Sustainable Business Council
wbcsd Global Network Partner

Reporting Toolbox

This guidance document introduces the concepts of sustainability reporting. It is a starting point for Sustainable Business Council (SBC) members beginning their journey in this space. Our aim with this resource is to demystify sustainability reporting and support organisations as they begin by providing an overview of the different reporting types, as well as common reporting frameworks and protocols. We recommend utilising this document in conjunction with guidance we have on materiality and stakeholder engagement, as both are critical elements for producing a good report. Developing sustainability reports is a significant undertaking. There are great consultancies with skilled sustainability reporting specialists who can support the work outlined within this document.

This document focuses on supporting organisations at the beginning of the reporting journey, whether that's a sustainability webpage, sustainability report or ESG report. A sustainability report is a document published by an organisation sharing information 'on its material non-financial performance, including Environmental, Social and Governance (ESG) concerns' (Deloitte, 2020). Sustainability reports are typically for a broader audience (employees, customers and shareholders), whereas ESG reports are typically for investors, giving them a consistent framework across companies.

If you are new to sustainability reporting or would like a refresh, here is a video that will help you.

In its simplest form a good report should cover off the following:

- What the topic is, what issues are involved, and why they are important to the organisation (materiality)
- How the organisation manages its response to the relevant issues (governance, management, approach / strategy)
- What has been done (projects and activities)
- What results, outcomes and impact have been achieved (i.e. how did it make a difference)
- What was measured and how results compared to targets (what did we learn?)
- What the organisation plans to do in the future (how we will respond to what we learned)

Courtesy of Proxima

Why does my organisation need a sustainability report?

There are several key drivers for organisations to consider when developing sustainability reporting.

1. **It's a critical communication tool for telling your organisation's sustainability story**
   Sustainability reports are a key way to share your organisation's sustainability strategy, goals, challenges and achievements and connect with internal and external stakeholders. As the war on talent continues, having a report that tells a compelling story of your organisation's sustainability journey and ambitions is an important tool to maintain engagement with existing staff and attract future staff.
2. **It meets growing demands of stakeholders to enable their decision making**
   EY's Global Corporate Reporting Survey continues to identify ESG as a key concern for institutional investors. (EY, 2022). Sustainability reporting is the perfect method for sharing financial and non-financial information to support decision making as well as building trust and credibility.
3. **It creates impact by cultivating transparency and accountability**
   'Sustainability reporting should provide companies with a single source of truth and the global baseline of comparable information for investment decision-making and capital allocation' (WBCSD, 2022). We are seeing an increasing number of organisations provide honest accounts of sustainability performance, as transparency has a significant impact on consumer, employee and investment decision-making.
4. **It is the critical first step in implementing a sustainability strategy**
   Reporting supports organisations to set performance measures, identify and manage sustainability-related opportunities and risks, and understand how it will deliver value for stakeholders.
5. **It's important for compliance, including meeting SBC membership requirements**
   In addition to mandatory reporting regimes, SBC membership requires members to produce a sustainability report, integrated report or public account demonstrating sustainability activity, plans and performance after three years of membership.
6. **New Zealand needs to step up its game**
   KPMG complete an annual survey of sustainability reporting. Their 2022 report, titled "Opportunity is passing us by", shows that although 80% of New Zealand firms report on their ESG performance, we are lagging behind other global organisations in improving the quality of reporting (EY, 2022).

Sustainability reporting over time

Business sustainability reporting is relatively new in the scheme of things – few companies were reporting non-financial information even 20 years ago. In the last couple of decades, a push from investors began accelerating sustainability reporting, and the process shifted from having a singular focus on short term finances to now being more strategic and forward-looking. As the landscape has changed, so has the need for companies to have a social and legal license to operate, and it is more common for organisations to look at the holistic impact, the six capitals, and short, medium and long term value.

Organisations are now putting significant time and resource into sustainability reporting. The reports we see demonstrate an ongoing integration of finance, climate and social matters into businesses in both short- and long-term planning. As this evolution in the focus of reporting has developed, so too has the structure of reporting itself, from separate sustainability reports to some companies now delivering fully integrated reporting, which further demonstrates how integrated sustainability in general is becoming into all aspects of business.

Demand for sustainability reporting and momentum for a common global definition of corporate metrics and standards in ESG have both grown over time. Governments around the world have developed regulations to strengthen the quality, comparability and uptake of sustainability reporting through mandatory regimes and complementary policies to build capability and expertise in sustainability reporting and minimise associated compliance costs (MBIE, 2021).

Another facet of reporting that continues to grow and evolve is the criticality of transparency. In the past, reports may have focused on presenting the positive sustainability progress of a business and brushing over the negative. However, with the rise in climate litigation, we are seeing organisations take a more transparent approach to their reporting of progress against sustainability goals, including discussing the barriers and next steps when they don't meet their goals.

Sustainability reporting is an ongoing journey

There is no one report that organisations should aim to develop. Organisations will produce different reports based on their target audience and how they plan to use the report (i.e. setting and communicating aspirations or setting emission reduction roadmaps). Organisations will consider multiple factors in deciding on the type of report they produce, including internal resources and capability, budget availability for consultants, legislative requirements and demands of shareholders.

As an organisation matures in its sustainability journey, the type of report it develops may change to reflect this journey. As KPMG showed in their report "Opportunity is passing us by", New Zealand organisations are lagging behind in sustainability reporting. This is not a good position for New Zealand to be in, and whilst no report will be perfect, we encourage organisations to begin the process of communicating (reporting) sustainability strategy, goals and performance with their stakeholders. You can then evolve and improve your reporting over time as your organisation's sustainability maturity grows.

Reporting is not a standalone activity for business. Before writing a sustainability report, organisations benefit from identifying the key (material) sustainability issues for them and then using these key issues to inform the development of a sustainability strategy, goals and performance.

Materiality → **Strategy** → **Reporting**

Materiality: Materiality is the process through which an organisation understands the key impacts of its activities on society and the environment and how it is affected by key issues. An organisation must know what issues are material (important) to them to focus their strategy on these issues. Here is a toolkit SBC has developed to support organisations with their materiality.

Strategy: Once you understand your organisation's present and future material issues, ensure these are considered within your organisation's strategy and sustainability strategy, developing goals and performance measures to monitor progress.

Reporting: With materiality incorporated into the organisational strategy, you now have important information to share with your stakeholders to support their decision making.

An overview of reporting types

ESG reporting can be a complex landscape. According to the Reporting Exchange, there are currently over 2,000 voluntary reporting frameworks, mandatory reporting requirements, methods and protocols (covering 71 countries) for measuring and disclosing ESG information.

A selection of reporting types

SBC member criteria requires the production of a sustainability report, integrated report or public account demonstrating sustainability activity, plans and performance within two years of membership. We will provide an overview of each type of report and links to member examples of each. It is important to select a report type that will bring the most value to your organisation and stakeholders, balancing this utility with the resource required to produce it.

Type	Summary	Member examples
Public Account – Webpage	This can be an easy way for organisations early on in their sustainability journey to begin communicating their goals and actions. We have seen more and more organisations using webpages to provide regular updates to stakeholders outside of annual reporting cycles. Typically, web pages will include reference to social sustainability, sustainable procurement practices and carbon emissions (current emissions and targets).	4Sight Part of SLR
Sustainability Report	Also known as non-financial reporting, a sustainability report is when a company creates a report outlining its Environmental, Social and Governance (ESG) goals and progress towards achieving these goals. Sustainability reporting doesn't have a set standard or layout, but companies tend to utilise several standards (GRI, ISO – see below) to align their reports with best practice and allow for comparability with other businesses.	Air New Zealand Westpac Wright Communications
Integrated Report	Integrated reporting is classified by Deloitte as a tool that 'brings together material information about an organisation's strategy, governance, performance and prospects in a way that reflects the commercial social and environmental context within which it operates' (Deloitte, 2022). Note that there is an international framework called Integrated Reporting. Companies might report financial and non-financial info in one report but not follow this framework. Integrated Reporting have also developed a guidance document, 'Transition to integrated reporting: a guide to getting started.'	Lyttelton Port Genesis Energy Fletcher Building Transpower

Overview of reporting frameworks, standards and tools

Within reports, there are various standards, frameworks, tools and goals to choose from which help to add rigor and comparability to your report. These are typically used by organisations who have good reporting maturity and are looking for opportunities to enhance their existing reporting. The table below provides an overview of commonly employed reporting methods and standards, and we've included links to help you further delve into each standard. You can choose one that best fits your organisational needs and industry.

Reporting frameworks, standards, goals & tools	Overview	Member examples
Global Reporting Initiative (GRI)	**Reporting standard** The world's most widely used sustainability reporting standard, the GRI helps businesses and governments to understand and communicate their impact on critical sustainability issues. Because of its common use, it enables stakeholders to compare ESG performance across companies. GRI updated standards in 2021 which shifts away from determining material issues based on immediate concerns of stakeholders and enables a longer term view to be taken of the current and future material impacts on a business. The businesses listed have utilised this updated standard.	Meridian Fletcher Building

Reporting frameworks, standards, goals & tools	Overview	Member examples
Taskforce for Climate-related Financial Disclosures (TCFD)	**Reporting standard** This is a framework to support companies to disclose their climate related risks and opportunities. In Aotearoa, the External Reporting Board (XRB) have developed a climate-related disclosure framework for large listed companies, large listed banks, licensed insurers, credit unions, building societies, managers of investment schemes and some crown financial institutions – these parties will be mandated from 2024 to complete this reporting. For those not mandated, the XRB's standard can support the exploration of climate-related risks and opportunities. A simplified TCFD framework is available here (pg. 17) to support non-mandated organisations.	ASB Beca NZ Post
International Organization for Standardization (ISO)	**Reporting standard** This is a broad set of internationally recognised standards that address quality, health and safety, energy and environmental management. The standards are commonly used, but may be time consuming to align to businesses and rely on heavy documentation.	Toitū carbonreduce and net carbonzero certifications utilise ISO standards. Many SBC members are certified by Toitu including; 3R Group EECA Ecostore Anderson Lloyd Carbon EES
Carbon Disclosure Project (CDP)	**Reporting standard** This is a disclosure and rating system that supports businesses to understand and measure their environmental impacts. The purpose is to make environmental reporting and risk management a business norm to enable the building of sustainable economy.	Fonterra Chorus AIA AECOM
ISSB	**Reporting Standard** Is a global disclosure standard that enables companies and investors to standardise on a single, global baseline of sustainability disclosures for the capital markets (IFRS, 2023). As of July 2023 this is an evolving standard with ISSB having established two standards IFRS S1 and S2 to date. For further information and updates check out the IFRS website.	
Dow Jones Sustainability Indexes (DJSI)	**Benchmarking tool** Series of indices that evaluate an organisation's ESG performance. This enables comparison with thousands of other global businesses. To be incorporated in the DJSI, companies are assessed against these indices and selected based on their long term economic, social and environmental asset management plans. Indexes are updated yearly and companies are monitored.	The following members rank highly on the DJSJ for their ESG performance: Meridian Energy Contact Energy
Greenhouse Gas Protocol (GHG Protocol)	**Accounting & reporting standard** GHG Protocol is a commonly used greenhouse gas accounting standard that provides a framework for the measurement and reporting of greenhouse gas emissions in ways that support organisations' emissions reduction goals. GHG Protocol also provides sector guidance, calculation tools and training for businesses.	Sanford Z Energy The Warehouse Group
Future Fit Business Benchmark	**Benchmark** The Future Fit Business Benchmark helps companies to set the right ambitions and make better decisions in the pursuit of a flourishing future for all (Future Fit Business, 2022). It is made up of 23 goals which, when taken together, define the social and environmental break-even point for companies for zero impact and regeneration. You can read more about Future Fit Business here.	Proxima Plant & Food Research

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United Nations Sustainable Development Goals (UN SDG's)	**Global goals** These are 17 goals adopted by 122 UN member states to mobilise global action and combat economic, social and environmental challenges. Businesses utilise the SDGs to frame their ESG work. The SDG Compass is a useful tool to support businesses in understanding, prioritising and actioning the SDGs.	Transpower Fonterra Sanford Wright Communication
UN Global Compact	**Global goals** This is CEO commitment to implement universal sustainability principals and to take action to advance societal goals (SDGs). The purpose is to provide a universal language for corporate responsibility and a framework to guide sustainability for all businesses.	Meridian Air New Zealand

International best practice reporting examples

WBCSD have an annual report-reviewing framework called 'Reporting Matters' which consolidates insights from reviews of organisations' annual reports, offering insights on reporting best practice and access to the WBCSD Reporting Exchange. 'Reporting Matters' is made up of 18 indications across three areas: principles, content and experience. These indicators contribute to an overview score for a report.

'Reporting Matters' evaluation framework

Principles

This category draws on the fundamentals of reporting found in major sustainability and mainstream reporting frameworks.

Completeness · Materiality · Stakeholder engagement · External environment · External assurance · Balance · Conciseness & alignment

Content

This category analyzes how priority material issues are managed and disclosed upon in the report.

Sustainability governance · Strategy · Implementation & controls · Targets & commitments · Performance · Partnerships & collaboration · Evidence of activities

Experience

This category looks at how the report is used to help meet the needs of specialist and generalist audiences.

Accessibility · Consistent messaging · Navigation & flow · Compelling design

SDGs

This stand-alone category looks at the extent to which SDGs are integrated into the report. It does not contribute to overall scores.

SDGs

Top tips for sustainability reporting

- **Consider different reporting types:** Choose the one that best supports your organisation in presenting a balanced, accurate and holistic picture of your activities and impact.
- **Set the scene:** Provide an overview of your business and the market environment in which you operate to contextualise your reporting for the reader.
- **Think about tone:** It's important to be transparent and authentic about your sustainability challenges in order to avoid greenwashing, but still aim to keep the tone of your report inspiring and optimistic, and point out future opportunities for growth and performance.
- **Make sure your report is accessible and engaging:** Data tables and charts are important, but keep the information relevant and succinct. A good start to simplifying your reporting is to stick to information that is relevant to your material issues and their impact.
- **Know your audience:** Always keep in mind what your stakeholders and wider audience want to see in your report.
- **Report on what matters.** Demonstrate your understanding of the sustainability issues relevant to you and your key stakeholders; report only those of material importance.
- **Outline the scope** – Company impacts are often so widespread that it is important to report on the company's broader value chain, beyond its direct operations. Complete reports describe the scope and boundaries of the report and discuss direct and indirect material impacts along the value chain.
- **Be transparent:** Transparency is a critical part of the sustainability journey for firms. Setting bold sustainability goals is important, but it is essential to make it clear that these are goals and outline what their achievement is conditional on. PwC call this the good, the bad and the ugly – check out their report for tips on transparency and more. More and more organisations are going through litigation for putting claims into their reporting that are untrue or not set in the appropriate context.
- **Bring continuous improvement to reporting:** Deloitte has produced a great document which shows a continuous improvement wheel for sustainability and integrated reports (pg. 4-5).
- **What gets measured gets done:** Identify KPIs directly relevant to your sustainability strategy and explain why they are relevant and how they are defined. Set and review your performance against challenging but realistic targets.
- **Governance in reporting:** Governance is an important part of sustainability, ensuring that the leaders of an organisation play a central role in sustainability. It is important to share governance of sustainability within your reporting by explaining how the sustainability governance system operates and who is responsible for what outcomes within your organisation. This enables stakeholders to understand how your organisation will deliver on the sustainability strategy it has established.

SBC, in partnership with KPMG, developed a sustainability governance maturity matrix available here. Chapter Zero also have some wonderful free resources available to support directors taking action on climate change here.