

Framework for Corporate Social Responsibility Reports

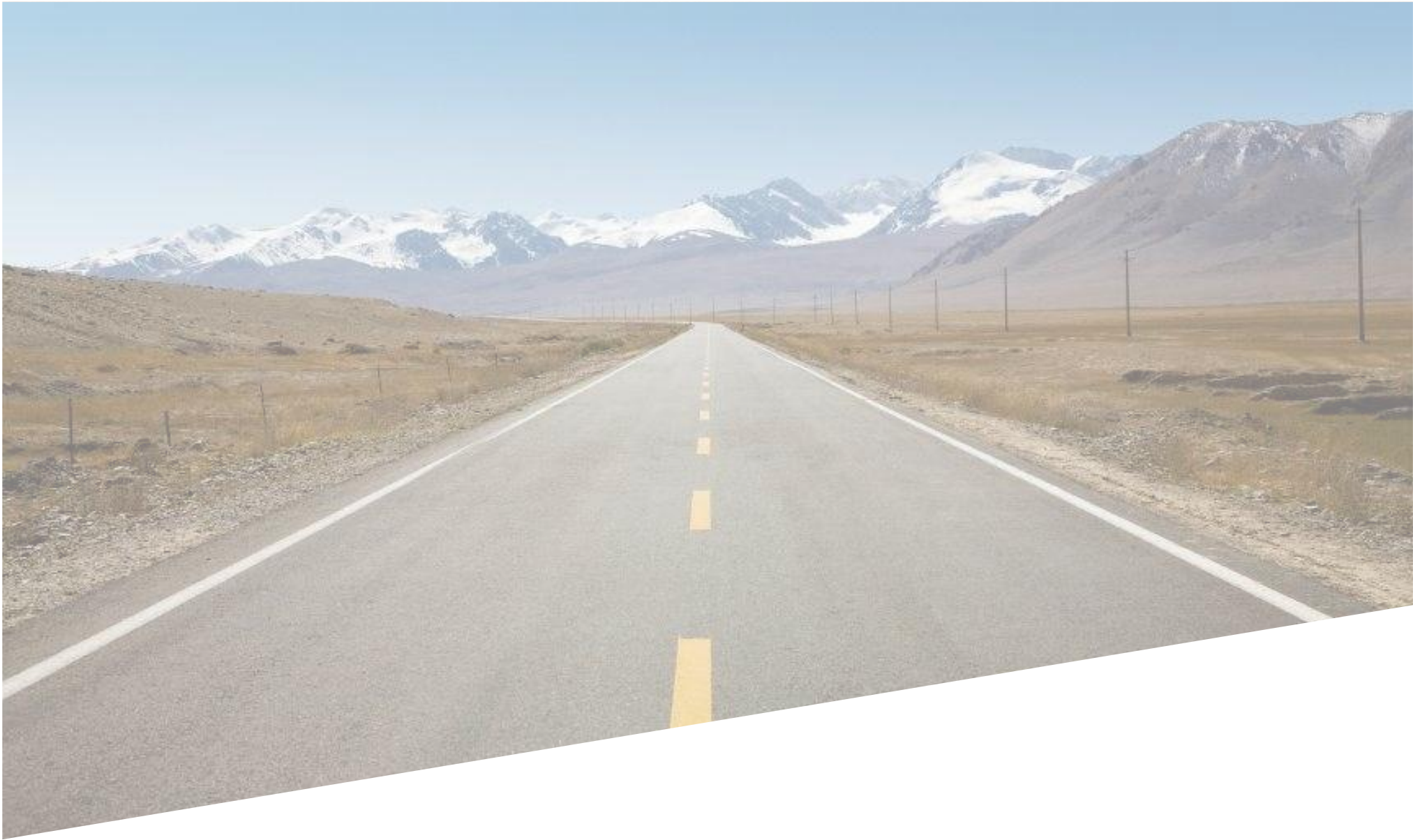
Presentation: Study day Accountability and the Police Force

11 March 2016

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2. How to report on CSR
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I. Introduction and some definitions on CSR



What is Corporate responsibility and Sustainability?

Definition by the World Business Council for Sustainable Development

“Corporate (social) responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large“

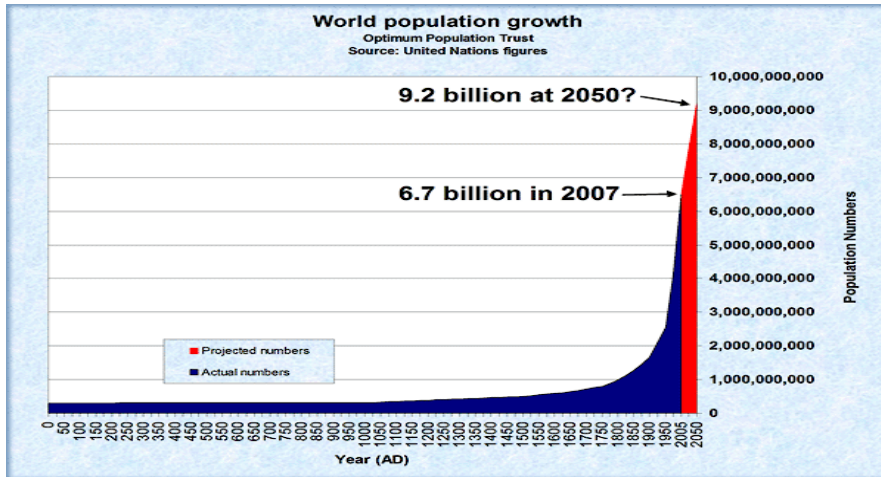
Definition of sustainable development

The [Brundtland Commission](#) of the [United Nations](#) defined sustainable development on March 20, 1987 as: “[sustainable development] is development that meets the needs of the present without compromising the ability of future generations to meet their own needs

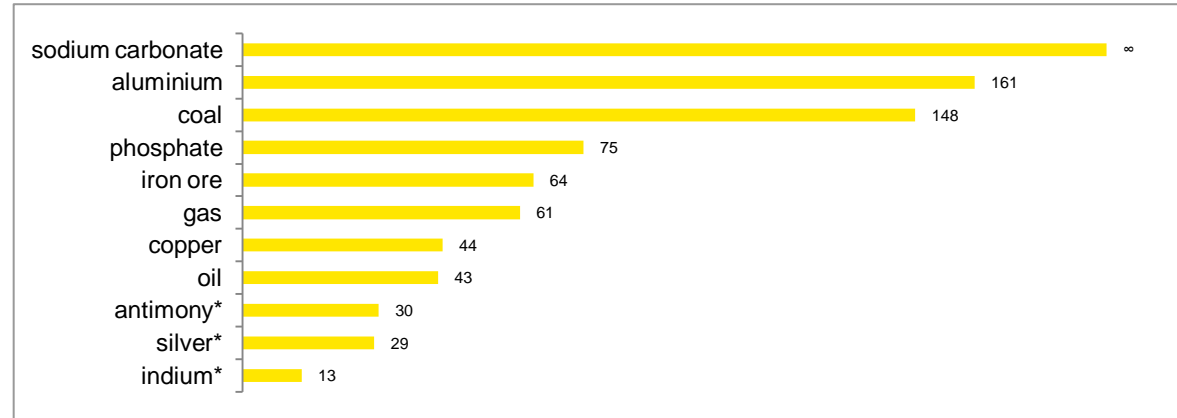
- ▶ Corporate Responsibility is the responsible and ethical behaviour of an organisation towards the society and environment in which it operates and as such contributing to sustainable development.
- ▶ embracing opportunities and managing risks derived from social, environmental and economic factors.
- ▶ Corporate Responsibility and Sustainability are industry- and organisation dependent and hence different for every industry and/or organisation.

Four drivers of global change, impacting behaviour of many organization

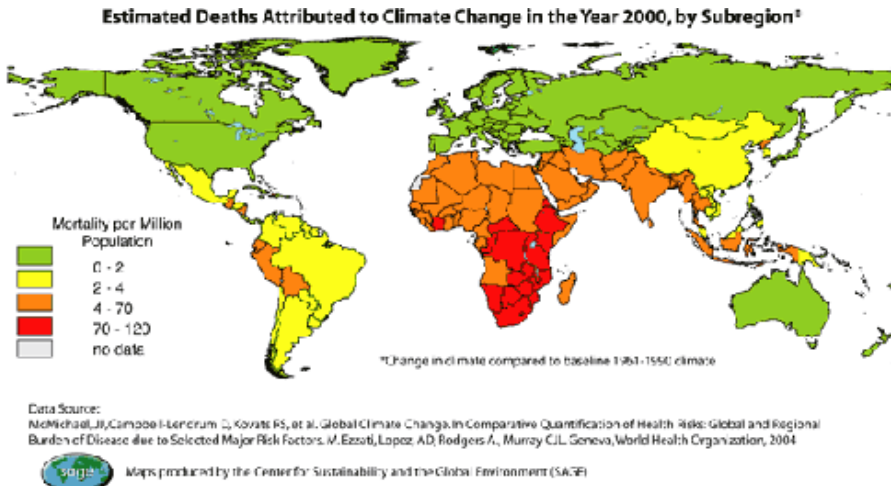
Growing world population



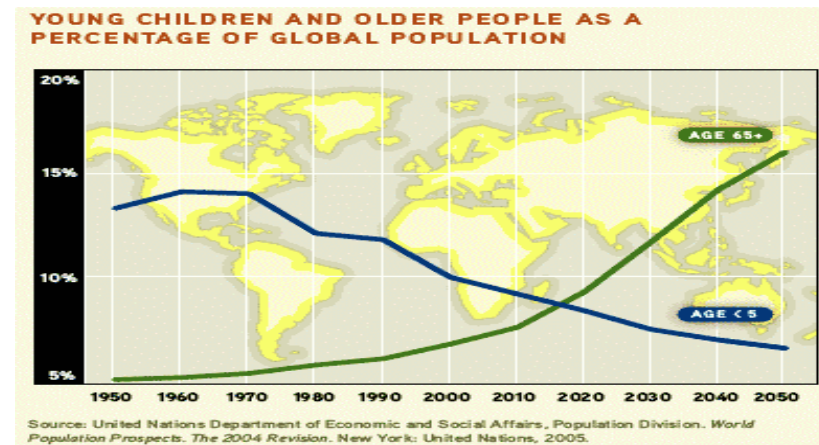
Scarcity of natural resources



Emissions and Climate change



New rising middle class, aging population, urbanization, diversity, and globalization



Key business drivers

Revenue generation

Opportunities

- ▶ New products and services
- ▶ Carbon market trading
- ▶ Business and tax incentives

Risks

- ▶ Loss of competitiveness
- ▶ Loss of market share
- ▶ Brand risk

Cost reduction

Opportunities

- ▶ Operational and energy efficiency improvement
- ▶ Cleantech energy generation
- ▶ Real estate and building efficiency improvements
- ▶ Green IT

Risks

- ▶ Rising energy and transportation costs
- ▶ Cost of carbon
- ▶ Value chain impact

Stakeholder expectations

Opportunities

- ▶ New or enhanced stakeholder relationships
- ▶ Higher rankings in sustainability indices
- ▶ Recruitment and retention
- ▶ Satisfaction and loyalty

Risks

- ▶ Brand risk
- ▶ Loss of shareholder value
- ▶ Social license to operate

Government regulation

Opportunities

- ▶ Business incentives
- ▶ Enhanced brand value

Risks

- ▶ Regulatory compliance
- ▶ Financial penalties
- ▶ Legal liability
- ▶ Financial reporting

CEOs' statements on sustainability ...

"We believe it is not a question of 'if' but 'when' the world will shift toward more sustainable growth."

– **Jeff Immelt, Chairman and CEO, GE**

"We aim for EMC to evolve over time into a global leader in sustainability, through our product innovation and more efficient and innovative business practices. The long-term success of our company depends on it."

– **Joseph Tucci, Chairman and CEO, EMC²**

"For our company, sustainability reflects an understanding of the role our business must play in society if we are to be successful in the 21st century."

– **Muhtar Kent, Chairman and CEO, The Coca-Cola Company**

"This year we are focused on building the foundations that will help us integrate corporate responsibility deeper into our business and position us to address critical social and environmental challenges in a way that will drive shareholder value."

– **Dick Clark, Chairman and CEO, Merck**

"At Intel, we don't separate corporate responsibility from our business."

– **Paul S. Otellini, President and CEO, Intel**

Sustainability is "the single biggest opportunity of the 21st century" and "the next source of competitive advantage."

– **H. Lee Scott, former CEO, Walmart**

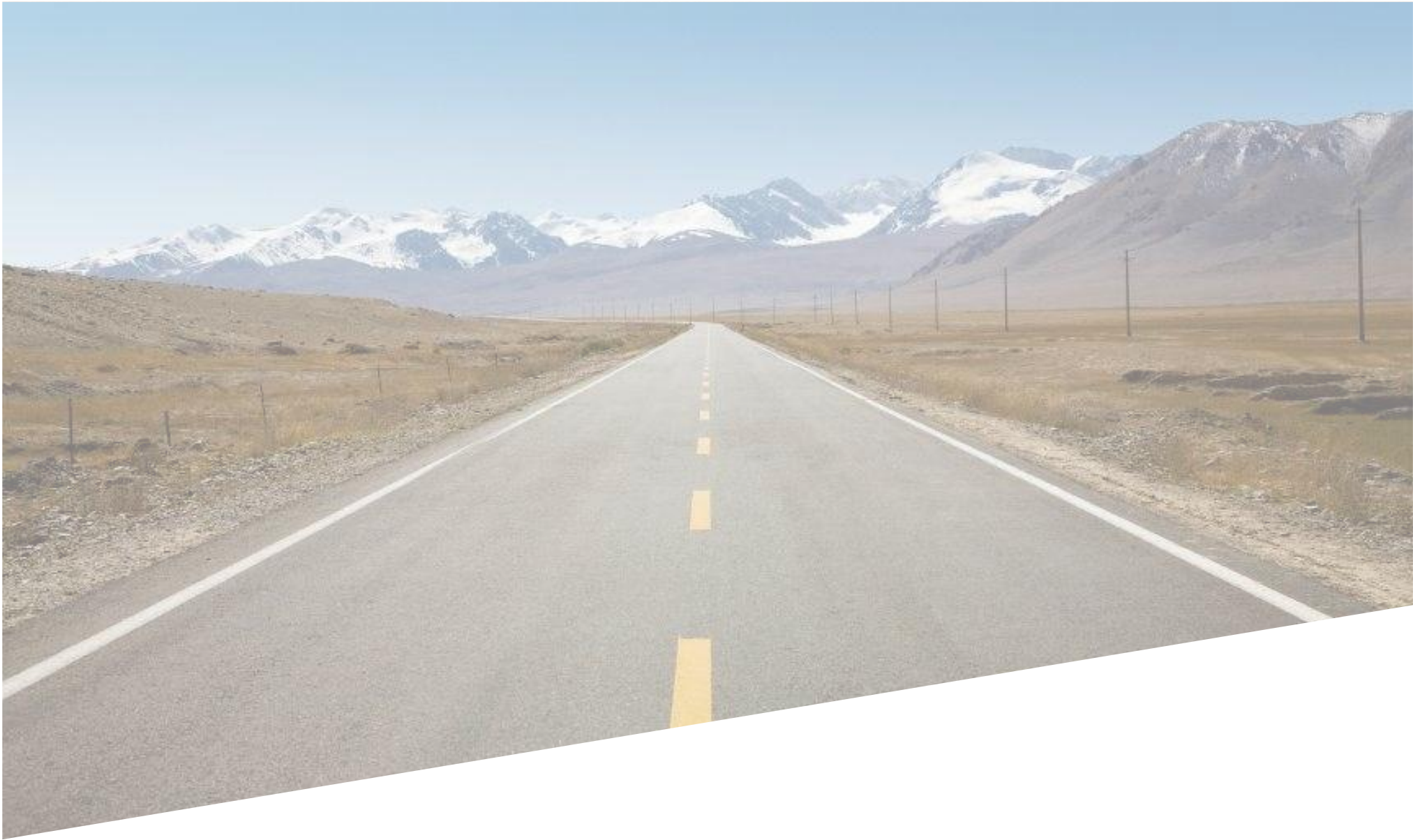
"We recognize that embedding the highest standards of safety, environmental performance, ethics, economic stewardship and community engagement in every aspect of our activities is critical to protecting local communities and supporting our company's long-term success."

– **Rex Tillerson, Chairman and CEO, ExxonMobil**

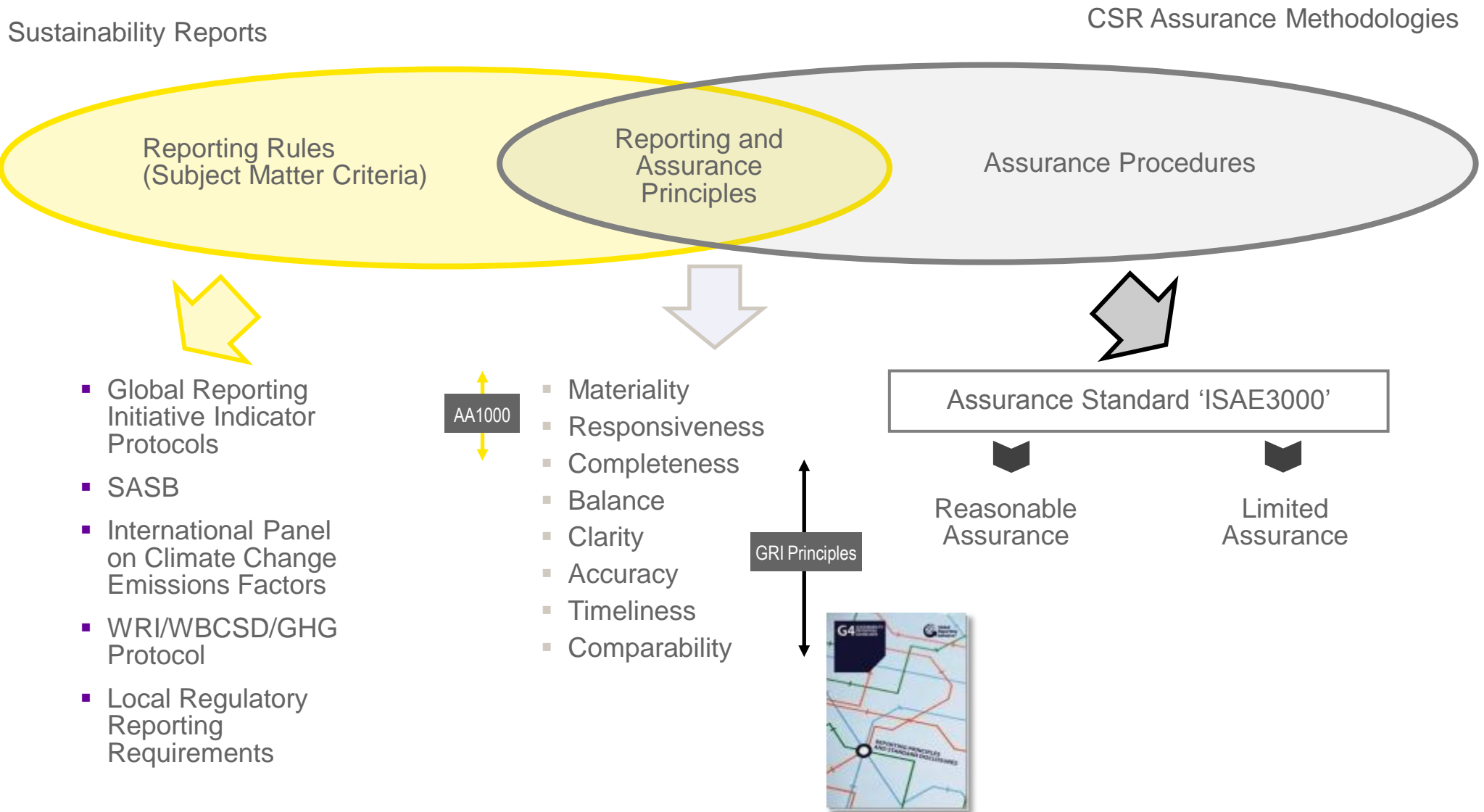
"Our mission is to help spur global growth and provide strong relative performance for our shareholders. Our focus on environmental, social and governance issues is an important part of this."

– **Lloyd Blankfein, Chairman and CEO, Goldman Sachs**

II. How to report on CSR

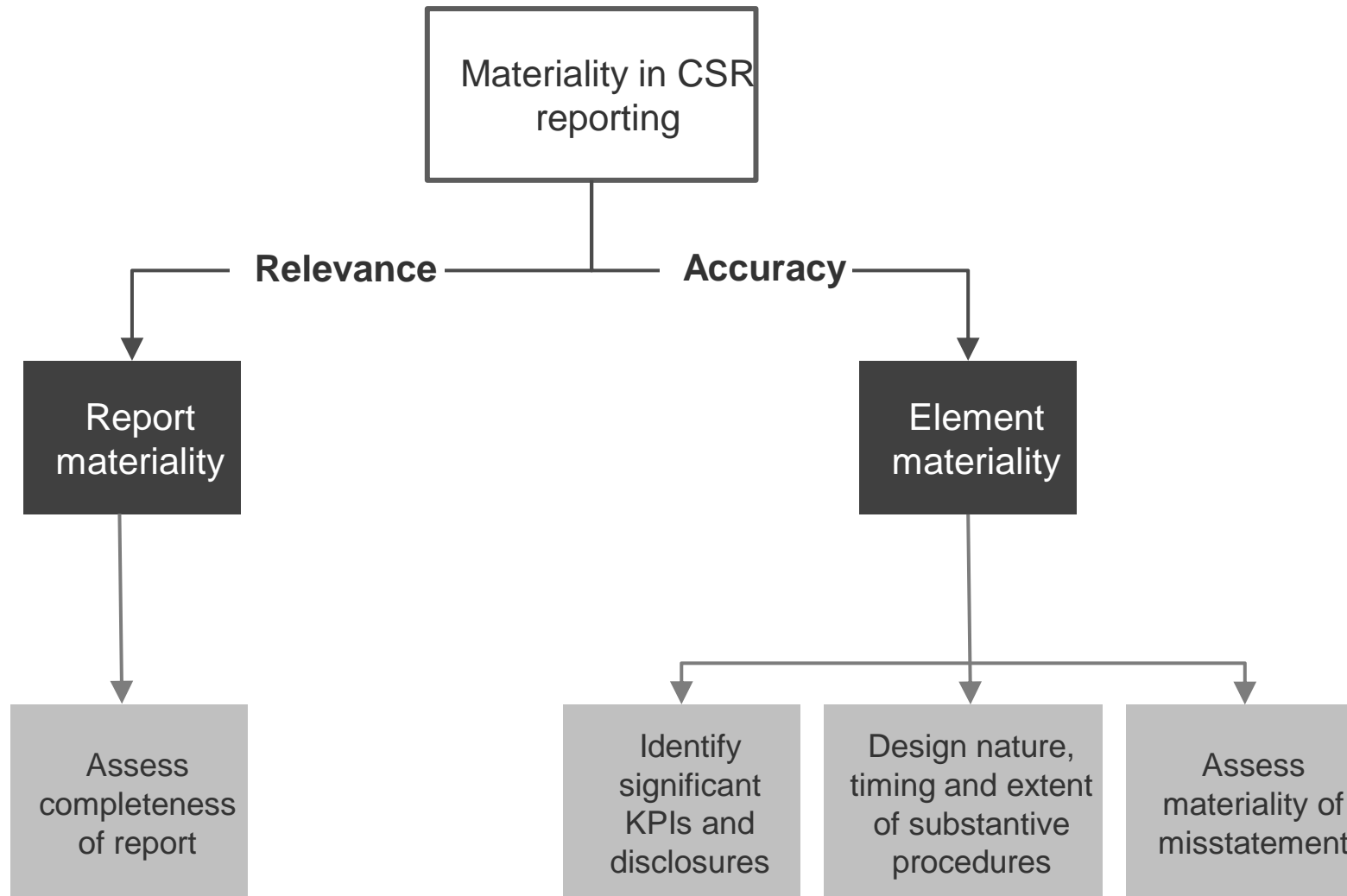


CSR audit and reporting frameworks

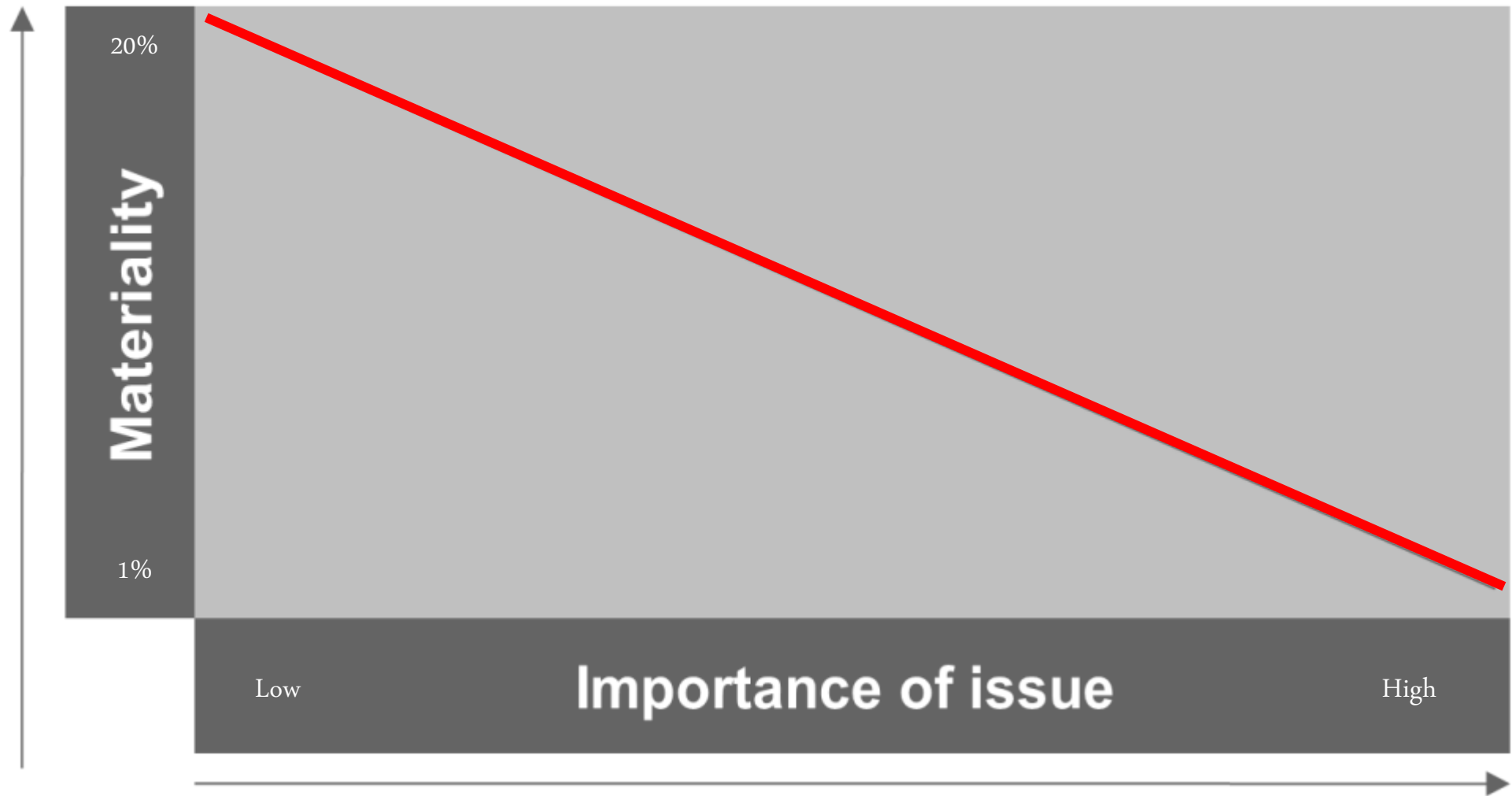


Materiality?

So what is it all about?



What's important?



Example Materiality– Accounting firm

Water use

Sustainability report:
475,000 liters

However one notes in the data an error:

- A) 479,750 (1%)
- B) 498,750 (5 %)
- C) 522,500 (10 %)
- D) 570,000 (20 %)



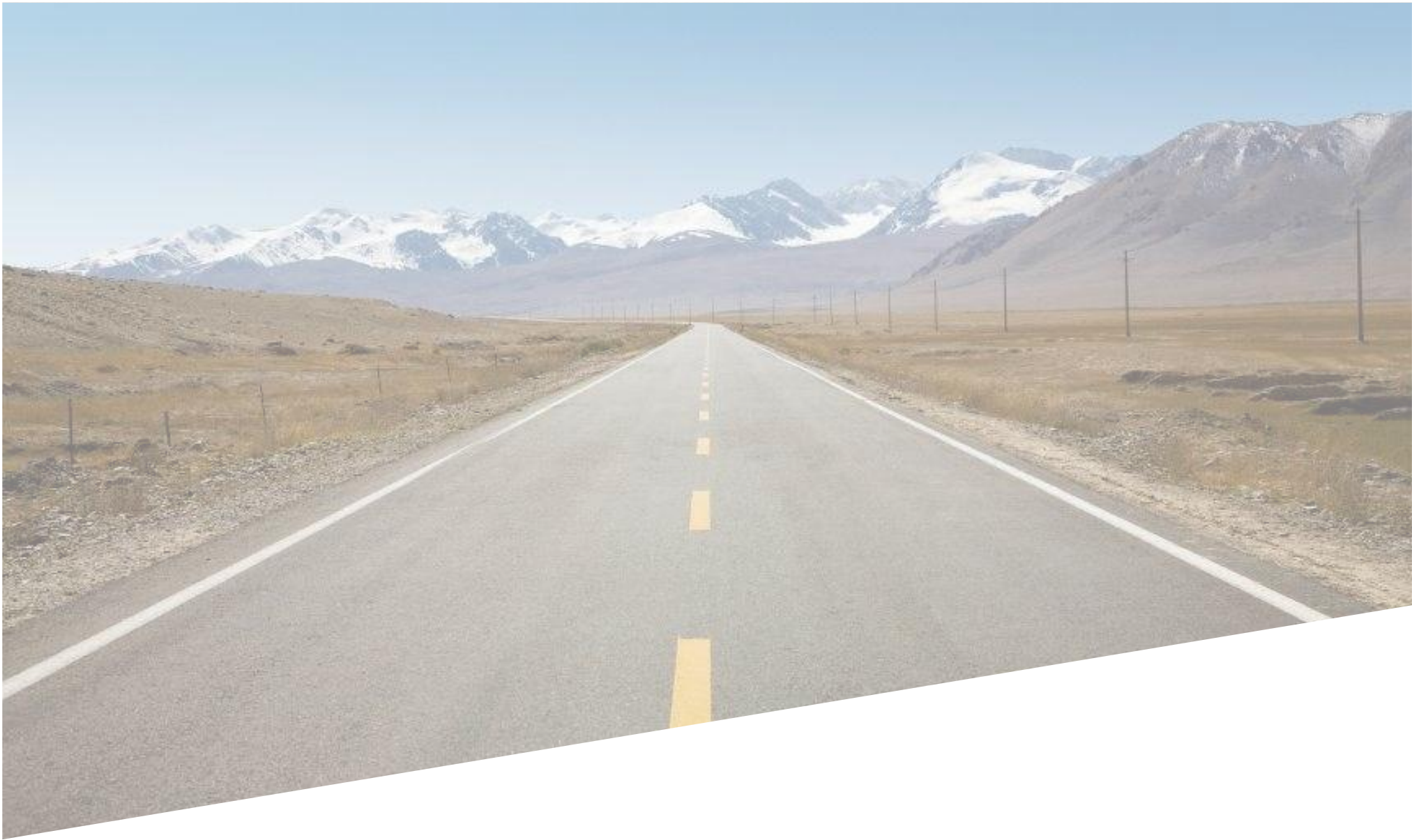
Question: at what level of error, would you expect the company to change the reported number?

Would it make a difference if it were accidents with or without
absenteeism or lost time injury

Would it make a difference if it were a brewery?

If yes, what would be your answer?

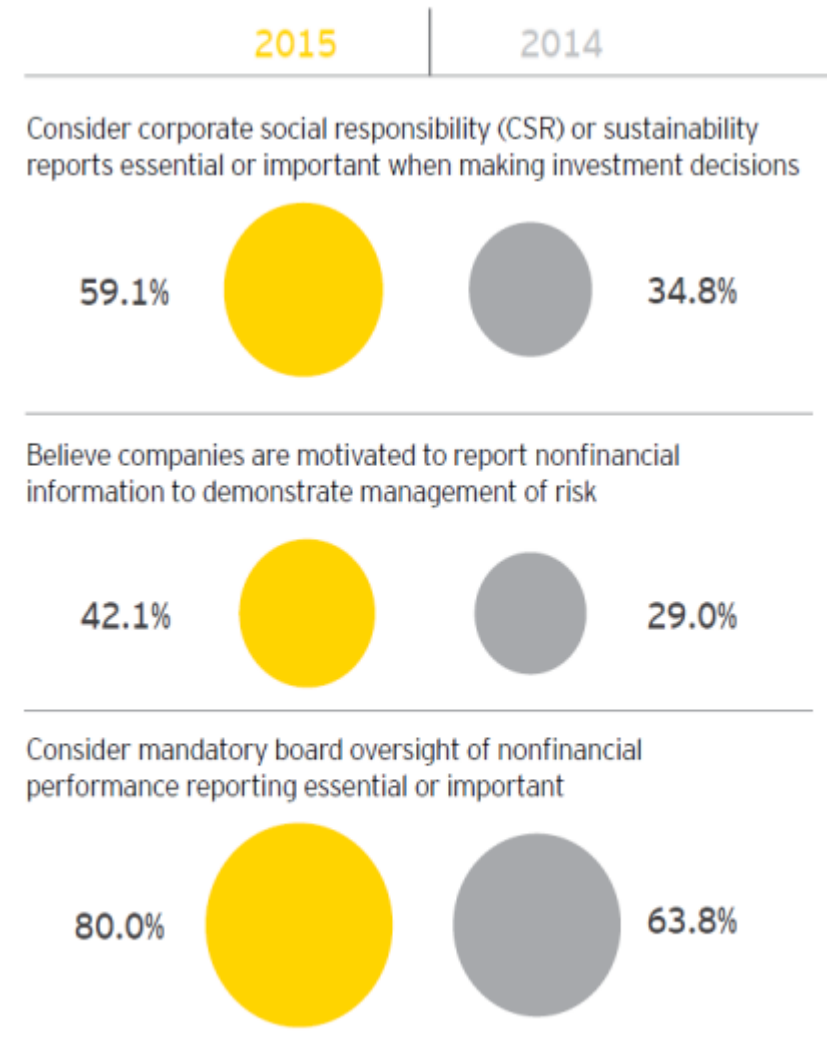
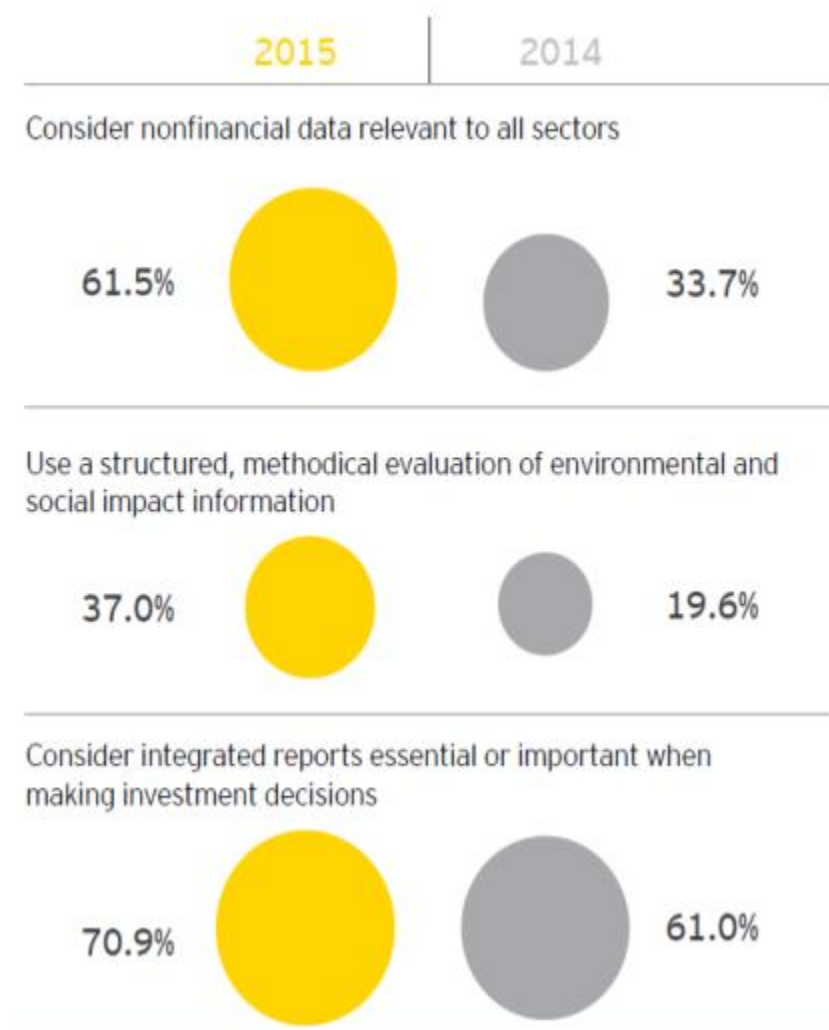
III. CSR Trends



CSR trends

Growing interest in nonfinancial reporting seen in significant shifts since 2014

Percentage of respondents who...



CSR trends

Ways CSR reporting provided added value

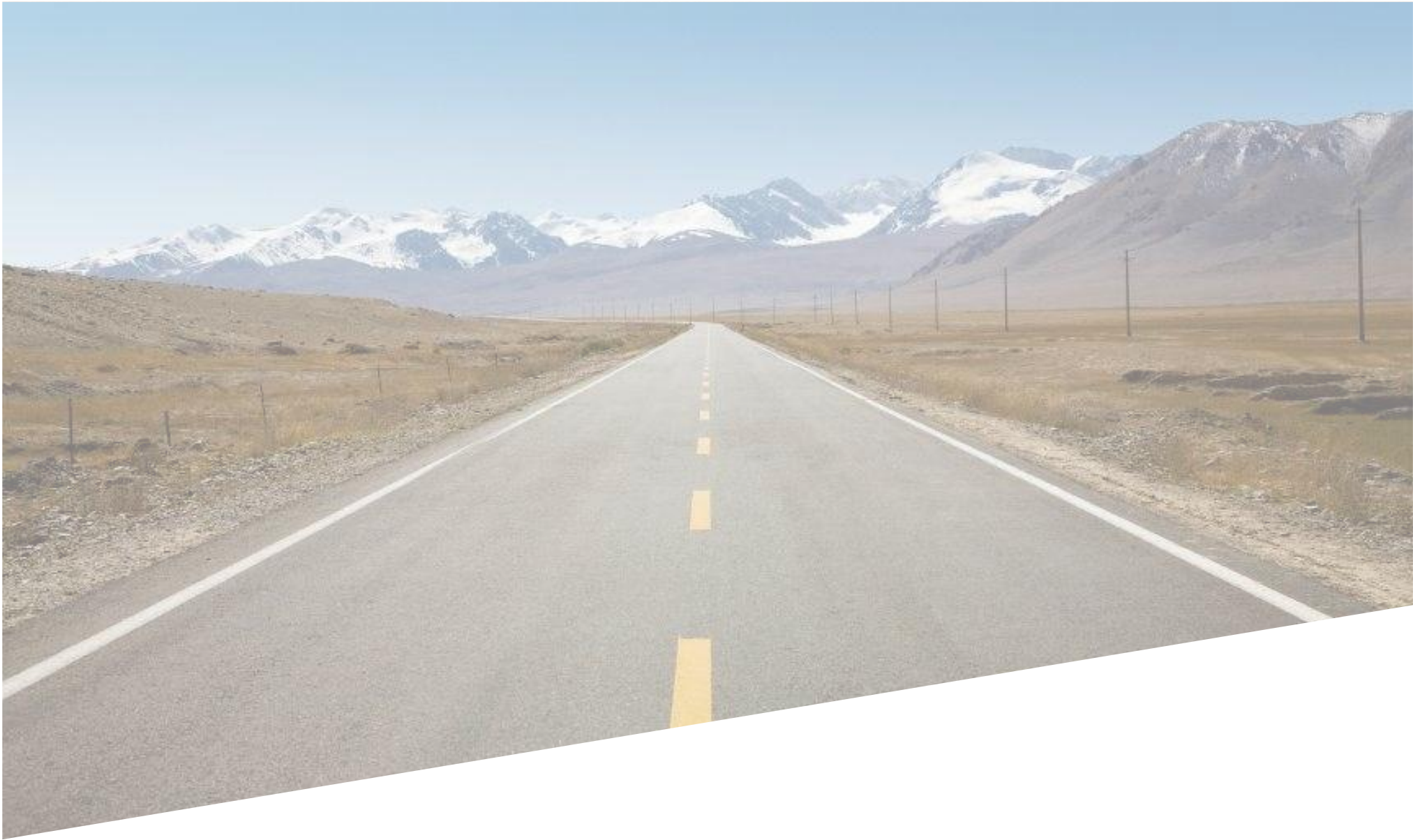
- ▶ A focus on sustainability helps organizations manage their social and environmental impacts and improve operating efficiency and natural resource stewardship, and it remains a vital component of shareholder, employee, and stakeholder relations.
- ▶ A full 95% of the Global 250 issue sustainability reports. Organisations continuously seek new ways to **improve performance, protect reputational assets, and win shareholder and stakeholder trust.**

Figure 1: Ways that sustainability reporting provided major value



Source: Boston College Center for Corporate Citizenship and Ernst & Young 2013 survey
Note: for information on how this study was conducted, please refer to page 24.

IV. Award for Best Belgian Sustainability Report





Awards for Best Belgian
Sustainability Reports

The Awards for Best Belgian Sustainability Reports **2014**

Edition 2015



IBR-IRE

Brussels 12 January 2016

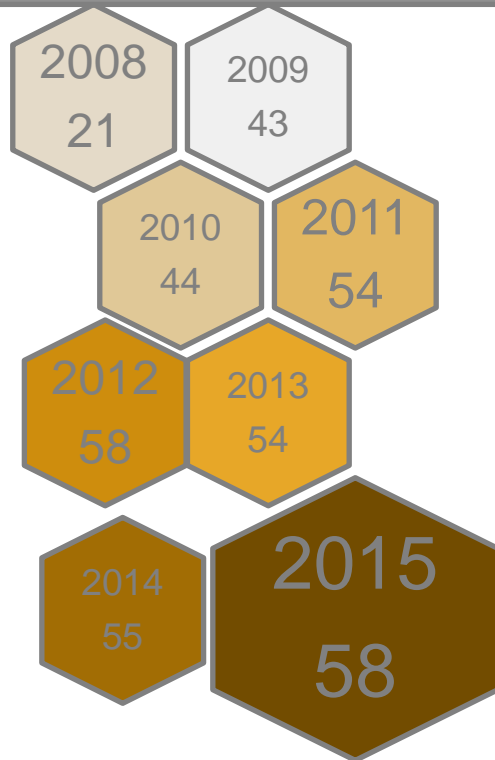
Support



58 reports submitted :

Other organizations : 9

Total number of participating reports



Federatie Voedingsindustrie
Fédération de l'Industrie Alimentaire

Service public fédéral
Chancellerie du Premier Ministre

Federale overheidssdienst
Kanselarij van de Eerste Minister



SAMEN MAKEN WE
MORGEN MOOIER



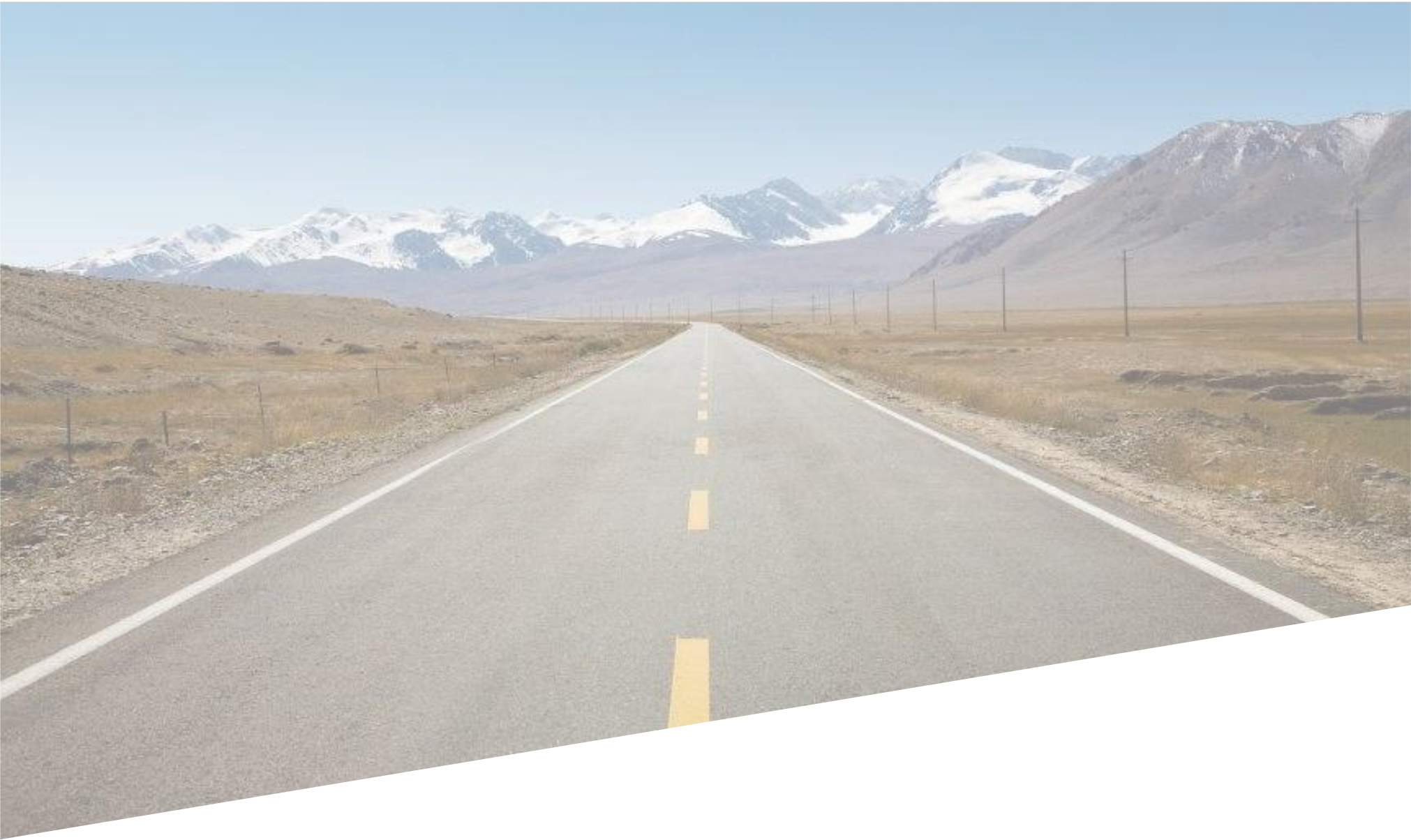
Winner

Other organisations in 2013

▶ Ex aequo winners:



V. Questions?



<http://jaarverslag.ey.nl/>

<http://jaarverslag.ey.nl/media/attachments/ar-ey-def-2014-2015.pdf>

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