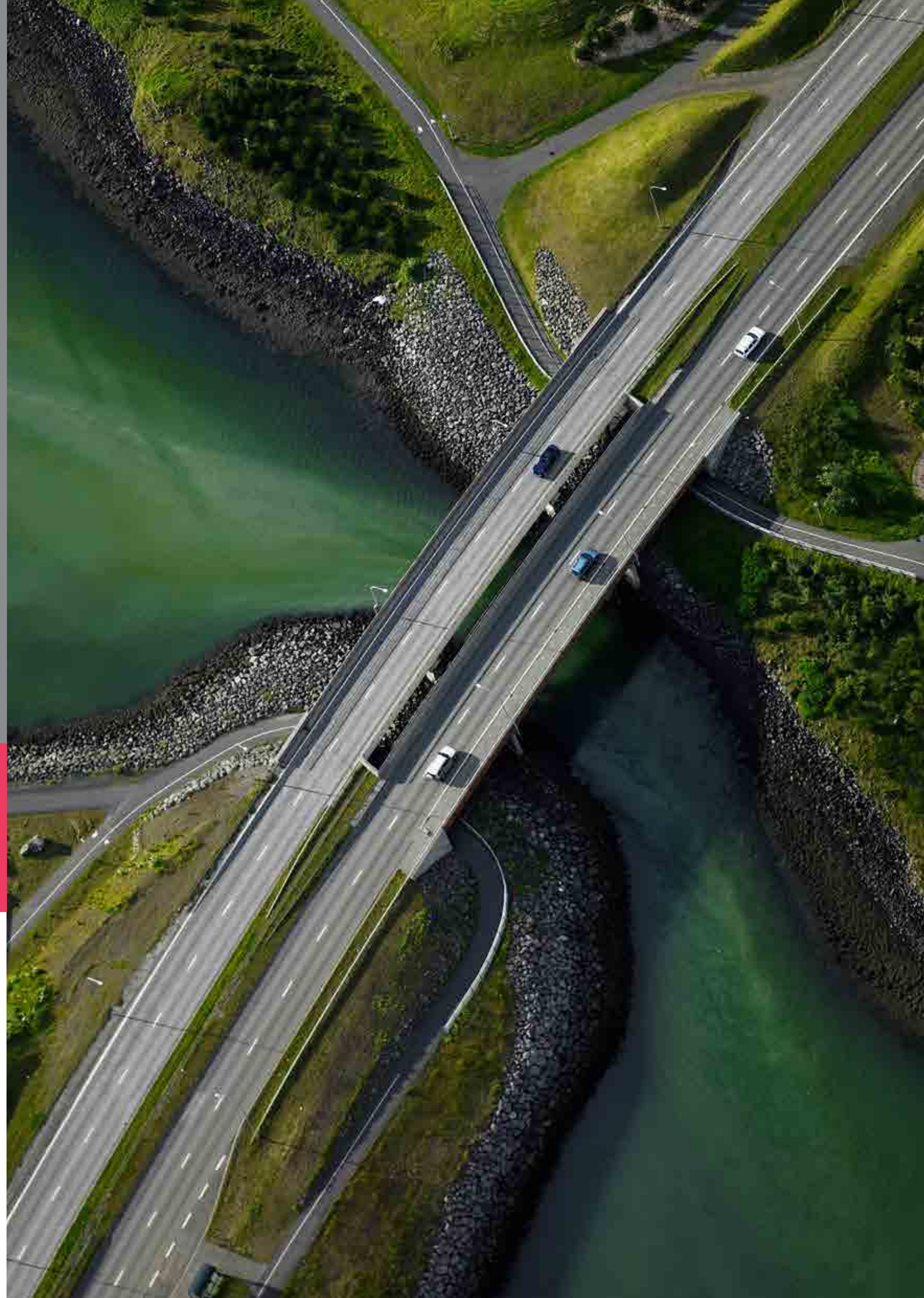
Reporting with purpose and impact

Celebrating openness in your sustainability reporting

Building Public Trust
November 2018

pwc

pwc.co.uk



A letter from Alan McGill

Alan McGill
Global Sustainability Reporting and Assurance Partner, PricewaterhouseCoopers LLP

This year's Building Public Trust Awards mark the 10th year that we have been reviewing sustainability reporting across the FTSE 350 and, more recently, public interest entities (PIEs). In the last decade, sustainability issues such as climate change, modern slavery and ocean pollution have entered the public consciousness like never before. Society has increasing expectations of the role businesses should play in tackling some of the planet's biggest challenges. Organisations are expected to not only minimise their negative impacts, but to contribute positively to both society and the environment. Companies have the power to be a force for good, and many are articulating this as part of a clear corporate purpose that is central to their business.

In recognition of this shift, we are proud to announce that our award now celebrates openness in 'Purpose and Impact reporting in the FTSE 350 and PIEs'. I believe that an open, thorough and proactive approach to purpose and impact is a key way for businesses to mitigate 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 luncheon, this year held on November 29th 2018. After this date, you can see the winning and highly commended organisations at *www.bptawards.com*.

In choosing the winner we reviewed reporting of over 200 companies and organisations. Our in-depth approach and our long history of these reviews gives us insight into what a great sustainability report looks like, and how the sustainability reporting landscape continues to develop. Here are a few of our findings from this year's review:

Purposeful business

Many companies are being clearer about their corporate purpose, and using this to demonstrate the value they bring to wider society and their impact on the environment. It was great to see that of the companies we reviewed who disclosed their purpose, 92% aligned their purpose to their core business. See pages 2-5 for further insights on 'Purpose and Impact'.

Growing emphasis on stakeholders

Companies are now under more scrutiny than ever to demonstrate how they take the interests of wider stakeholder groups into account. Section 172 of the Companies Act 2006 continues to drive an increasing emphasis on stakeholders in reporting (see *PwC's FTSE 350 corporate reporting trends* for more information). Of the FTSE 100, nine out of ten identify internal and external stakeholders with 74% highlighting how they respond directly to stakeholder concerns. Most companies are also engaging with their stakeholders to identify material issues.

Disclosing wider impacts

The EU Non-Financial Reporting Directive requires companies to report on the social and environmental impacts of their activities. We are beginning to see more reporting on impact, particularly in the FTSE 100, however there is still a lot of work to be done. Interestingly, the FTSE 100 are much better at identifying their social impacts (70%) than their environmental impacts (50%).

Furthermore the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) encourage companies to report on how a changing environment will impact their business and its performance. Many companies have started to report on this and we expect to see more extensive reporting (particularly in respect of future scenario analysis) in the next few years.

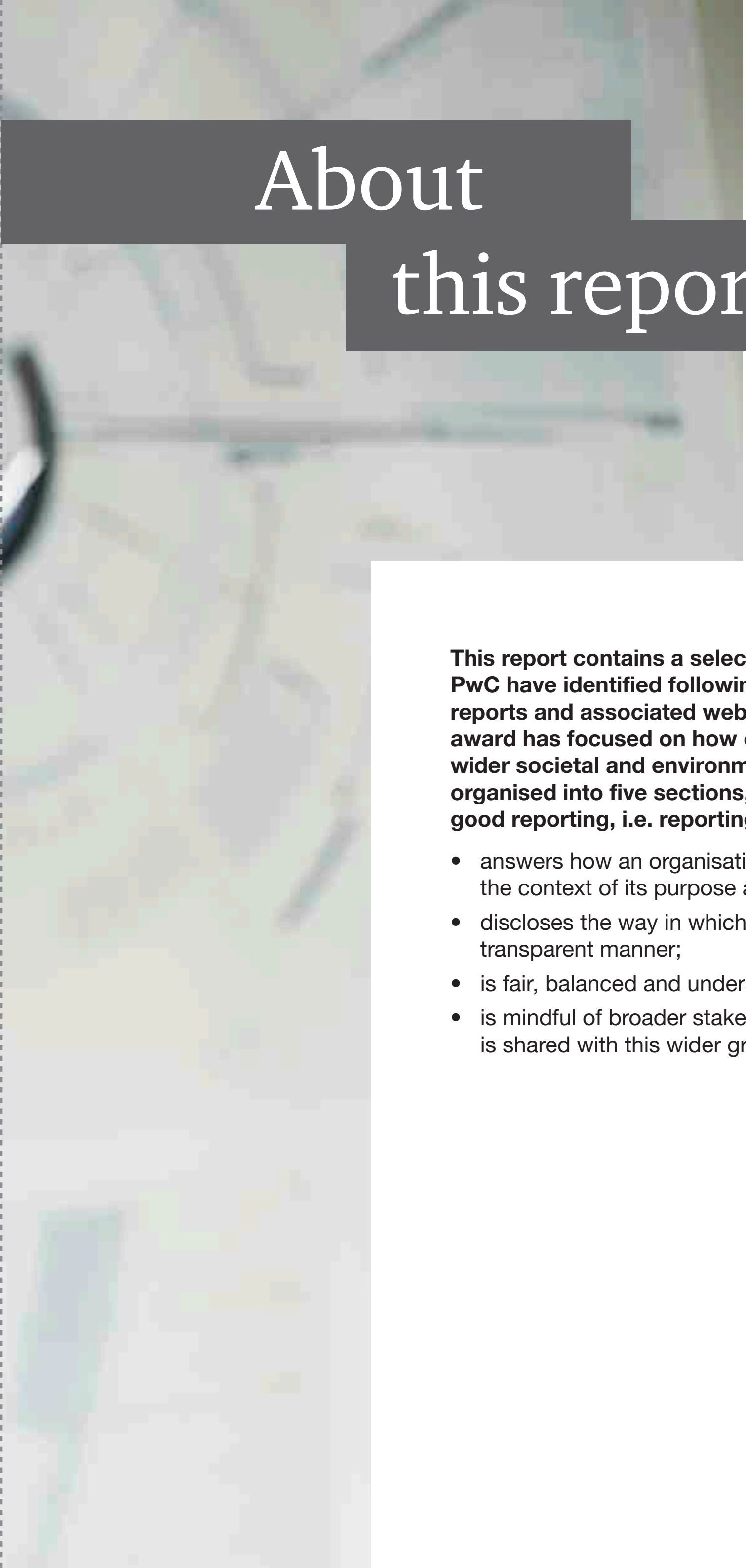
Top scoring industries

Companies from the retail and consumer sector still dominate our top ten in the FTSE 100 (40%), and are the best represented industry across our higher scorers. However, performance as a whole across the FTSE 350 and PIEs is highest for companies in the industrial products and mining industries.

Better alignment to the SDGs

We have seen even more companies embedding the UN Sustainable Development Goals (SDGs) into their reporting, especially in relation to their strategies and targets. This year, 64% of the companies we reviewed and 81% in the FTSE 100 explicitly mention the SDGs compared to 54% last year. The Goal most consistently prioritised is “8. Decent Work and Economic Growth”, but it is great to see “3. Good Health and Wellbeing”, “12. Responsible Consumption and Production” and “13. Climate Action” not far behind. Companies should ensure they think about what civil society and government see as important in this space and align activities accordingly.

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 and PIEs. This year's award has focused on how companies communicate their purpose and their wider societal and environmental impact. 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 group.

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?

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.

Contents

Focus on purpose

What do we mean by purpose?

A company's purpose is usually a stated objective that defines that company's 'reason for existing'. While companies are often duty-bound to provide a financial return to their shareholders, a purpose should look beyond profit and articulate the additional value that the company creates for society. A purpose is usually intended to provide a guiding philosophy for a company's stakeholders (particularly staff) to keep at the forefront of their mind as they go about their daily business.

For example, PwC's purpose is "to build trust in society and solve important problems". This statement places the work we do (professional services) in the wider context of the society around us, and reminds us of its deeper importance.

Making the case for purpose-driven business

Time and again, evidence suggests that – perhaps paradoxically – companies with a purpose beyond shareholder return tend to make more money.

This isn't something new, in fact research conducted over leading companies in the 20th century found that those guided by a purpose beyond making money, returned six times more to shareholders than explicitly profit-driven rivals.

Purpose-driven companies reap advantages in:

- Staff motivation and retention
- Staff recruitment
- Customer loyalty
- Clarity of strategic focus

What does good purpose reporting look like?

An effective purpose statement should:

- Be short (it shouldn't take more than one sentence)
- Go beyond the profit motive (while profit is important, it is rarely inspiring)
- Explain how the core business activities contribute to society (rather than being vague, or focusing on philanthropic/CSR activities)
- Be adopted and recognised throughout the business (not just a phrase seen in reporting and nowhere else)

If a purpose is truly part of how a company does business, we would expect to see it featured front and centre in the Annual Report.

Our analysis of company reporting across leading companies in the FTSE350 and private business shows a wide gulf between those companies which disclose a purpose and those which do not.

While only around half of the companies reviewed disclose a clear purpose statement in their reporting, the majority of those who do so have a well thought-through statement which is well aligned to their core business, and is featured in the Annual Report.

It's encouraging to see that while not all companies have explained their purpose, for those that have, generally they have done a good job of it.

Section 1.2 shows examples of good practice purpose reporting.

Kevin Ellis,
Chairman and
Senior Partner,
PwC UK

Why purpose matters

There's a growing body of evidence that companies with a well-defined purpose, which balances the generation of profit with wider societal benefit, have higher productivity and perform better. Of course, profit generation can be of benefit to society, for example by creating a tax base for government, providing income streams to pay pensions and funding investment and further employment. But in a modern functioning economy it's not enough – businesses need to do more, by being a force for good.

Whether it's a food manufacturer seeking to make healthy meals affordable or a pharmaceutical company aiming to eradicate illness, a clear purpose can inspire. It also has the potential to improve the public's faith in business.

https://medium.com/@KevinJDEllis/why-purpose-matters-eb2f7aa18187

Of the company reports we reviewed…

No clear purpose statement

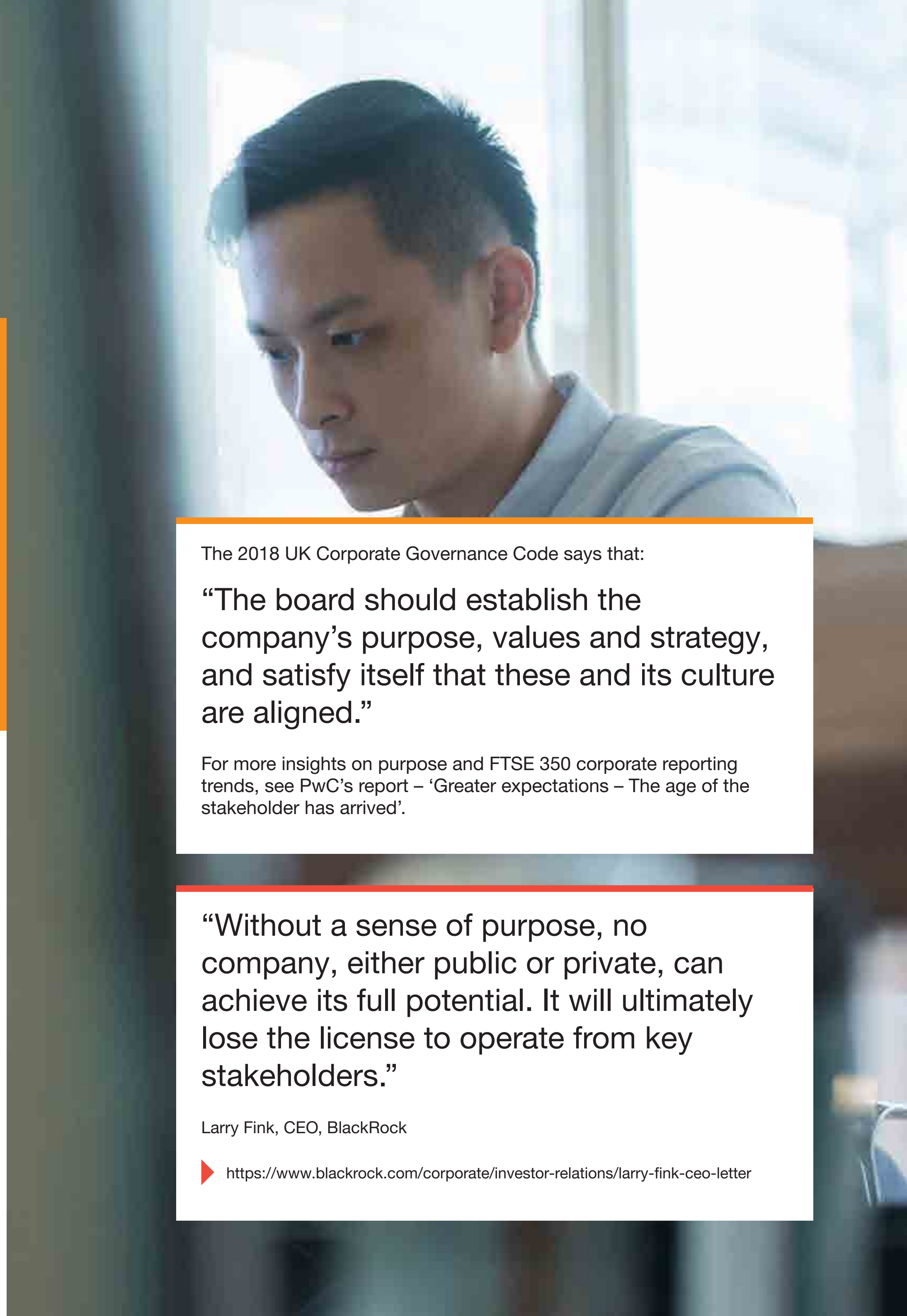
47%

Purpose is well aligned to the core business

45%

Purpose is poorly aligned to the core business

8%



The 2018 UK Corporate Governance Code says that:

"The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned."

For more insights on purpose and FTSE 350 corporate reporting trends, see PwC's report – 'Greater expectations – The age of the stakeholder has arrived'.

"Without a sense of purpose, no company, either public or private, can achieve its full potential. It will ultimately lose the license to operate from key stakeholders."

Larry Fink, CEO, BlackRock

https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter

Focus on impact

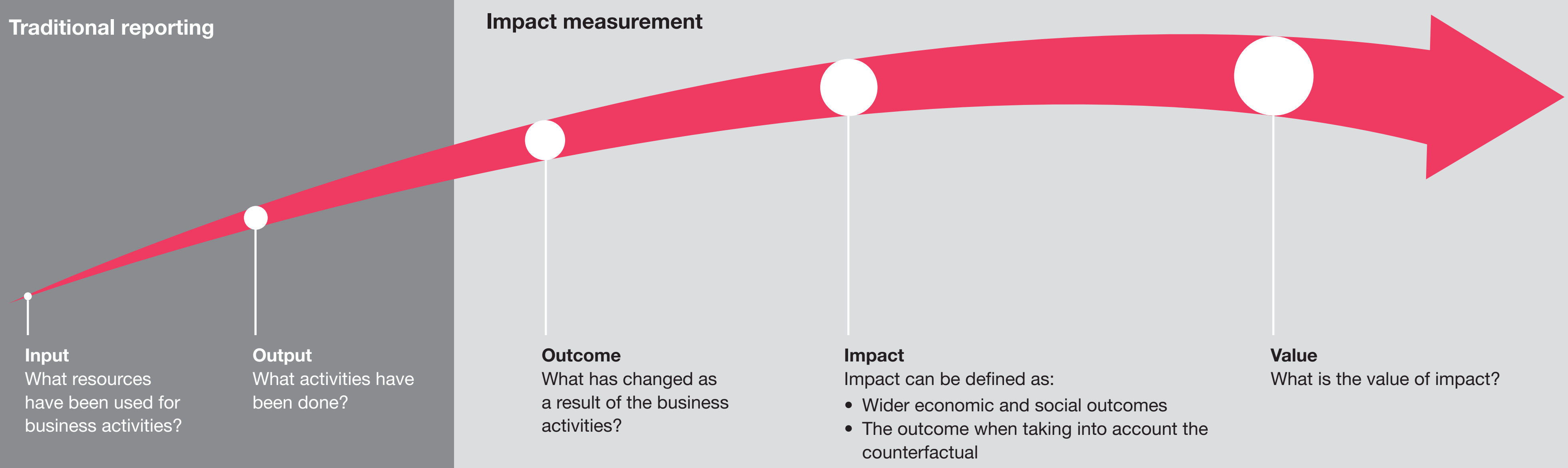
What do we mean by impact?

Non-financial data and key performance indicators (KPIs) have always been a major part of sustainability reporting. Performance metrics, such as tonnes of CO_2 emissions, are a key way of communicating what a company has done over the past year, and how well it is meeting its objectives and targets.

Impact reporting goes beyond these common metrics to examine the impact on society and the environment of a company's performance (see diagram below). For example, tonnes of CO_2 emissions do not directly explain the impact of climate change on global communities and ecosystems. To convert this to an impact measure, companies should consider the cost to the environment, human health and society of each additional tonne of CO_2. Some argue that in order to compare the full spectrum of impacts against one another, and against financial metrics, impact measures should be converted into monetary numbers.

The business case for measuring and reporting impact

We live in a world of significant change and upheaval. We have a growing population, seeking a better lifestyle, to be delivered from a planet with finite resources, many of which are now rapidly running out. These changes are already affecting corporate decision making and reporting, but without comprehensively quantifying and monetising social and environmental impacts, they cannot be included in traditional accounting and return on investment decisions. More than 93% of CEOs we surveyed said that measuring both their financial and non-financial performance would enable them to better identify and manage their risks. Reporting impacts helps companies demonstrate to stakeholders that they have a strategic, data-led approach to impact management.



What does good impact reporting look like?

Our analysis of reporting in the FTSE 350 showed that there is significant room for improvement in impact reporting:

- Two thirds of companies are reporting on impact in some way, but only 34% provide any data.
- Only 27% of companies are showing a balanced view by explaining both their positive and negative impacts.
- 22% of companies clearly show the links between their impacts and their purpose in their reporting.

Impact reporting tends to be a long-term journey, rather than an approach that can be immediately implemented. As a starting point, it's helpful to discuss the different types of impacts the business has on society and the environment in a qualitative way. Subsequent steps to improve this reporting could include:

- Considering upstream (supply chain) and downstream (customer) impacts
- Adding quantitative data to qualitative descriptions
- Monetising impacts, and reporting these values in a way which makes different types of impacts easily comparable
- Explaining how impact measurement affects management decisions

Section 3.2 shows how some of the companies we reviewed are doing this in practice.

How we report impact

PwC's impact reporting shows how our environmental and social impacts compare to our economic and tax impacts, and whether these impacts are positive (green) or negative (red, e.g. environmental impacts). Measuring and reporting on our impacts allows us to prioritise areas where we can have the greatest positive impact, and to demonstrate to stakeholders how we are positively affecting society.

Our impact 2017 (cf. 2016)

https://www.pwc.co.uk/who-we-are/corporate-sustainability/performance/valuing-our-total-impact.html

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 company'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	Ensure 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.

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.
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.	If you anticipate possible constraints, describe your strategy for managing these risks.
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.

1

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

1.1 Organisation overview

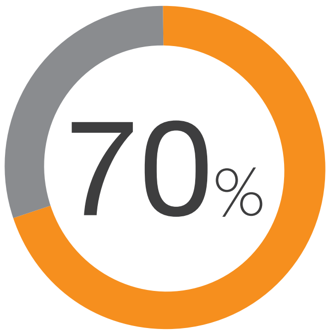
Provide an overview of your organisation's key activities and the environment in which you operate.

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: 60%)

DS Smith clearly explains its operations and activities – we like how this has been put in context against the company purpose, vision and values.

DS Smith Sustainability Review 2018 p.2-3


Our purpose

To redefine packaging for a changing world

Our vision

To be the leading supplier of sustainable packaging solutions

Our culture

We have a clear set of values that we expect all of our employees to own and live by

Be Caring | Be Challenging | Be Trusted | Be Responsive | Be Tenacious

Our business

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

Packaging	Paper	Recycling	Plastics
DS Smith is a leading provider of consumer packaging, with emphasis on state-of-the-art packaging design.	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.	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.	Our Plastics business comprises flexible packaging and dispensing solutions, rigid packaging and returnables, as well as foam products.
c. 22,800 employees	c. 2,900 employees	c. 800 employees	c. 2,000 employees
34 countries	10 countries	14 countries	13 countries

https://www.dssmith.com/company/sustainability/sustainabilityreport

Crown Estate Annual Report 2017 p. 10-11

Our approach

At the heart of our approach is our purpose: creating brilliant places through conscious commercialism. It's about taking a long-term view, working in partnership with our customers and creating destinations that are relevant, attractive and profitable.

What sets us apart

- Our expertise and critical mass enables us to achieve competitive advantage and outperformance
- We believe in placemaking; creating environments where people can thrive
- Our best-in-class asset managers work closely with our customers
- Our approach to regeneration is based on enhancing spaces sensitively, carefully and for the long term

We like how The Crown Estate clearly links its purpose to what it does, the capitals it draws upon and the value it creates.

What we do

We actively manage our portfolios through four principal activities.

Investment management
We buy and sell assets in line with our investment strategy, with a focus on our chosen sectors where we can outperform the market through our expertise and critical mass.

Development management
We plan, construct, develop and refurbish to create successful places where our customers and communities can thrive.

Asset management
We actively manage our assets, working closely with our customers to help achieve their business objectives while, at the same time, increasing the value of our portfolio.

Property management
We enhance our investment, development and asset management activities with effective property management to ensure we address the needs of our customers, partners and communities.

What we rely on

We draw upon six capitals in the management of our business model.

Financial resources
Financial capability to run our business.

Physical resources
Property, plant and equipment we own and use.

Natural resources
The natural resources that we manage and use.

Our people
The skills and experience of our employees.

Our know-how
Our collective expertise and processes.

Our networks
Our relationships with stakeholders; including customers, partners and communities.

The value we create

Beyond meeting our income and total return targets we also consider the wider value we deliver against each capital.

£329.4m
4.0% year-on-year increase in net revenue profit

£342.5m
Capital spent on acquisitions, developments and capital improvements

50%
Operational waste recycled

95%
Employees 'Proud to work' for The Crown Estate

25 hours
Average training per employee p.a.

£2.3bn
Funds managed on behalf of our strategic joint venture partners

Reinvestment into the business

We access capital to invest in our portfolios, both through strategic partnerships and the sale of assets where we have completed our asset management plans.

Our contribution to the Treasury

Our annual net revenue profit is paid to the Treasury.

£2.7bn
Generated for the Treasury in the last ten years.

Total Contribution

Our evolving methodology enables us to discuss our overall impact on the six capitals. It applies economic multipliers to a number of non-financial metrics, in order to create a comparable assessment of outcomes. Certain metrics are included within this report. Our Total Contribution report and our full methodology can be found at: thecrownestate.co.uk/total-contribution

https://www.gov.uk/government/publications/the-crown-estate-annual-report-and-accounts-2017-to-2018

1.2 Purpose

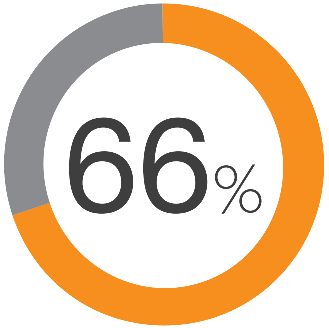
Communicate a clear and succinct purpose that explains your company's raison d'être beyond creating a financial return for shareholders.

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: 33%)

> *Lloyds' purpose is concise and is clearly linked to the core business. This purpose is then supported by a 'Helping Britain Prosper Plan' which is underpinned by measurable targets.*

Lloyds Banking Group Annual Report and Accounts 2017 p.11

OUR PURPOSE
Helping Britain Prosper

We are a responsible business, focused on succeeding over the longer-term, and we believe that helping to make Britain a more inclusive and prosperous country is fundamental to that aim.

We are proud to take a leading role in helping the UK economy, whether through supporting housing, trade and business growth or by tackling disadvantage.

Our Helping Britain Prosper Plan, launched in 2014, takes us well beyond business as usual by setting measurable targets in the areas where we can make the biggest difference.

For more about our approach to responsible business and the Plan see pages 18–20

OUR AIM
Best bank for customers, colleagues and shareholders

Doing the right thing for our customers, colleagues and shareholders by meeting their financial needs, helping them succeed, improving our service proposition and creating value for them, is fundamental to our business model and the long-term sustainability of the business.

PRODUCTS

Our product range is driven by our customers' needs and is informed through comprehensive customer analysis and insight.

Lending
Mortgages, credit cards, personal and business loans

Deposit taking
Current accounts and savings accounts

Insurance
Home insurance, motor insurance and protection

Investment
Pensions and investment products

Commercial financing
Term lending, debt capital markets and private equity

Risk management
Interest rate hedging, currency and liquidity

BUSINESS AREAS

Our business areas are structured according to the products and services we provide to best serve our customers' financial needs.

We currently have three business areas:

Retail

Commercial Banking

Insurance and Wealth

Read more:
Retail see pages 28–29
Commercial Banking see page 30
Insurance and Wealth see page 31

https://www.lloydsbankinggroup.com/globalassets/documents/investors/2017/2017_lbg_annual_report_v3.pdf

HOW WE CREATE VALUE

We believe that sustainable and equitable growth is the only way to create long-term value for our stakeholders. That is why we have placed the Unilever Sustainable Living Plan at the heart of our business model.

WHAT WE DEPEND ON

PURPOSEFUL PEOPLE
161,000 talented people who contribute their skills and purpose to our business

NATURAL RESOURCES
Renewable and non-renewable materials and ingredients for our products

FINANCIAL RESOURCES
Cash, equity and debt to invest for the long-term

INTANGIBLE ASSETS
R&D capabilities and intellectual property such as patents, trade marks and know-how

TANGIBLE ASSETS
Physical assets such as manufacturing, logistics and office facilities as well as our vehicle fleet and stock

STAKEHOLDERS & PARTNERS
Relationships with governments and other organisations to drive systems change

SUSTAINABLE DEVELOPMENT GOAL

17 PARTNERSHIPS FOR THE GOALS

OUR VALUE CHAIN

CONSUMER INSIGHT → INNOVATION → SOURCING → MANUFACTURING → LOGISTICS → MARKETING → SALES → CONSUMER USE

OUR PURPOSE
To Make Sustainable Living Commonplace

OUR VISION
To grow our business, whilst decoupling our environmental footprint from our growth and increasing our positive social impact delivered through the Unilever Sustainable Living Plan:

- IMPROVING HEALTH AND WELL-BEING FOR MORE THAN 1 BILLION
- REDUCING ENVIRONMENTAL IMPACT BY 1/2
- ENHANCING LIVELIHOODS FOR MILLIONS

OUR STRATEGY
To deliver long-term compounding growth and sustainable value creation by:

- Winning with brands and innovation
- Winning in the marketplace
- Winning through continuous improvement
- Winning with people

Supported by Division strategies:

- **Beauty and Personal Care:** Grow the core, build the premium
- **Home Care:** Margin to industry levels, emerging market-led growth
- **Foods and Refreshment:** Leaner business model, growth in emerging markets

VALUE WE CREATE

CONSUMER BENEFITS
We sell products that help people to feel good, look good and get more out of life

TOP & BOTTOM LINE GROWTH
We deliver consistent, competitive, profitable and responsible growth

IMPROVED HEALTH & WELL-BEING
We are helping hundreds of millions of people take action to improve their health & well-being

SUSTAINABLE DEVELOPMENT GOALS

2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING | 6 CLEAN WATER AND SANITATION

REDUCED ENVIRONMENTAL IMPACT
We are working to halve the environmental footprint of the making and use of our products as we grow our business

SUSTAINABLE DEVELOPMENT GOALS

7 AFFORDABLE AND CLEAN ENERGY | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 14 LIFE BELOW WATER | 15 LIFE ON LAND

ENHANCED LIVELIHOODS
We are enhancing the livelihoods of millions of people as we grow our business

SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

PURPOSE OR SUSTAINABILITY: WHAT'S IN A NAME?

There is a lot of talk today about brands with purpose, or sustainable brands, or meaningful brands. The number of descriptions people use is exceeded only by the different interpretations people give them. Some simply mean brands that support a charity or, say, use 'natural' ingredients. At the other extreme, people set up whole companies whose sole purpose is to 'do good'. With so many terms in use, it helps to put some definition behind the terminology.

At Unilever we are in the business of helping people to live well and live within the natural limits of the planet, so we talk about 'sustainable living' and 'sustainable living brands'. For us that means helping to bring about greater social equity and inclusiveness and helping people to:

- improve their health, nutrition and wellbeing
- reduce their environmental impacts
- choose products that are better for them, society and the environment.

Purpose and product

The concept of 'purpose-driven' brands is not new. Among our own brands, Lifebuoy and Ben & Jerry's have had a social or environmental purpose at their heart since they were founded. But in today's complex and interconnected world, having a powerful purpose is not enough. Brands must look at their impacts up and down the value chain and across the public domain. For example, they cannot do social good while harming the planet or improve the lives of consumers while ignoring the working conditions of the people who make them.

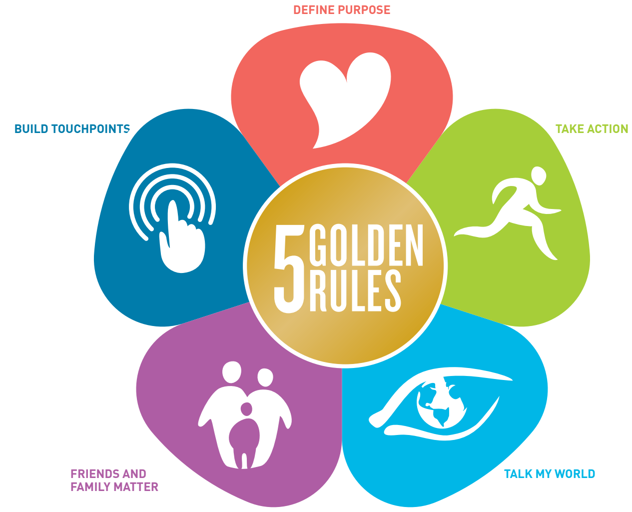
That is why our definition of a sustainable living brand is one that:

- has a clear purpose that, over time, helps to tackle a social or environmental issue or cause
- produces products that reduce their environmental footprint and/or improve health and wellbeing or livelihoods.

In Unilever that means sustainable living brands make a positive difference to society and, ultimately, to our company purpose: Making sustainable living commonplace.

CONNECTING WITH CONSUMERS: FIVE GOLDEN RULES

Our Making Purpose Pay research and experience of developing sustainable living brands have helped us identify five golden rules, which in our view represent best practice.



SUSTAINABLE LIVING BRANDS MAKE A POSITIVE DIFFERENCE TO SOCIETY AND OUR COMPANY PURPOSE

> *Unilever's purpose sits at the heart of its business model. Not only is the business 'purpose-led' but also Unilever's brands and products are 'purpose driven' too. Through Unilever's 'Making Purpose Pay' research, the company reports on the role purpose has to play in connecting with consumers and ultimately creating long-term value for stakeholders.*

https://www.unilever.com/Images/making-purpose-pay-inspiring-sustainable-living_tcm244-506468_en.pdf

https://www.unilever.com/Images/2495-how-we-create-value-100418_tcm244-521463_en.pdf

1.3 Strategy

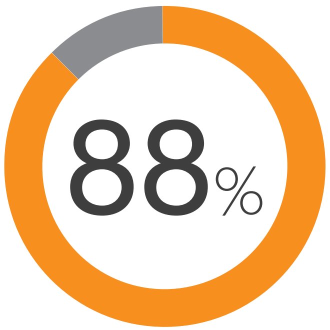
Describe how your sustainability strategy is integrated into your core corporate strategy and demonstrate how it permeates throughout your business.

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: 74%)

> *Kingfisher's sustainable growth plan sets out the company's roadmap up to 2025 to deliver its purpose. We like that the plan is core to the business and is supported by tangible targets.*

Kingfisher Sustainability Report 2017/18 p.7

https://www.kingfisher.com/sustainability/files/downloads/KFSR18_final_PDF_version.pdf

Our sustainability pathway

Sustainable health

Our material issues, as shaped by company and stakeholder influence, fall within three sustainability priorities and our Sustainability foundations. They define how we're making science accessible.

Internal influencers

Our strategic priorities

Achieve scientific leadership
Return to growth
Be a great place to work

Our Values

We follow the science

We put patients first

We play to win

We do the right thing

We are entrepreneurial

AstraZeneca's sustainability pathway clearly set outs the company's strategic priorities across three pillars. We like the links made to global megatrends.

External influencers

Global megatrends

Unmet medical needs

Non-communicable diseases (NCDs) include cardiovascular, metabolic and respiratory diseases and cancers. They are associated with ageing populations and lifestyle factors, and are increasing worldwide.

Expanding and ageing patient populations

The number of people accessing healthcare is increasing, as is healthcare spending, particularly by the elderly.

Political and economic uncertainty

Civil war and political unrest have caused instability around the world, leading to large numbers of refugees fleeing their homes.

Climate change

Clean air, safe drinking water, sufficient food and adequate shelter are all compromised by the impacts of climate change, extreme heat and intensified natural disasters.

https://www.astrazeneca.com/content/dam/az/Sustainability/2018/Sustainability_report_2017.pdf

2

How do you consider your priorities?

2.1 Materiality

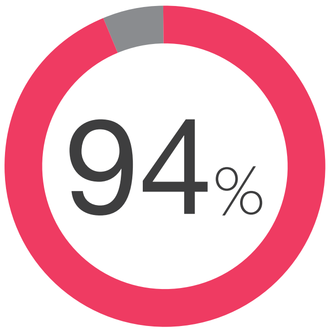
Demonstrate that you have an understanding of the sustainability issues that are most relevant to you and your key stakeholders.

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: 77%)

> *We like how Pearson identifies its material issues through extensive stakeholder engagement activities. Pearson also aligns these issues to the company's principal risks.*

Pearson Annual Report 2017 p.26

Key to material issues

Nine material issues
in our sustainability plan and reporting

- Corporate functions
- Societal issues
- Education industry
- Environmental issues

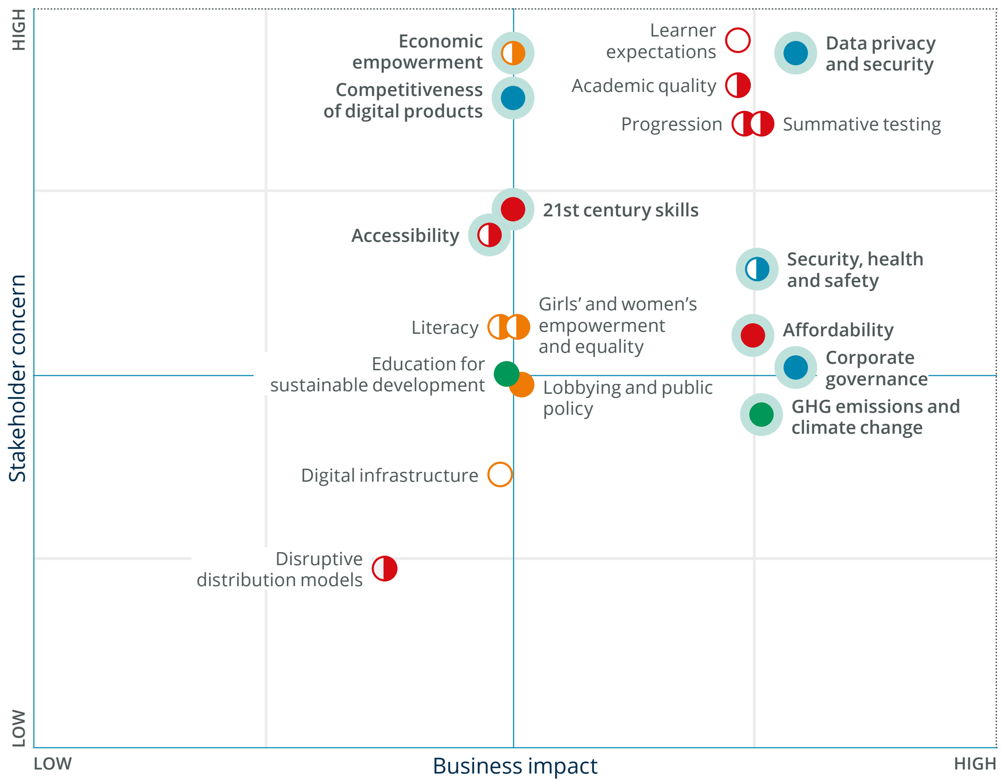
Degree of control

High   Medium   Low

Materiality matrix

The following matrix shows how we mapped our 19 issues, and highlights the nine that we have deemed to be the most material for the purpose of our sustainability strategy.

We will evaluate, refine and talk with stakeholders about our material issues on an ongoing basis, in the spirit of continuous iteration and improvement.



https://www.pearson.com/content/dam/one-dot-com/one-dot-com/global/standalone/ar2017/PearsonAR17_Full_Annual_Report.pdf

Cairn Corporate Responsibility Report 2017 pg. 12-16

Cairn discloses a very detailed overview of its materiality analysis and methodology which involves extensive stakeholder engagement.

Stakeholder engagement for materiality

1. Identify stakeholder groups for engagement
2. Interview stakeholders using an independent third party
3. Discuss materiality methodology issues and location on the matrix
4. Collate stakeholder feedback and amend the matrix
5. Updated matrix reviewed by the Board and internal stakeholders for final validation

Investors | Governments and regulators | Business partners and peers | Contractors and suppliers | Communities | NGOs | Employees

The 15 potentially material issues are listed below, grouped into four themes:

Materiality significance key: H High M Medium L Low

Business relationships

Economics and funding H
- Funding
- Investment
- Reserves valuations and capital expenditures

Contractors and supply chain H
- Culture and leadership
- Selection
- Competency, training and education

Ethics, ABC and transparency H
- Principles, policies, CRMS
- Risk and material issues
- Strategy and operations
- Accountability and responsibility
- Advocacy and lobbying
- Cairn ABC practices
- Contractors and suppliers
- Government and authorities
- Whistleblowing
- Communications
- Remuneration
- Tax and payments to government
- Fines and prosecutions
- Non-operated joint ventures and international investments

Society and communities

Social and economic benefit H
- Shared value
- Benefit and impacts to communicate
- Local content
- Social investment
- Government relations

Human rights H
- Working conditions/T&Cs
- Freedom of association
- Modern slavery/security
- Complicity
- Grievance
- Non-discrimination

Communities M
- Local community
- Stakeholders
- Indigenous peoples
- Local labour
- Community health
- Cultural heritage
- Displacement

People

Major accident prevention and safety H
- Asset integrity
- Major accident prevention
- Major oil spill prevention
- Workplace safety

Security H
- Office
- Personnel
- Local assets
- Travel
- Cyber security

Health and well-being M
- Workplace health
- Infectious diseases
- Well-being and health support

Employees M
- Culture and leadership
- Selection
- Succession
- Workforce planning

Equality and diversity M
- Anti-discrimination
- Equal pay
- Equal opportunities and diversity

Environment

Climate change, emissions and discharges H
- Energy use and alternative sources
- GHGs
- Other emissions
- Flaring and venting
- Strategic carbon risk
- Discharge/disposals to water and land
- Spills
- Reuse, recycling and waste management
- Stranded assets

Biodiversity H
- ESIA, environmental surveys and ecosystem services
- Biodiversity action plans

Resource use M
- Water abstraction and use
- Local resources
- Materials

Product stewardship L
- Oil and gas sales and impacts

Our materiality matrix

Key: High materiality, Medium materiality, Low materiality

Importance to Cairn* \ Importance to stakeholders	Insignificant	Low	Medium	Significant	High
High				• Economics and funding	
Significant			• Health and well-being • Communities	• Ethics, ABC and transparency • Security • Social and economic benefit • Human rights	• Major accident prevention and safety • Contractors and supply chain
Medium			• Employees • Equality and diversity • Resource use		• Climate change, emissions and discharges • Biodiversity
Low		• Product stewardship			
Insignificant					

*The Importance to Cairn reflects on assessment of risk to the company, combining both the potential impact of risks connected with the issue and the likelihood of it occurring.

https://www.cairnenergy.com/media/2251/cr-report.pdf

2.2 Stakeholder engagement

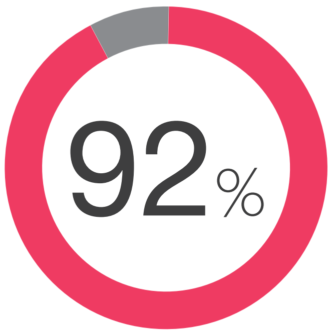
Explain how you engage with principal stakeholders and how this has impacted your sustainability strategy.

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.

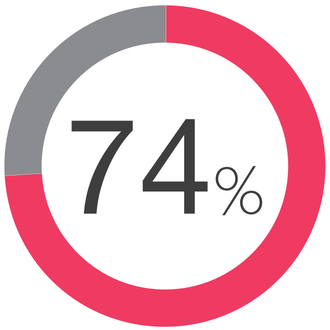
Tips to make your reporting more effective:

Basic	Intermediate	Advanced
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.

Of the FTSE 100 companies we reviewed:



Identify internal and external stakeholders. (FTSE 250: 77%)



Outline actions taken in response to stakeholder concerns. (FTSE 250: 42%)

SSE plc Sustainability Report 2018 p.8

"SSE explains the value created for each stakeholder group – it is great to see SSE quantifying its wider impacts on society and the environment here too.

SSE EMPLOYS AROUND 21,000 DIRECT
EMPLOYEES

SSE depends on the shared talent, skills and values of its employees. It has a framework for ongoing engagement and feedback between itself and employees. This helps ensure SSE creates an engaging and supportive environment where people want to work.

MATERIAL ISSUES AND ENGAGEMENT METHODS
Material issues for employees include: opportunities for development and progression; agile working patterns; inclusion and diversity; and the opportunity to have a say and make a difference in the business. SSE engages with employees though continued and structured career conversations, its trade union partners, all-employee engagement surveys and internal communication channels such as its intranet news and blog feed, the SSE employee app and employee conferences.

HOW SSE CREATED VALUE 2017/18
Developing people
£25.2m
Investment in training and development

SSE ENGAGES WITH
NGOS AND CIVIL SOCIETY

NGOs and civil society bring specialist and distinctive perspectives, contributing to business decision-making. SSE engages with NGOs and civil society groups that focus on social, environmental and other energy- and business-related issues on behalf of energy customers and wider society.

MATERIAL ISSUES AND ENGAGEMENT METHODS
Material issues for NGOs and civil society include: environmental protection and climate change; customer vulnerability; employee issues such as the real Living Wage and the gender pay gap; and SSE's economic contribution and approach to tax. SSE recognises that more can be achieved to solve key societal issues by working with NGOs and civil society groups. It actively seeks engagement through direct feedback on reports, participation in public events and responses to surveys and consultations.

HOW SSE CREATED VALUE 2017/18
Addressing climate change
307gCO_2e/kWh
Carbon intensity of electricity generated

SSE WORKS WITH c.9,000 DIRECT
SUPPLIERS AND CONTRACTORS

SSE relies on its supply chain to deliver projects and ensure it operates successfully. SSE aims to build strong relationships with suppliers and contractors so it can maximise cost efficiencies and enhance positive economic, social and environmental outcomes.

MATERIAL ISSUES AND ENGAGEMENT METHODS
Material issues for suppliers and contractors include: fair expectation in project delivery; management of health and safety; local supply chains; and management of social and environmental impacts. SSE has a structured approach to engaging with its most strategic supply chain partners to establish long-term relationships which create value for all partners. In addition to regular engagement and audits, SSE's procurement function engages directly with suppliers around key issues to ensure its values are upheld throughout its supply chain.

HOW SSE CREATED VALUE 2017/18
Supporting sustainable supply chains
c.£2.9bn
Total procurement expenditure

http://sse.com/media/522476/SSE-plc-Sustainability-Report-2018.pdf

Wm Morrison Supermarkets PLC Corporate Responsibility Report 2016/17 p. 30

We liked how Morrisons clearly identified the different ways it listens to each stakeholder group and what stakeholders care about.

ONGOING ENGAGEMENT WITH OUR STAKEHOLDERS

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

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.	• £10m donated to local and national causes through Morrisons Foundation • Over 3.4 million unsold food products donated to local community groups since 2016 • Supporting local and British food makers.
Customers	Customer listening groups, sales of products, customer insight survey, social media, correspondence.	We know that customers recognise 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.	• Responding to customer concern on plastics • Wonky Veg box launched to help customers eat healthy food more affordably • Reinforcing our commitment to 100% British meat.
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.	• Your Say forums continued as well as launch of National Your Say forum • LGBT+ colleague network launched • Career conversations with every colleague.
Government and regulators	Formal enquiries, meetings, trade associations, social media, visits.	Government policy implemented through legislation, regulation and increasingly sector specific voluntary agreements forms the back drop to our operational activity.	• Formally responding to Government on plastics • DEFRA roundtable on plastic free aisles • Working with Food Standards Agency on Regulating our Future.
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 operational carbon • Response to FAIRR on sustainable proteins.
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.	• Response to Women's Institute Food Matters campaign • Work with Banana Link on responsible sourcing of bananas.
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.	• Supporting British farming through Morrisons Farming programme • Helping farmers to reduce on-farm waste through launch of Wonky Veg • Groceries Supply Code of Practice (GSCOP) supplier surveys to ensure good buyer/supplier relationships.
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.	• IGD food waste measurement working group • Signatories to the UK Plastics PACT • BRC Environment Steering Group.

https://www.morrisons-corporate.com/cr/report-2017/static/downloads/Morrisons_CR_Report_2017_Interactive.pdf

2.3 Risks and opportunities

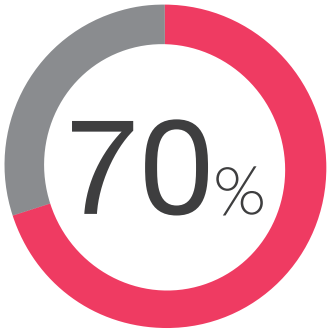
Explain the key strategic risks and opportunities for your organisation that arise from sustainability issues.

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.

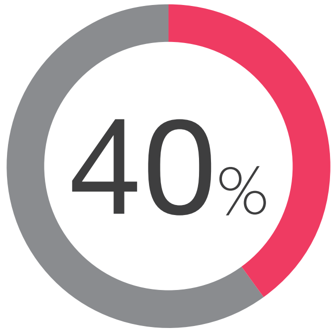
Tips to make your reporting more effective:

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.

Of the FTSE 100 companies we reviewed:



Explicitly identify sustainability risks (FTSE 250: 67%)



Explicitly identify sustainability opportunities (FTSE 250: 16%)

Ferguson Annual Report 2017 p.34-35

As part of Ferguson's 'Better Business' framework, key sustainability opportunities and risks are clearly set out against each material issue.

Our material issues	Opportunities	Risks
Responsible sourcing	Working with reputable suppliers gives our stakeholders confidence in the integrity of our supply chain, including standards around ethical labour, modern slavery, conflict minerals and anti-bribery and corruption.	There is increasing focus on supply chain transparency due to the risk of business interruption or reputational harm.
Promoting "eco" products	Where the opportunity exists, we can gain market share by supplying eco products and offering training and advice to our customers.	Building regulations increasingly focus on sustainable construction. Growth opportunities can be missed if we do not adapt to our customers' changing product needs.
Environmental efficiency	Better energy and waste management decreases costs and improves operational efficiencies.	Energy costs and increasing "green" taxes can reduce Ferguson's profit margins. We have reduction targets in place to minimise these costs.

http://www.fergusonplc.com/en/investors-and-media/results-and-reports.category2.year2017.html

People-positive supply chain management

€17 billion

per year in goods and services purchased worldwide

Products & Components	22%
Primary Materials	21%
Transport & Logistics	13%
Contractors & Services	13%
Fixed & Mobile Equipment	12%
Other	12%
Fuel & Energy	7%

168,000 suppliers worldwide

Americas	Europe
46%	49%
Rest of the World	**Asia**
<1%	5%

* % of total spend

Five step procurement process:

Managing risks and opportunities at the commodity level

1. Identify clear sustainability risks and opportunities alongside commercial needs and objectives
2. Category and market analysis
3. Create sourcing options to shape the commodity strategy
4. Strategy execution
5. Supply management

Our supply chain risks

Outcomes

Reduced business risks
Scoping our contracts and projects to meet sustainability requirements as well as commercial requirements offsets risk.

Financial benefits
Sustainability and innovation are often linked and we are able to capture procurement savings through this approach.

Proactive management of suppliers
Enables control of issues such as human rights and labour practices prior to committing orders to suppliers when we have maximum leverage. *See our case study on page 42.*

Improved efficiences
We challenge our key suppliers to optimise the use of recycled and secondary materials and minimise the use of raw materials where possible.

Opportunities for collaboration
By focusing at a commodity level we are able to identify the right sector scheme to work with for maximum impact.

Bespoke CSR plan for key commodity groups
See page 12 for an insight in to how we are managing natural stone.

It is great to see CRH looking at sustainability risks at both a corporate and commodity level – we like that CRH's approach is to turn risks into opportunities.

Understanding our risks and opportunities

Our main challenge comes down to the sheer size and complexity of our supply chain. We cannot tackle everything, and we are not interested in just ticking boxes without achieving real impact and improvement. Understanding where our main risks are and prioritising areas for improvement is key to achieving real progress with our suppliers. We assess risk at the commodity level, in line with ISO 20400 best practice. We use twelve assessment criteria covering areas such as health and safety, human and labour rights, environment, climate change and governance. We then enhance our Category Strategy Plans - based on the risks identified and accompanying opportunity assessment - to drive improvement actions at the point where we have most influence with our suppliers.

Sustainability risks and opportunities

Our ERM process also allows our businesses to focus on the upside of risk and assess viable value creation activities. An example of where this has been achieved is addressing the risk of changing consumer preferences, moving towards the green agenda, by becoming a leader in sustainable building products.

We will continue to identify and manage emerging risks and look for ways to turn them into opportunities where we can, as in doing so, we believe we will continue to strengthen both our business and our reputation.

https://www.crh.com/docs/sustainability-2017/crh-2017-sustainability-report.pdf

3

How do you monitor and manage performance?

3.1 KPIs and targets

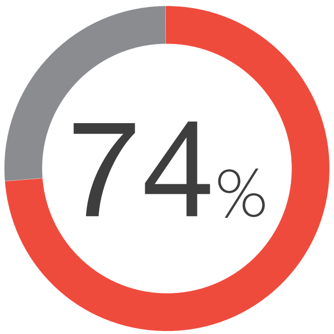
Identify KPIs that are directly relevant to your sustainability strategy and set challenging but realistic targets that you can assess your performance against.

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	Intermediate	Advanced
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.

Of the FTSE 100 companies we reviewed:



Disclose targets for each KPI.
(FTSE 250: 49%)

Landsec discloses its performance against targets, including historical data. We like that the reporting methodology is very detailed and clear.

Landsec Sustainability performance, methodology and data 2018 p.2 and 10

Carbon

Commitment

Reduce carbon intensity ($kgCO_2e/m^2$) by 40% by 2030 compared to a 2013/14 baseline, for property under our management for at least two years.

Performance: On track

We have reduced carbon intensity by 28.6% compared to 2013/14 baseline. This is an improvement compared to the 2016/17 reduction of 16.3%[1]. These reductions were achieved through a combination of energy efficiency projects, changes in our portfolio, and changes in emissions factors.

1. This year, we have re-baselined our carbon emissions and intensity to further align with the SBTi reporting methodology. Specifically, we have removed emissions from the delivery of energy to our tenants. This has lowered our 2016/17 carbon intensity reduction against the baseline from 18.5% to 16.3%.

Energy

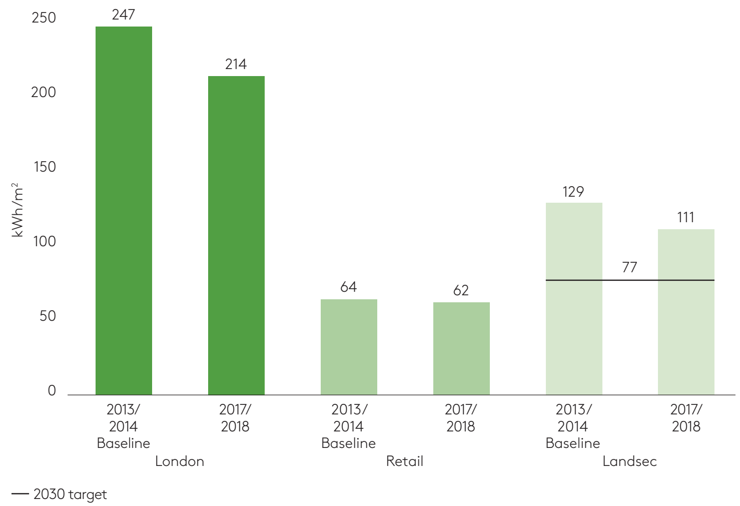
Commitment

Reduce energy intensity (kWh/m^2) by 40% by 2030 compared to a 2013/14 baseline, for property under our management for at least two years.

Performance: On track

We have reduced portfolio energy intensity by 14.3% compared to our 2013/14 baseline. This is an improvement compared to the 2016/17 reduction of 13.2%. This year we implemented 60 energy reduction projects across both London and Retail portfolios, with further measures identified and agreed for the majority of our highest consuming assets. These will drive further energy reductions in support of our energy and science-based carbon targets.

Landsec energy intensity progress Chart 4



https://landsec.com/sites/default/files/2018-06/Landsec_Sustainability-Performance-Data_180608.pdf

ISG Sustainability Report 2017 p.69

It is great to see ISG link its KPIs and targets not only to the Sustainable Business Strategy but also to the UN Sustainable Development Goals.

2021 Sustainable Business Strategy – targets

	Sustainable business goals	Corporate business goals	UN Sustainable Development Goals	Performance measures (KPIs)	Targets 2018	2019	2020
People	An unbeatable employment experience	Drive revolutionary change in the industry	5 Gender equality 10 Reduced inequalities	% senior population from under represented groups[1]	develop strategy for implementation	11%	12%
		Offer an unbeatable employment experience	8 Decent work and economic growth	Employee engagement score	>80%	>85%	>90%
				% employees proud to work at ISG	>90%	>90%	>90%
	A safe working environment		3 Good health and well-being	Accident Incident Rate (AIR)	<1.99	<1.99	<1.99
Performance	The best customer experience	Provide the best customer experience	8 Decent work and economic growth	Average customer satisfaction score	8.6/10	8.8/10	9/10
				Net Promoter Score (NPS)	+25	+30	+35
	Sustainable growth	Drive revolutionary change in the industry		Underlying EBTA (Earnings Before Tax and Amortisation)	£30m	£40m	£50m
				% revenue from repeat customers[2]	55%	60%	65%
				% spend through ISG's strategic supply chain[3]	60% UK FOES 51.2% UK CON	60% UK FOES/CON 51.2% UK Retail	60% UK-wide
Communities	Benefitting local and global communities	Offer an unbeatable employment experience	11 Sustainable cities and communities	£ donated / fundraised / pro-bono value	>£100k	>£100k	>£100k
			4 Quality education	No. apprenticeship weeks	>1,759	>1,935	>2,128
				No. of students engaged through curriculum enhancement activities and work placements	>803	>884	>972
		Provide the best customer experience	11 Sustainable cities and communities	Average Considerate Constructors Scheme Score (UK)	≥38/50	≥38/50	≥38/50
Environments	Reducing our waste	Achieve optimal operational efficiency	12 Responsible consumption and production	Overall tonnage of construction waste per £100,000 revenue (UK)	<2.89T	<2.74T	<2.61T
			15 Life on land	% construction & demolition waste diverted from landfill	≥96%	≥97%	≥98%
	Reducing our emissions		7 Affordable and clean energy 13 Climate action	Scope 1, 2 and 3 greenhouse gas emissions (tCO_2e) (reduction against 2015 baseline)	<14,913 (14%)	<14,393 (17%)	<13,699 (21%)
	Protecting our planet	Provide the best customer experience / drive revolutionary change in the industry	14 Life below water 15 Life on land	No. reportable environmental incidents	0	0	0
			9 Industry, innovation and infrastructure	% projects (by revenue) completed to industry recognised environmental assessment certification standards	Customer-led		

[1] Senior population defined as band 7 and above
[2] Revenue from repeat customers has been redefined as repeat work for customers within three years of a previously completed project, across all geographies and sectors
[3] Strategic supply chain partners are those with whom ISG has framework agreements in place

https://www.isgplc.com/en/campaigns/sustainabilityreport2017

3.2 Impacts

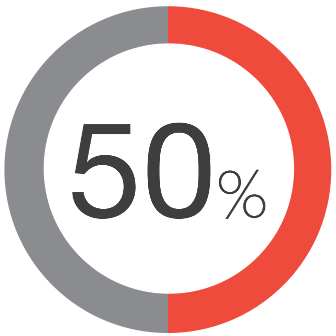
Provide a clear explanation and quantification of the social, environmental and economic impacts of your business.

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.

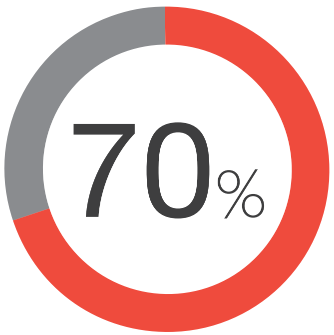
Tips to make your reporting more effective:

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 impacts of the business. (FTSE 250: 28%)



Specifically disclose the social impacts of the business. (FTSE 250: 26%)

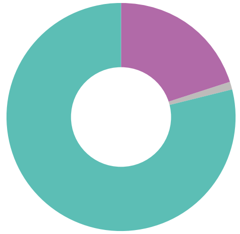
It is great to see Hammerson quantify its socio-economic and environmental impacts as part of the ambition to become net positive in carbon emissions, water, resource use and socio-economic impacts by 2030.

Hammerson Sustainability Report 2017 p. 15

OUR ENVIRONMENTAL FOOTPRINT

Our targets are based on extensive environmental and socio-economic footprints we have had calculated for the business. The analysis shows that our operational portfolio is the main source of our environmental impacts. It also shows that the impacts flowing from the tenanted areas of our assets significantly outweigh those from the areas we have direct responsibility for. This knowledge was a key driver behind our decision to include these impacts in our Net Positive targets.

OUR CARBON EMISSIONS

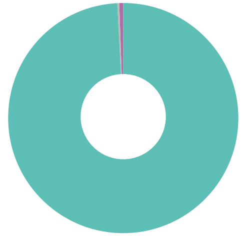


Operational emissions
153,012 - 79% tCO_2e/yr

Development emissions
38,571 - 20% tCO_2e/yr

French shopping centres
1,650 - 1% tCO_2e/yr

OUR WATER

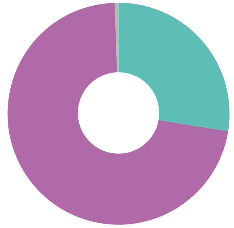


Operational water
1,573,997 m³ - 99.3%

Development water
5,877 m³ - 0.4%

Corporate water
5,076 m³ - 0.3%

OUR WASTE



Operational waste
33,860 tonnes - 27.7%

Development waste
88,667 tonnes - 72%

Corporate waste
341 tonnes - 0.3%

OUR SOCIO-ECONOMIC FOOTPRINT

Our footprint research shows that our local community impacts are positive and that our business activities attract significant additional investment into local economies.

The analysis also revealed a wide range of challenges facing the communities we operate in. This knowledge is informing our asset plans as we seek to ensure we tackle issues that are meaningful for the people we want to connect with.

40,000 FULL-TIME JOBS
created across Hammerson's portfolio of retail destinations, with a combined annual wage bill of **£800m**

82% OF LOCAL RESIDENTS
secured retail jobs with almost half (48%) of those under the age of 25

£250 MILLION
is currently contributed to the public purse through Business rates from our UK shopping centres and retail parks

£300 MILLION
in taxes and national insurance contributions generated by employment through Hammerson's portfolio

£7 MILLION
is the estimated yearly cost savings to Government from reduced unemployment benefits

MORE

For more information
View the True Value of Retail report available on the Positive Places website

- http://sustainability.hammerson.com/downloads/download389.pdf
- http://sustainability.hammerson.com/assets/HammersonSocioReportLR2018WEBpdf.pdf
- http://sustainability.hammerson.com/assets/CarbonFootprintAmendedCoveriPDFpdf.pdf

Pearson qualitatively states its environmental, social and economic impacts as well as the impact of certain initiatives, e.g. the Learner Guide program in East Africa. Pearson has also produced eight 'Efficacy Reports' to quantify the social impact of its educational products.

Our impacts

Economic
- Revenue and earnings
- Jobs and income
- Investor returns
- Inclusive economic growth

Social
- High-quality education
- Accessible and affordable learning
- Employability and 21st century skills
- Good labor practices and working conditions
- Diversity and equality
- Social inclusion and peace

Environmental
- Global GHG emissions reductions
- Forest conservation
- Sustainable production and consumption

Empower girls and young women in East Africa with Camfed

Since 2013, Pearson has partnered with international NGO Camfed on a project supported by the UK Department of International Development (DFID) and the relevant national Ministries of Education to help girls from low-income communities in Zimbabwe and Tanzania stay in school, learn, and develop key skills for life and work.

Developing unique resources and the Learner Guide Program

Through our partnership with Camfed, young women can train to become mentors, or "Learner Guides." As Learner Guides, they teach a curriculum called "My Better World" to vulnerable children in rural schools. We co-created the My Better World life skills curriculum with students to ensure it is relevant, gender-sensitive, and effective at improving students' future employability prospects.

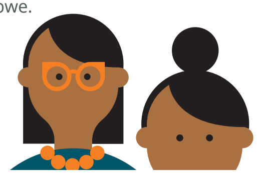
Learner Guide program outcomes

129,142 secondary school children
reached by Learner Guides with weekly sessions in 2017.

60,744 vulnerable girls
enrolled in secondary school since 2013.

Over 400,000 girls and boys
in 1,172 rural secondary schools empowered to improve their educational experience and learning outcomes.

3,820 young women
trained as Learner Guides working in 1,172 secondary schools across Tanzania and Zimbabwe.

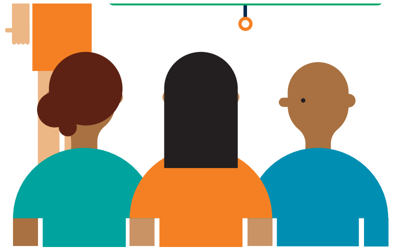


Pearson's direct contributions

£581,250
contributed by Pearson over 2016 and 2017 at the request of the Tanzanian Ministry of Education and Vocational Training to enable Camfed to extend the Learner Guide program.

4 new districts
now have the Learner Guide program in Tanzania through Pearson funding.

New staff
including four Core Trainers, 80 Teacher Mentors, and 236 Learner Guides from rural, marginalized communities were recruited, trained, employed, and offered continued support in 2017.



10,890 children
have been reached by the Learner Guides trained through the My Better World program.

74 children
have been returned to school after working with Learner Guides in 2017.

6,540 learning materials
for children were provided as part of the project.

1,200 marginalized rural girls
in Tanzania stayed in secondary school through financial support given in 2017.

43,200 children
(approximately)
in 80 schools benefited from an improved learning environment through the expansion of the Learner Guide program in Tanzania.

https://www.pearson.com/content/dam/one-dot-com/one-dot-com/global/Files/sustainability/2017-reports/Pearson_2017_Sustainability_Report.pdf

https://www.pearson.com/corporate/efficacy-and-research/reports.html

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

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).

> *Kier Group's governance arrangements help guide the delivery of the company's sustainable business strategy 'Responsible Business, Positive Outcomes'.*

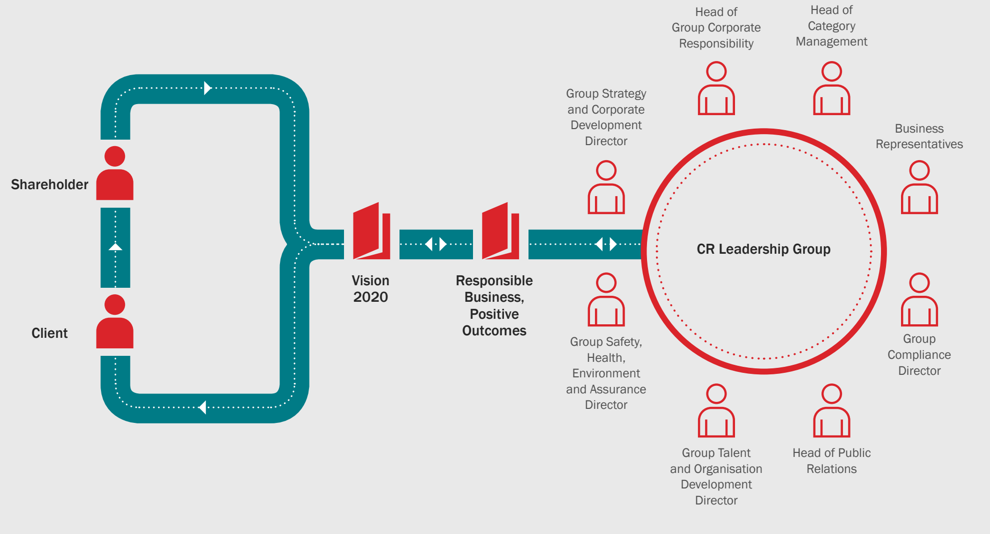
Kier Group plc Corporate Responsibility Report 2017 p.12

Governance

The Corporate Responsibility (CR) Leadership Group meets quarterly to review progress of RBPO and set appropriate policies and processes for Kier that support Vision 2020 (see figure 4). Each business unit has a dedicated RBPO lead. Kier also establishes Specialist Topic Groups that work across the business to address particular issues, these include:

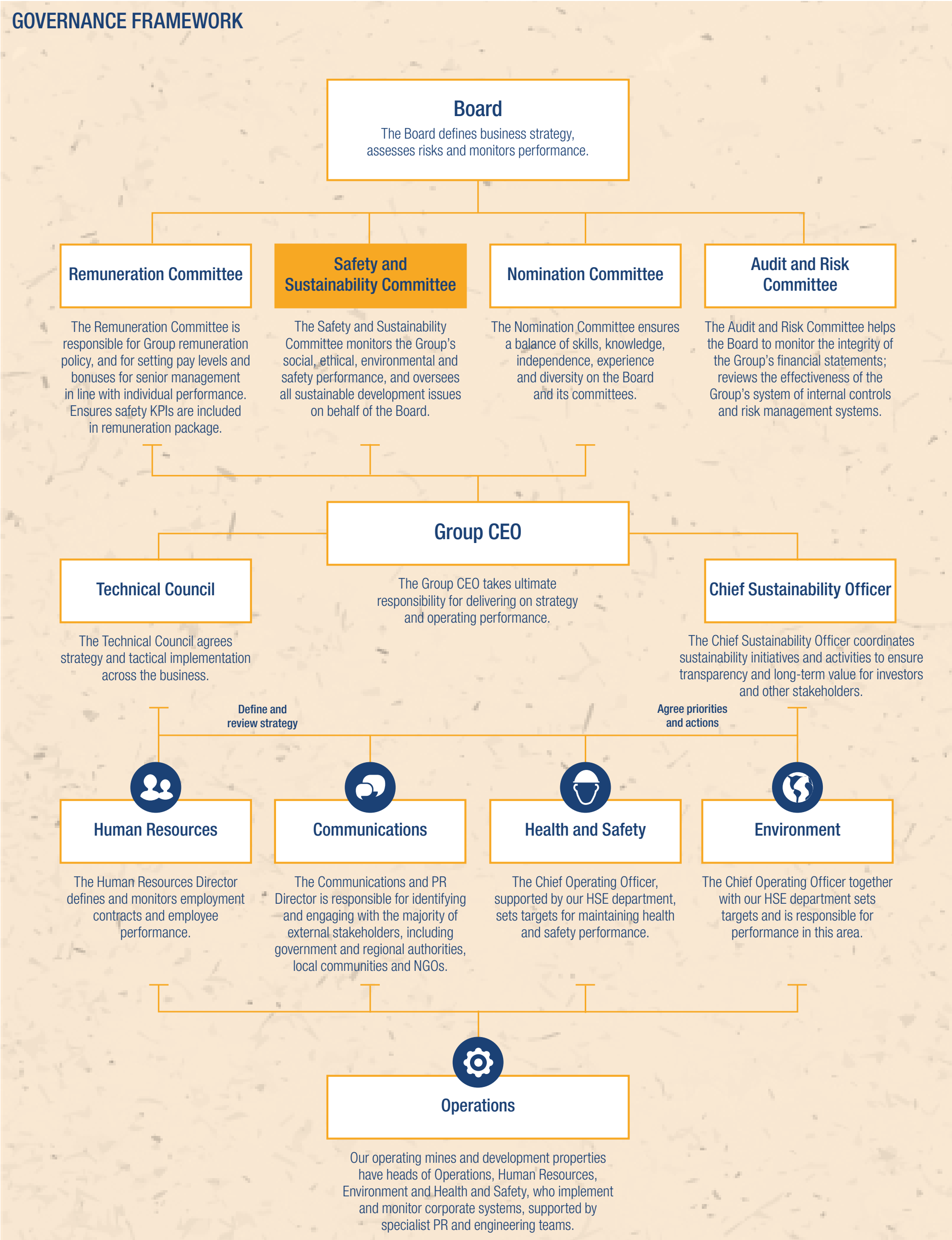
- Balanced Business Network, which promotes diversity and inclusion
- Social value and impact
- 30 by 30, which looks at energy and carbon footprint
- Human Rights, which includes looking at modern slavery
- Business Ethics, responsible for the publication of the Code of Conduct

Figure 4: Summary of Responsible Business, Positive Outcomes governance



https://www.kier.co.uk/src/reports-results-and-presentations/2017-cr-report.pdf

Polymetal International plc Sustainability Report 2017 p.14

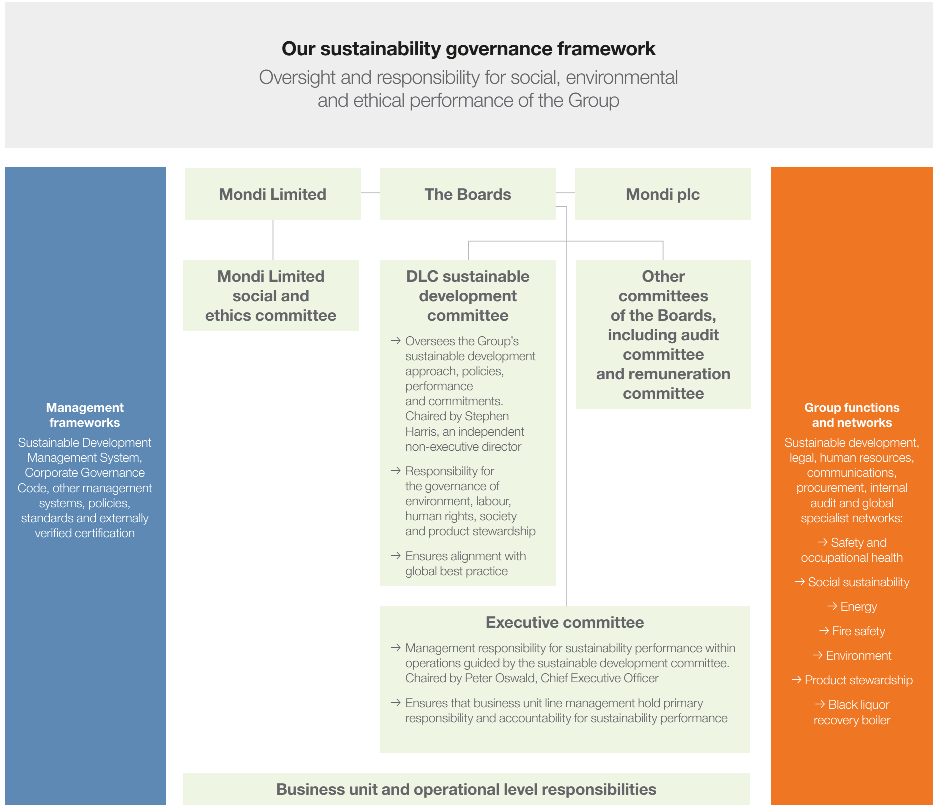


https://www.polymetalinternational.com/upload/iblock/15a/Polymetal_sustainability_report_2017_interactive.pdf

Mondi Group Sustainable Development Report 2017 p.22

Responsible governance is fundamental to building a resilient and successful organisation in which sustainability is embedded at all levels. We aim to work openly and transparently with our stakeholders across the value chain, to create an inclusive and fair business. Robust policies, standards and management systems help us meet our commitments and guide our businesses to address the risks and opportunities facing them.

> *Both Polymetal and Mondi clearly set out their sustainability governance structures. We also like that Mondi explains how safety performance links to executive remuneration.*



https://www.mondigroup.com/media/9129/sustainable-development-report-2017.pdf

4

How do you consider the broader viability of the business?

4.1 Value chain

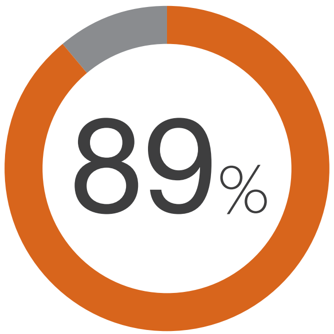
Consider relevant upstream and downstream value chain aspects of your business in order to take account of all environmental, social and economic impacts, both positive and negative.

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 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.

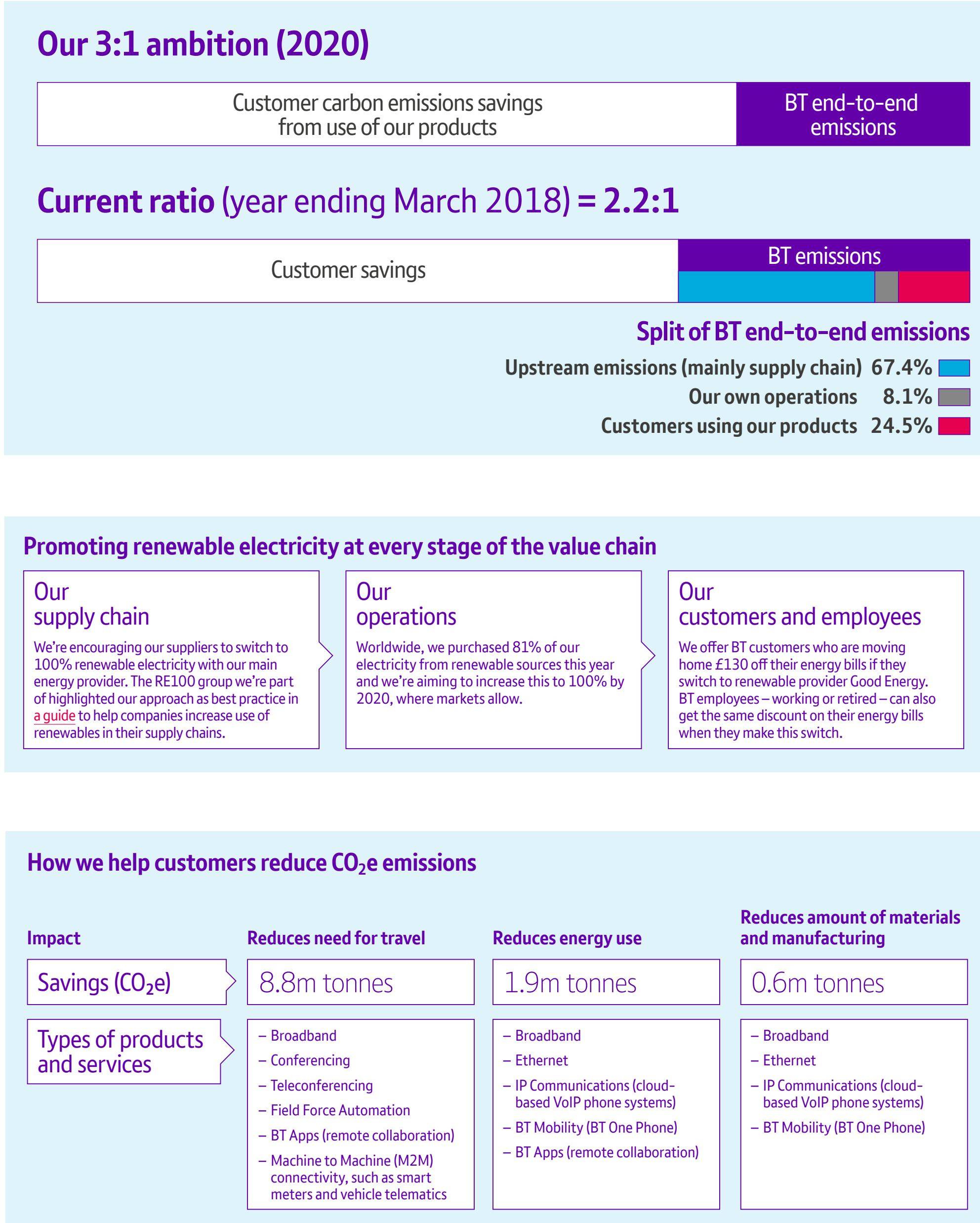
Of the FTSE 100 companies we reviewed:



Include upstream and downstream impacts in materiality assessments and/or target setting. (FTSE 250: 80%)

> *BT clearly sets out how it is reducing emissions across the value chain, including its upstream emissions with suppliers and downstream emissions from customer use of products and services.*

BT Group plc Delivering our Purpose 2017/18 p. 30-36



Our 3:1 ambition (2020)

Customer carbon emissions savings from use of our products | BT end-to-end emissions

Current ratio (year ending March 2018) **= 2.2:1**

Customer savings | BT emissions

Split of BT end-to-end emissions

Upstream emissions (mainly supply chain) 67.4%
Our own operations 8.1%
Customers using our products 24.5%

Promoting renewable electricity at every stage of the value chain

Our supply chain
We're encouraging our suppliers to switch to 100% renewable electricity with our main energy provider. The RE100 group we're part of highlighted our approach as best practice in a guide to help companies increase use of renewables in their supply chains.

Our operations
Worldwide, we purchased 81% of our electricity from renewable sources this year and we're aiming to increase this to 100% by 2020, where markets allow.

Our customers and employees
We offer BT customers who are moving home £130 off their energy bills if they switch to renewable provider Good Energy. BT employees – working or retired – can also get the same discount on their energy bills when they make this switch.

How we help customers reduce CO_2e emissions

Impact	Reduces need for travel	Reduces energy use	Reduces amount of materials and manufacturing
Savings (CO_2e)	8.8m tonnes	1.9m tonnes	0.6m tonnes
Types of products and services	– Broadband – Conferencing – Teleconferencing – Field Force Automation – BT Apps (remote collaboration) – Machine to Machine (M2M) connectivity, such as smart meters and vehicle telematics	– Broadband – Ethernet – IP Communications (cloud-based VoIP phone systems) – BT Mobility (BT One Phone) – BT Apps (remote collaboration)	– Broadband – Ethernet – IP Communications (cloud-based VoIP phone systems) – BT Mobility (BT One Phone)

https://www.btplc.com/Purposefulbusiness/Deliveringourpurpose/Downloads/2018/2018_BT_DeliveringourPurposeReport.pdf

AstraZeneca Sustainability Report 2017 p.26 and 28

Life cycle of a medicine

	Life-cycle stage	Our approach to managing the impacts
1	Active pharmaceutical ingredient (API) production and formulation, e.g. tableting	• Green chemistry – developing effective manufacturing processes that use fewer and lower environmentally impacting chemicals and fewer natural resources, including energy and water • Investing in the recycling and reuse of solvent wastes • Safe API discharge programme with AstraZeneca and globally managed supplier sites
2	Device production (where required)	Environmental sustainability assessments (ESAs) for the device and packaging in the development stage to facilitate selection of the most sustainable device
3	Packaging	Developing more sustainable packaging solutions that reduce resource consumption and waste, including: • Reducing packaging size and materials used • Switching to materials from recycled or renewable sources • Using materials that can be easily recycled
4	Distribution	Pursuing more efficient and sustainable modes of transport, such as switching from air to sea
5	Patient use	• Environmental risk assessments (ERAs) conducted as part of product approval, and environmental risk management plans (ERMPs) in place for each product • Patient communication and education programmes to promote sustainable use of medicines • EcoPharmacoVigilance (EPV) programme to monitor environmental product risks globally
6	Disposal	Responsible waste management, including promoting the safe disposal of medicines

> *AstraZeneca shows excellent consideration of its impacts across the value chain, particularly in relation to greenhouse gas emissions (GHGs) and the medicine lifecycle. We like that AstraZeneca has set clear targets to help manage these impacts.*

Understanding our emissions reduction targets

Scope 1 – GHG emissions at our sites and from our vehicles

Scope 2 – Emissions from imported energy including electricity

Scope 3 – Emissions from our supply chain

Our aim

We have set ambitious, science-based GHG reduction targets that support Sustainable Development Goal 13 on Climate Action.

By 2025

- Reduce Scope 1 emissions by 20%
- Reduce Scope 2 emissions by 95%
- Reduce all Scope 3 emissions by 25% per million USD of sales

Our operational GHG footprint

Scope 1 – 8% decrease from 2015 baseline

2015	318,633
2016	309,661
2017	291,652

Scope 2 – 48% decrease from 2015 baseline

2015	348,664
2016	218,770
2017	182,847

Scope 3* – 7% increase from 2015 baseline

2015	1,109,893
2016	1,130,640
2017	1,184,050

* Some Scope 3 data (less than 10%) is one year in arrears.

Our GHG emissions across the value chain

Our total emissions: 6.6 million tCO_2e

	Upstream	Our operational GHG footprint			Downstream
Where our emissions occur	Upstream production and R&D at non-AstraZeneca sites	Outsourced supply of API, F&P and transportation	Our sites and fleet	Site waste incineration and customer use	End-of-life for packaging and patient travel
Percentage of total tCO_2 emissions*	61% Scope 3	5% Scope 3	7% Scopes 1 and 2	13% Scope 3	14% Scope 3
How we're working to reduce GHG emissions	**Working with suppliers including:** Assessing data to understand the wider impact Identifying emissions hotspots through LCAs	**Energy efficiencies including:** Collaborating with peers on a supplier environmental data platform Switching from air to sea freight Enabling virtual conferencing	**Investing in our sites and fleet including:** Using 100% renewable power on all our sites by 2025 Funding resource efficient capital projects	**Product and process advancements including:** Researching alternative propellants for pressurised metered dose inhaler therapies Investing in hazardous waste reduction	**Product and packaging advancements including:** Designing waste out of our packaging Enabling better adherence to reduce patient travel

https://www.astrazeneca.com/content/dam/az/Sustainability/2018/Sustainability_report_2017.pdf

4.2 Future proofing

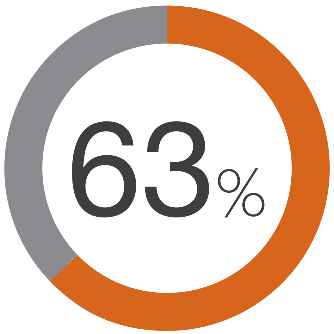
Disclose that you have considered the future resource constraints that might affect your business e.g. non-financial capitals including natural capital and human capital.

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-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.	If you anticipate possible constraints, describe your strategy for managing these risk.

Of the FTSE 100 companies we reviewed:



Discuss future constraints on their most important non-financial capitals. (FTSE 250: 60%)

> *As part of Mondi's Growing Responsibly Model, there is a specific action area on constrained resources. Mondi explains in detail the commitments and activities in place to manage the associated risks. We like the links to the SDGs and explanation of why each action area is important to stakeholders.*

Mondi Sustainable Development Report 2017, p.53

UN SDGs

6 CLEAN WATER AND SANITATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Constrained resources and environmental impacts

Our focus on operational excellence drives efficiency improvements to ensure responsible use of water, reduction of waste and emissions, the cascading use of wood and development of resource-efficient products.

53

Our Growing Responsibly commitments to 2020:

Against a 2015 baseline:

- Reduce specific[2] contact water consumption from our pulp and paper mills by 5%
- Reduce specific waste to landfill by 7.5%
- Reduce specific NOx emissions from our pulp and paper mills by 7.5%
- Reduce specific effluent load to the environment (measure COD) by 5%

Constrained resources and environmental impacts

Over the past century, the global economy has undergone unprecedented growth. Using and discarding raw materials at an ever increasing rate has led to resource scarcity, pollution, biodiversity loss, degradation of land and water, and climate change.

At Mondi, using resources wisely and managing environmental impacts has been a long-term driver of our sustainable growth.

Why is this important to our stakeholders?

- Industrial growth since the mid-20th century has created wealth, development and economic growth, but it has also endangered the crucial environmental systems society relies on. Without action, the earth will become much less hospitable to our modern globalised society[1]
- Society expects business to play a key role in both mitigating and reversing these adverse impacts and in supporting more sustainable models of development
- As population growth drives competition for natural resources such as water and fuel, businesses must use these resources equitably and efficiently, and minimise any adverse impacts

Why is this important to Mondi?

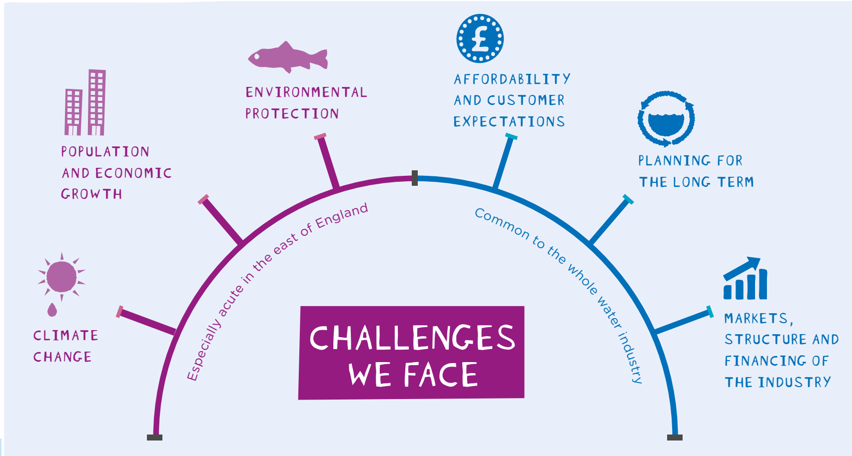
- Our business is natural resource-intensive and we impact on water, air and land through our emissions and waste
- Alongside the environmental and social benefits, using resources wisely and efficiently makes good business sense
- Water is vital to our production processes and we treat our waste water to a high standard. We also operate in some water scarce regions where the availability of water is a risk factor
- Stricter regulation drives our investments to reduce air emissions such as NOx and fine dust emissions
- Environmental incidents pose a risk to the environment as well as to our reputation, and can have financial and operational implications

https://www.mondigroup.com/media/9129/sustainable-development-report-2017.pdf

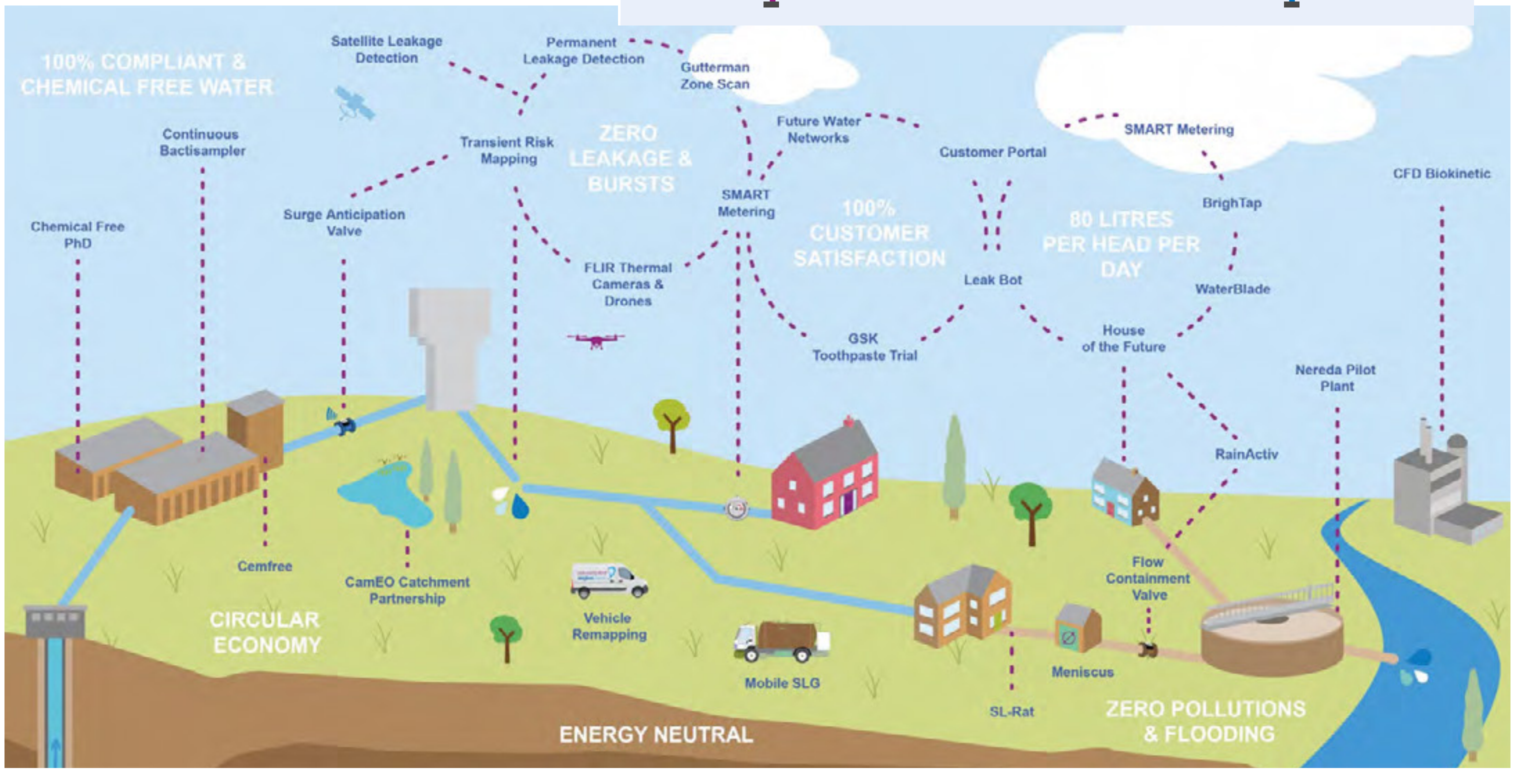
Anglian Water Services Limited Annual Integrated Report 2017 p.28 and Strategic Direction Statement 2020-2045 p.10

INNOVATION SHOP WINDOW

Innovation is vital if we are to meet the challenges and seize the opportunities facing our business. It has already helped reduce our costs, environmental impacts and operational risk.



> *Anglian Water clearly explains the challenges facing the business now and in the future, including the business strategy to manage these challenges. We especially like the 'Innovation Shop Window' where Anglian Water shows the role innovation can play in managing risks and creating opportunities across the water cycle.*



https://www.anglianwater.co.uk/_assets/media/AWS_AIR2017_Oct.pdf

https://www.anglianwater.co.uk/_assets/media/55189_AW_Long_Term_Strategy_single_pages.pdf

5

How do you report with clarity and transparency?

5.1 Balanced reporting

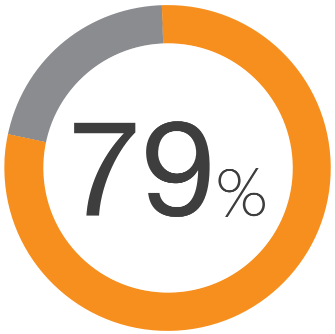
Present information in a balanced and transparent fashion and explain where and how improvements will be made.

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.

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 for the future.

Of the FTSE 100 companies we reviewed:



Give adequate attention to reporting negative and positive performance. (FTSE 250: 80%)

“We like M&S’s clear and honest approach to reporting performance against each of the Plan A 2025 commitments. It is clear to see where M&S is on track and where more work is required. Each commitment is then broken down further to explain any poor performance and to give further detail on progress.

M&S Plan A Report 2018 p.11 & 29

PLANET PAGES 25–34

INSPIRING OUR CUSTOMERS	NOT STARTED	NOT ACHIEVED	BEHIND PLAN	ON PLAN	ACHIEVED
Product Plan A attributes**				▶	
Supply chain transparency**				▶	
Sustainable design toolkit	▶				
Labelled sustainable products				▶	
Reward customers (sustainability)	▶				
Recyclable packaging**	▶				
Clothing reuse and recycling**				▶	
Clothing & Home recycled materials	▶				
Clothing & Home repair services	▶				
Clothing & Home circular economy standards	▶				
Food waste (digital campaign)				▶	
Food waste (household top 10)				▶	
M&S GREENHOUSE GAS EMISSIONS					
Science-based target emissions**				▶	
Carbon neutral operations**				▶	
ENERGY CONSUMPTION AND SOURCING					
UK and ROI energy efficiency**			▶		
International energy efficiency**				▶	
Renewable electricity**				▶	
Biomethane**			▶		
Renewable peak-energy management	▶				
Clothing & Home fuel efficiency**			▶		
Food fuel efficiency**				▶	
REFRIGERATION					
Store refrigeration (emissions)**				▶	
Store refrigeration (HFCs)**			▶		
STORE CLIMATE ADAPTATION					
Store climate adaptation			▶		

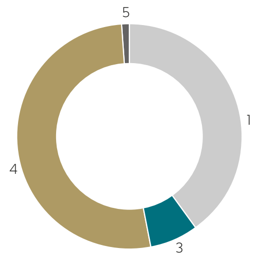
SUPPLY CHAIN GHG EMISSIONS	NOT STARTED	NOT ACHIEVED	BEHIND PLAN	ON PLAN	ACHIEVED
Science-based target footprint**				▶	
Clothing & Home air freight	▶				
Sustainable animal protein				▶	
Food supplier climate plans	▶				
ZERO WASTE IN M&S OPERATIONS					
Zero landfill**				▶	
Food waste (reduction)**			▶		
Food waste (halve)**	▶				
Reused shop fit-out	▶				
Construction waste	▶				
SUPPLY CHAIN RAW MATERIALS					
Sustainable cotton**				▶	
Zero deforestation**				▶	
M&S Farming for the Future**				▶	
Soil health				▶	
Forever Fish**				▶	
Responsibly sourced raw materials**	▶				
Supplier water stewardship	▶				
Clothing & Home animal welfare	▶				
Construction and shop fit Plan A attributes	▶				
SUPPLIERS					
Sustainable Food factories**				▶	
Sustainable Clothing & Home factories	▶				
Sustainable Clothing & Home processing	▶				
Clothing & Home supplier water efficiency**				▶	
Sustainable Property suppliers	▶				

BIOMETHANE**

Aim
By 2025, all gas procured for M&S operated stores, offices and warehouses in UK and ROI will be certified biomethane.

Progress
In 2017/18, we purchased 133 GWhs of biomethane gas, equivalent to 57% of our annual usage (last year 27%). This reduced our market-method reported emissions by nearly 24,500 tonnes. However, as we still need to secure future contracts to ensure that we achieve this commitment, we are Behind plan.

COMMITMENT PERFORMANCE SUMMARY



	Total commitments
1 Not started	37
2 Not achieved	0
3 Behind plan	13
4 On plan	48
5 Achieved	2

** Assured by DNV GL

https://corporate.marksandspencer.com/annual-report-2018/mands_plan_a_2018.pdf

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

Health for all

We are tackling some of the biggest global health challenges by promoting open innovation, making our medicines and vaccines more accessible, and strengthening healthcare systems.

Commitment	Progress tracker
Innovation for unmet medical needs	Completed
Better access to medicines and vaccines	Completed
Building products to better meet needs	Completed
Strengthening healthcare infrastructure	Completed
Reducing child mortality	Completed
Fighting malaria	Completed
Eradicating polio	Progressing well
Access to antiretroviral treatment for HIV	Progressing well
Eliminating and controlling neglected tropical diseases (NTDs)	Progressing well

Our behaviour

Our values – patient focus, transparency, respect and integrity – underpin everything that we do.

Commitment	Progress tracker
Ethical conduct	Progressing well
Promoting values in sales and marketing practices	Completed
Transparency in clinical trial data	Completed
Rigorous patient and consumer safety	Progressing well
Minimising animal testing	Completed
Respecting human rights	Progressing well
Working with third parties	Progressing well
Ensuring ethical interactions	Completed

Our people

We aim to create a safe, healthy and inclusive working environment where everyone is able and inspired to realise their potential and help us succeed.

Commitment	Progress tracker
Developing our people in healthy and inspiring workplaces	Progressing well
Promoting inclusion and diversity	Progressing well
Community volunteering to create change	Completed

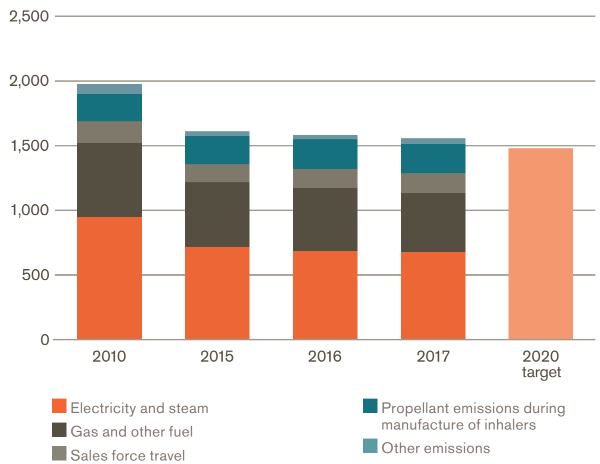
Our planet

We are working hard to minimise our environmental footprint at every stage of the value chain as we extend access to our products to more people around the world.

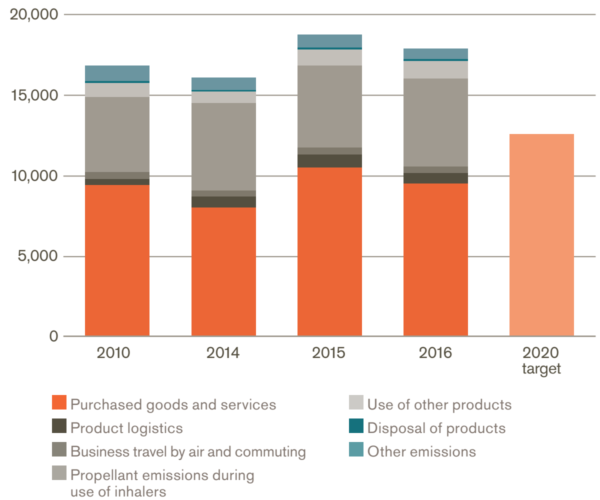
Commitment	Progress tracker
Aiming to be carbon neutral	Work needed
Reducing our water impact	Progressing well
Reducing our waste	On track

Completed: The commitment has been completed **Progressing well:** Able to demonstrate clear deliverables **On track:** Work is ongoing **Work needed:** Work is needed to get the commitment on schedule

Scope 1 and 2 greenhouse gas emissions (thousand tonnes CO_2e)



Scope 3 greenhouse gas emissions (thousand tonnes CO_2e)



Aiming to be carbon neutral

Commitment: Reduce our overall carbon footprint by 25% by 2020 (vs 2010) and have a carbon neutral value chain by 2050.

Work needed

Progress in 2017

Our overall value chain carbon footprint is made up of Scope 1 and 2 emissions from our direct operations (18%), and Scope 3 emissions from our supplier base (49%) and from the use of our products (33%).

As we provide medicines, vaccines and consumer healthcare products to more of the people who need them around the world, it is proving extremely challenging to reduce our overall value chain footprint.

Our latest analysis shows that our total value chain carbon footprint for 2016[1] is an estimated 19.5 million tonnes of CO_2e. While this is a reduction of 4.2% on 2015, compared with our 2010 baseline, our value chain footprint has increased by 4%.

Our operations
In 2017, our operational emissions (Scope 1 and 2) were reduced by 2% compared with the previous year, as a result of our continuing focus on energy efficiency measures and purchasing renewable energy. Since our 2010 baseline we have reduced annual carbon emissions from energy use by 25% saving a cumulative 1.9 million tonnes of CO_2e.

> *GSK reports progress against each of its 23 commitments, including where performance has been poor, e.g. "Aiming to be carbon neutral". It is good to see GSK then explain the level of performance and how the business plans to improve. GSK also states that new commitments will be published in 2018 to drive further impacts and progress.*

https://www.gsk.com/media/4756/responsible-business-supplement-2017.pdf

5.2 Assurance

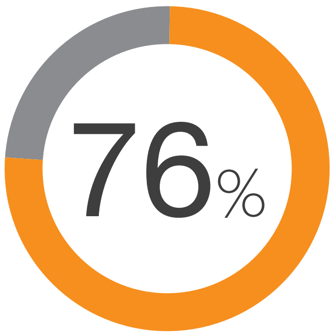
Enhance the credibility of your reported content by referencing, for example, independent studies, external benchmarking, expert assess panels or external third party assurance.

This gives the reader confidence in the data and confidence in the integrity of your sustainability reporting.

Tips to make your reporting 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: 47%)

Extract of Burberry Group Independent Limited Assurance Report 2017/18

pwc

Independent Limited Assurance Report to the Directors of Burberry Group plc

The Directors of Burberry Group plc ("Burberry") engaged us to provide limited assurance on the information described below and set out in Burberry's Annual Report and Basis of Reporting for the year ended 31 March 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 March 2018 has not been prepared, in all material respects, in accordance with the Basis of Reporting.

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 Burberry's Annual Report 17/18 (the "Selected Information").

The Selected Information and the Basis of Reporting against which it was assessed are summarised in Appendix 1 below. Our assurance report and the conclusion therein does not extend to information in respect of earlier periods or to any other information included in the Annual Report 17/18.

Responsibility Indicator	Reported performance (Selected Information)
Company	
• Company 2017/18 progress: tonnes of (market-based) carbon emissions	• 20,222,227 Kg CO2e
Total carbon emissions : • Scope 1 emissions • Scope 2 emissions • Scope 2 emissions market based • Total emissions location based	 • 2,118,811 Kg CO_2e • 32,224,933 Kg CO_2e • 18,103,416 Kg CO_2e • 34,343,744 Kg CO_2e
• Intensity Kg CO2e per £1,000 sales revenue	• 13
• % of the company's energy consumption sourced from renewable sources	• 48% of total energy • 56% of electricity
• Water used at UK offices and internal manufacturing sites	• 22,835 m^3
• Wastewater produced at UK offices and internal manufacturing sites	• 21,052 m^3
• Operational waste sent to landfill from key UK sites	• zero tonnes
Product	
Product 2017/18 progress: % of product with one or more positive attribute • % of product with one positive attribute • % of product with more than one positive attribute	 • 28% • 14%
• % of cotton procured through the Better Cotton Initiative (BCI)	• 21%
• % of product sourced from factories reporting a 5% reduction in energy use/ water consumption	• 15%
• % of product sourced from supply chain partners rated 'Green' on chemical management	• 15%
Community	
• Number of people positively impacted	• 23,000

https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies-and-Commitments-assets/Burberry%20Assurance%20Report%202018.pdf

Extract of Diageo Independent Limited Assurance Report 2018

pwc

Independent Limited Assurance Report to the Directors of Diageo plc

The Board of Directors of Diageo plc ("Diageo") engaged us to provide limited assurance on the information described below for the year ended 30 June 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 30 June 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 Δ in Diageo's Sustainability & Responsibility ("S&R") Performance Addendum 2018 and Diageo's Annual Report 2018 ("Annual Report 2018"), the "Selected Information".

We assessed the Selected Information using Diageo's Reporting Methodologies (the "Reporting Criteria") as set out on pages 79-84 of the S&R Performance Addendum 2018. Our assurance does not extend to information in respect of earlier periods or to any other information included in the S&R Performance Addendum 2018.

Selected Information
Direct and indirect carbon emissions by weight (market/net based) (1,000 tonnes CO_2e)
Direct and indirect carbon emissions by weight (location/gross based) (tonnes CO_2e)
Total direct (renewable and non-renewable) energy consumption (TJ)
Direct and indirect energy efficiency (MJ/litre packaged)
Market based (net) intensity ratio of GHG emissions (g CO_2e per litre of packaged product)
Location based (gross intensity) ratio of GHG emissions (g CO_2e per litre of packaged product)
Percentage reduction in absolute carbon emissions (direct and indirect carbon emissions by weight (market / net based)) from the prior year
Packaged product (litres)
Total water withdrawn (cubic metres)
Total water withdrawn split by mains, ground and surface water sources (cubic meters)
Water use efficiency per litre of product packaged (litres/litre)
Percentage improvement in litres of water used per litre of product packaged from the prior year (percentage)
Wastewater polluting power ('BOD'), total under direct control (tonnes)
Percentage reduction in wastewater polluting power ('BOD'), total under direct control (tonnes)
Total volume of waste sent to landfill (tonnes)
Percentage reduction in total waste sent to landfill from the prior year
Lost time accident frequency rate per 1,000 full-time employees.

https://www.diageo.com/PR1346/aws/media/5997/pwc-independent-assurance-report_s-r_25-july-2018.pdf

Extract of Centrica Independent Limited Assurance Report 2017

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 2017, (the "Annual Report 2017") for the year ended 31 December 2017.

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 2017 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 2017 (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 2017 Basis of Reporting document as set out in the Responsibility section of Centrica's website (https://www.centrica.com/responsibility/our-performance/reports-downloads).
Total recordable injury frequency rate	
Significant process safety events (Tier 1)	
Process safety frequency rate (Tier 1 and 2)	
Fatalities	
Consumer Net Promotor Score NPS: • UK Home • North America Home • Ireland NPS • Connected Home NPS	
Business NPS • UK Business • North America Business	
British Gas NPS	
Direct Energy NPS	
Total carbon emissions	
Scope 1 emissions	
Scope 2 emissions	
Internal carbon footprint (core property, fleet and travel)	
Employee engagement	
Diversity • Female and male employees • Female senior management	
Retention	
Absence	
The performance zones from the long term incentive plans' non financial KPIs for: • Lost time injury frequency rate • Significant process safety event (Tier 1) • British Gas NPS • Direct Energy NPS • Employee engagement	

https://www.centrica.com/sites/default/files/responsibility/assurance_statement_2017.pdf

For more information contact…

www.pwc.co.uk/sustainabilityreportingtips

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

1 **SDG Reporting Challenge 2018: From promise to reality: Does business really care about the SDGs?**
https://www.pwc.com/sdgreportingchallenge

2 **The Low Carbon Economy Index 2018: Time to get on with it #LCEI**
https://www.pwc.co.uk/services/sustainability-climate-change/insights/low-carbon-economy-index.html

3 **Fourth Industrial Revolution for the Earth: Harnessing Artificial Intelligence for the Earth**
https://www.pwc.com/gx/en/services/sustainability/publications/ai-for-the-earth.html

4 **Fourth Industrial Revolution for the Earth: Building block(chain)s for a better planet**
https://www.pwc.com/gx/en/services/sustainability/building-blockchains-for-the-earth.html

5 **Task Force on Climate-related Financial Disclosures (TCFD) Final Report summary for business leaders**
https://www.pwc.co.uk/services/sustainability-climate-change/climate-risks-and-the-fsb-task-force.html

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