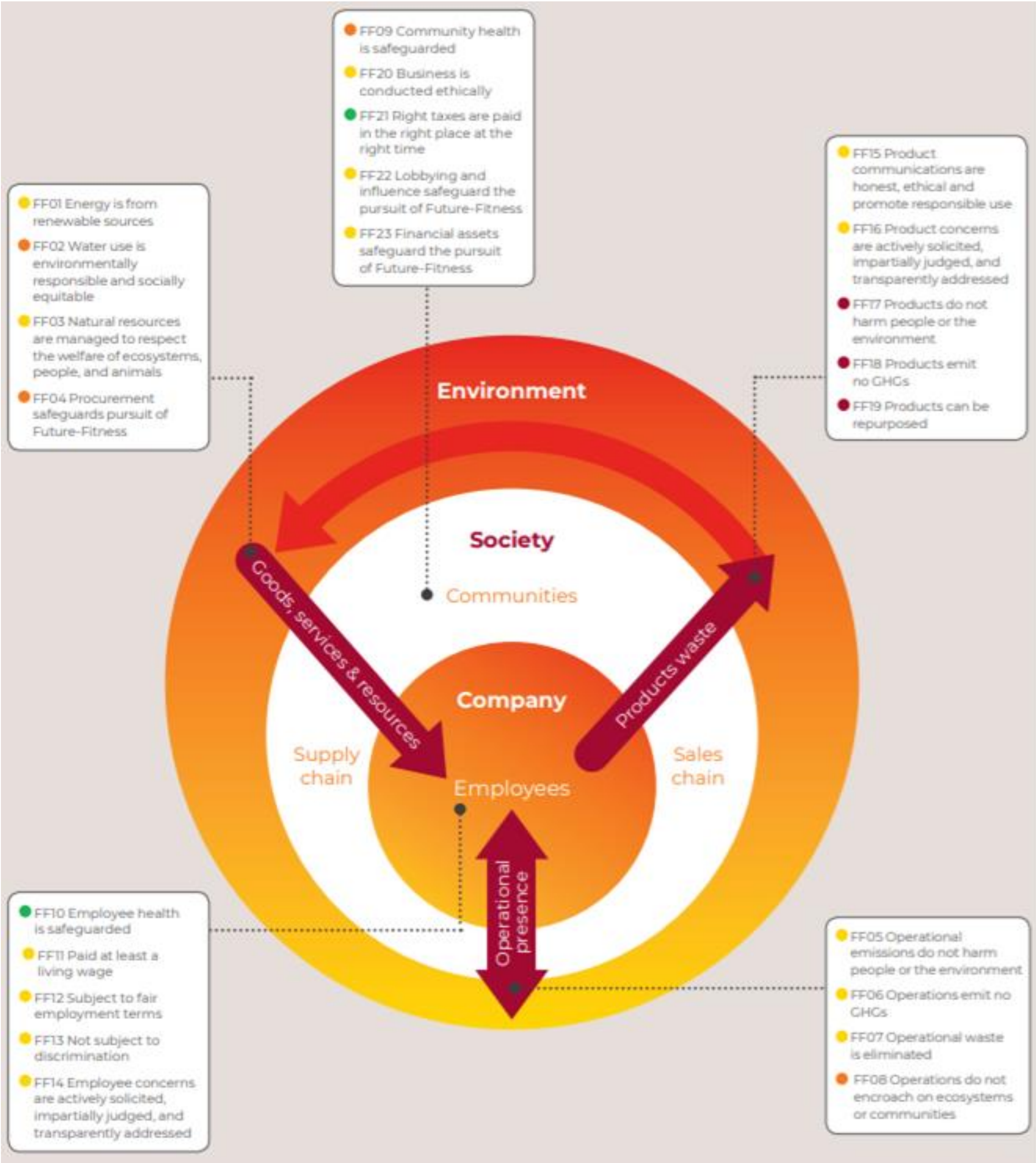
"

Eni's TCFD governance section clearly sets out how the board addresses climate risk and how they are supported by the CSS committee. The CEO is also engaged through an incentive plan related to carbon intensity.

https://www.aegon.com/globalassets/corporate-2018/sustainability/aam-responsible-investment-report-2018.pdf

https://www.eni.com/docs/en_IT/enicom/publications-archive/publications/reports/reports-2018/Annual-Report-2018.pdf

thl Integrated Annual Report 2019, page 2&20



"

thl's report starts with a strong rationale for transforming its strategy to become future-fit. It's strategy is based on 6 capitals: financial, manufactured, intellectual, human, social and natural. This diagram clearly demonstrates the business' interaction with society and the environment and thl's key goals.

Collective human action is required to steer the Earth System away from a potential threshold and stabilise it in a habitable interglacial-like state. Such action entails stewardship of the entire Earth System - biosphere, climate, and societies - and could include decarbonisation of the global economy, enhancement of biosphere carbon sinks, behavioural changes, technological innovations, new governance arrangements, and transformed social values.

This is why we are ready to start our change more aggressively and we are doing something different with our voice. This is what you can expect in our integrated report and our actions going forward.

PROTECTING AND ENHANCING OUR ENVIRONMENT

Negative climate impact due to our customer journey emissions. Impacts on landscapes and ecosystems as operations are not neutral in regards to waste, water use and power. Positive through beach clean-ups with Kiwi Experience, planting trees in Waitomo and maintaining health of glowworms in Waitomo.

Maersk Sustainability Report 2018, page 16

"

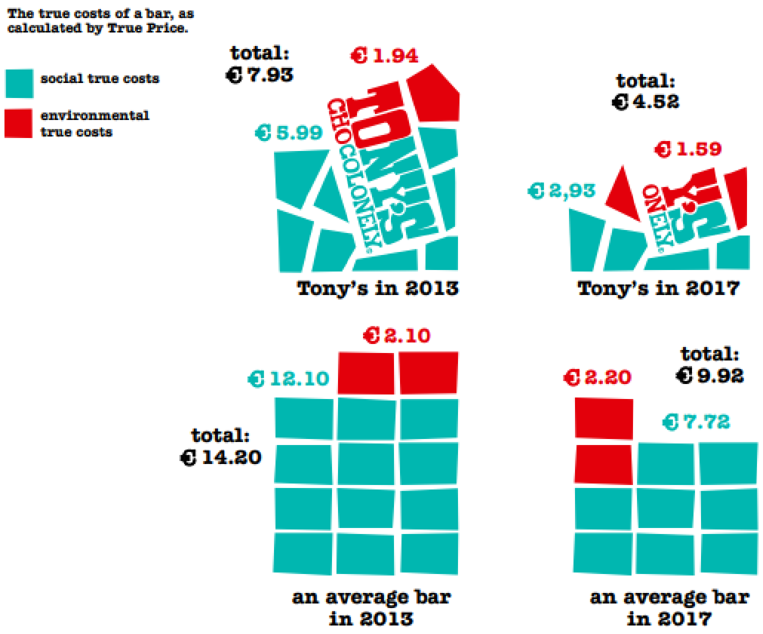
thl and Maersk acknowledge that their businesses contribute to climate change, both good examples of balanced reporting.

http://www.thlonline.com/FinancialInvestorInformation/Documents/AnnualResultsDocsFY19/thl-FY19-Integrated-Report.pdf

https://www.maersk.com/-/media/ml/about/sustainability/sustainability-new/files/apmm_sustainability_report_2018_a3_190228.pdf

Organisation overview
Purpose
Strategy
Materiality
Stakeholder engagement
Risks and opportunities
KPIs and targets
Impacts
Governance
Value chain
Future proofing
Balanced reporting
Assurance
Modern Slavery
TCFD
SDGs
International

Tony's Chocolonely Annual Fair Report, page 31



> Tony's Chocolonely has valued the social and environmental impacts of its chocolate bars in comparison to an average bar. A strong improvement in these impacts has been demonstrated between 2013 and 2017.

CHR Hansen Sustainability Report 2018-19, page 27

COMMERCIAL PERFORMANCE	2018/19	2017/18	2016/17	2015/16	2014/15
Revenue contribution to the UN Global Goals					
Gross revenue contribution, %	82	82	81	-	-
Better farming					
Farmland treated with natural solutions, ha.	3.7m	3.2m	1.3m	2.2m	-
Accumulated ha. (since base year 2015/16)	10.4m	6.7m	3.5m	2.2m	-
Good health					
Products with a documented health effect, no.	1	1	1	1	-
Accumulated no. of products (since base year 2015/16)	4	3	2	1	-
Food waste					
Yogurt waste reduction, tons	180,000	170,000	130,000	100,000	-
Accumulated tons (since base year 2015/16)	580,000	400,000	230,000	100,000	-

> CHR Hansen calculates the proportion of its revenue which contributes to the Sustainable Development Goals on an annual basis.

Danone Integrated Annual Report 2018, page 34


A PIONEERING LEARNING PLATFORM TO CO-BUILD OUR STRATEGIC AGENDA

"To shape our future, employees need to know where we stand in our 'One Planet. One Health' journey and understand the sustainability challenges and opportunities that come with our Danone 2030 Goals. We created a pioneering e-learning platform, which includes a wealth of internal resources and extensive learning programs from partners such as the UN Institute for Training and Research (UNITAR) and the Ellen MacArthur Foundation, to help our teams become experts on topics ranging from climate change or circular economy to agriculture and nutrition."

> Danone has developed an innovative new app to educate its employees on its strategy and key sustainability challenges the company faces.

- https://www.chr-hansen.com/_/media/files/chrhansen/home/sustainability/reporting-and-disclosure/2018-19/chr-hansen-sustainability-report-2018-19.pdf
- https://tonyschocolonely.com/storage/configurations/tonyschocolonelycom.us/files/jaarfairslag/2017-2018/tonyjfs_201718_complete_eng.pdf
- https://iar2018.danone.com/

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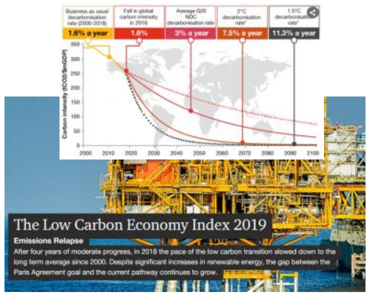
...and refer to our other sustainability reporting research, available online

SDG Reporting Challenge 2018: Empty promises? Does business really care about the SDGs?

- https://www.pwc.com/sdgreportingchallenge

GHG Market Sentiment Survey 2019

- https://www.pwc.co.uk/sustainability-climate-change/pdf/the-latest-trends-and-developments-in-2019.pdf



The Low Carbon Economy Index 2019: Emissions Relapse

- https://www.pwc.co.uk/services/sustainability-climate-change/insights/low-carbon-economy-index.html

Notes

pwc.com

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