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Morning Session

Good practices in sustainability reporting

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30ª Session of ISAR
Good practices in sustainability reporting
“Rapid access to information is a key strategy for business success”

Our approach for sustainability reporting initiatives is voluntary
• Report or Explain
• Indices
• Guide
• Other brazilian initiatives for ESG disclosure information
Objective
To engage listed companies at BM&FBOVESPA to report their social and environmental actions, recommending them to report their Sustainability Report (preferably by GRI) or similar, and if not, explain why they do not.

How
Release of the circular letter issued by the CEO, recommending that listed companies state in item 7.8 of the Reference Form (“Description of the company’s relevant long-term relationships not elsewhere described”) whether or not they publish a regular sustainability or similar report, and if not, that they explain why not.

Partnership: With GRI, to provide companies with guidance on how to report
Companies Analyzed: comparison between May 2012 and June 2013

- **May 2012**
  - Did not comment: 245 (54.69%)
  - Did not publish, but commented: 107 (31.47%)
  - Published a report: 96 (26.48%)

- **June 2013**
  - Did not comment: 149 (33.71%)
  - Did not publish, but commented: 136 (30.77%)
  - Published a report: 157 (35.52%)

- **Comparison**
  - June 2013 vs. May 2012:
    - Total companies: 499
    - Published or commented: 253 (66.29%)
    - Improved from May 2012:
      - 96 companies (203 in May 2012)
      - 107 companies (96 in May 2012)
      - 157 companies (157 in May 2012)

203 companies published or commented in May 2012
293 companies published or commented in June 2013

Legend:
- Red: Did not comment
- Blue: Did not publish, but commented
- Green: Published a report
How to access the information

www.bmfbovespa.com.br/en-us

See how to access listed companies’ non-financial information on the BM&FBOVESPA website:

1st step
✓ Click on Markets

2nd step
✓ Click on Equities

3rd step
✓ Click on Listed Companies

4th step
✓ Click on Sustainability Report or Similar Document
The question was included in the ISE – Corporate Sustainability Index’s Questionnaire in 2011 and the first answers were publish on the website in 2012.
The disclosure of the Questionnaire:

Companies that authorized disclosure of their answers to the Questionnaire:

• 2012

• 2013
• Partnership between BM&FBOVESPA and BNDES.
• Stock index weighted by companies’ greenhouse gas emissions (GHG).
• Starting point: IBrX-50 portfolio (the 50 most liquid companies in Brazil).
• Voluntary participation, inclusive approach.

• **Prerequisite: GHG inventory performed and reported.**

• Launch of first portfolio: December 2, 2010.

• Of the 60 firms invited, 49 joined second ICO2 portfolio.
  
  ○ **Before:** approximately 70% of companies in IBrX-50 did not report emissions data
  
  ○ **After:** approximately 74% of companies in IBrX-50 report emissions for at least Scope 1 and Scope 2
NOVO VALOR: Corporate sustainability
How to begin, who to involve and what to prioritize


Management for sustainability in 13 steps

1. Involve top management
2. Review identity & strategy
3. Engage with stakeholders
4. Set targets
5. Report achievements & challenges
6. Perform a diagnosis
7. Establish governance
8. Write a policy
9. Define & track indicators
10. Identify material issues
11. Assume commitments
12. Involve internal stakeholders
13. Adjust management system
Other Brazilian initiatives for ESG disclosure information

**CVM (the Brazilian Regulator): new document category included in Periodic & Occasional Information System.** December 19, 2011

New categories were created, among them the category "Sustainability Report“, in order for the companies which voluntarily elaborate this document to archive.

**Codim (the Brazilian Committee for Guidance on Disclosure Best Practice).**

*Best practices for ESG Disclosure.* September 4, 2012


“3.4.3 It is recommended that companies publish sustainability reports in accordance with the GRI guidelines at least to Application Level C. This information should preferably be included in an integrated annual report containing environmental, social and corporate governance (ESG) information as well as financial statements and related information.”

**BACEN (the Brazilian Central Bank):** resolution on the Socio-Environmental Responsibility Policy (PRSA), including publication of sustainability reports. 1st regulation of its type in Brazil. It encompasses credit, relations with all publics, governance structure, risk management and reporting. At public hearing stage.
“Best practice guidance for policy makers and stock exchanges on sustainability reporting initiatives”

**We support it why:**

• Road map for exchanges and regulators

• Best practices

• No one-size-fits-all approach

• “Different countries under different circumstances will need to tailor their sustainability reporting policies to best fit their specific conditions.”

• “Sustainability reporting initiatives should avoid creating reporting obligations for companies that may not have the capacity to meet them.”