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International
Standards of Accounting and Reporting
(ISAR)**

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Wednesday, 5 October 2016

Morning Session

**Agenda item 4. Enhancing the role of reporting in attaining
the Sustainable Development Goals: Integration of
environmental, social and governance information into
company reporting**

Presented by

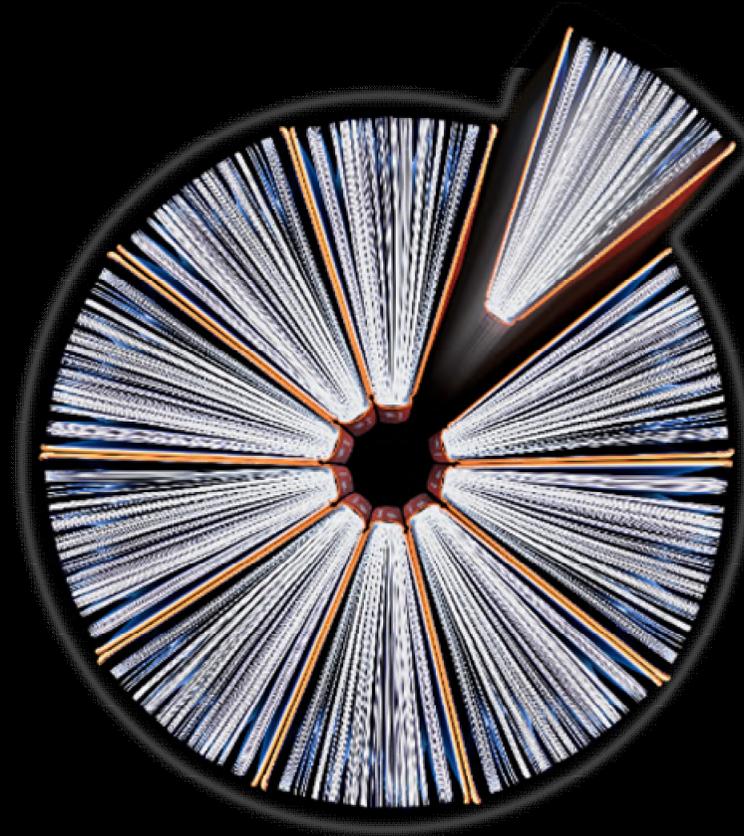
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Enhancing the role of reporting in attaining the SDGs: Integration of the ESG information into companies' reporting

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Impact | Economics | Relations | Transformation

Background: non financial reporting in CE Deloitte CE Top 500

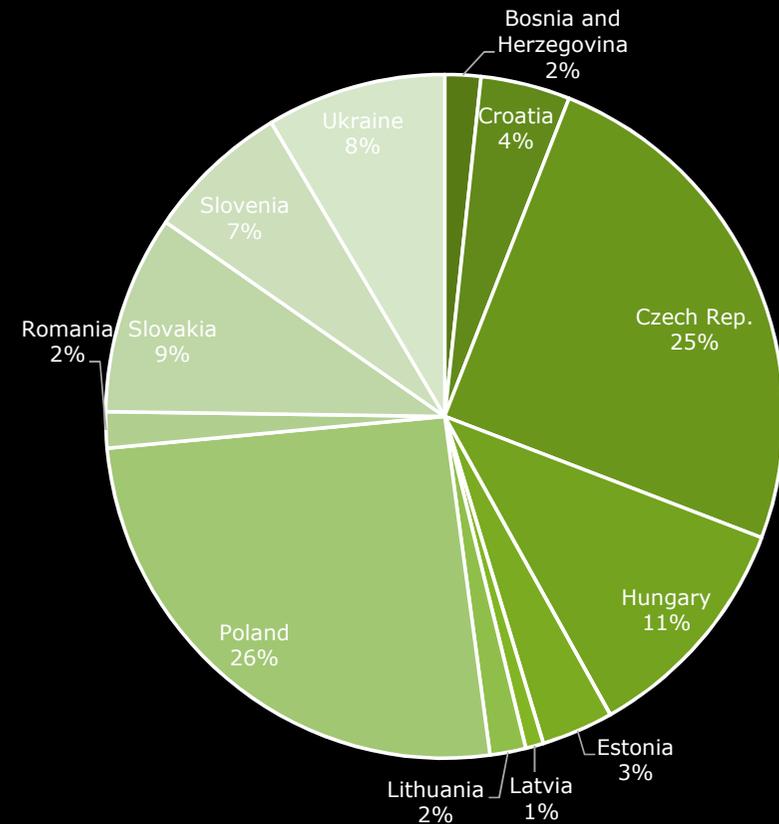
Over **1/5**
(117) companies have
declared they already have
some form of non-financial
reporting in place or at
least will report non-
financial data for 2016

10% increase of Top
500 companies in the last year

50 are drafting their
reports according to
internationally recognized GRI
guidelines

31 integrated reports,
which is **26,5%** of
all declared reports

Non financial reports published by CE Top 500 companies in 2016



Source: CE Top 500 (2016) annual review by Deloitte,
2015 CSR Managers' Survey in the CE

Background: development of non-financial reporting in Poland

About **90** companies have attempted to publish the report, **40** are reporting in 1 or 2-year cycle.

Up to **85%** reports in accordance with Global Reporting Initiative (GRI).

Growing interest in integrated reporting – **20%**

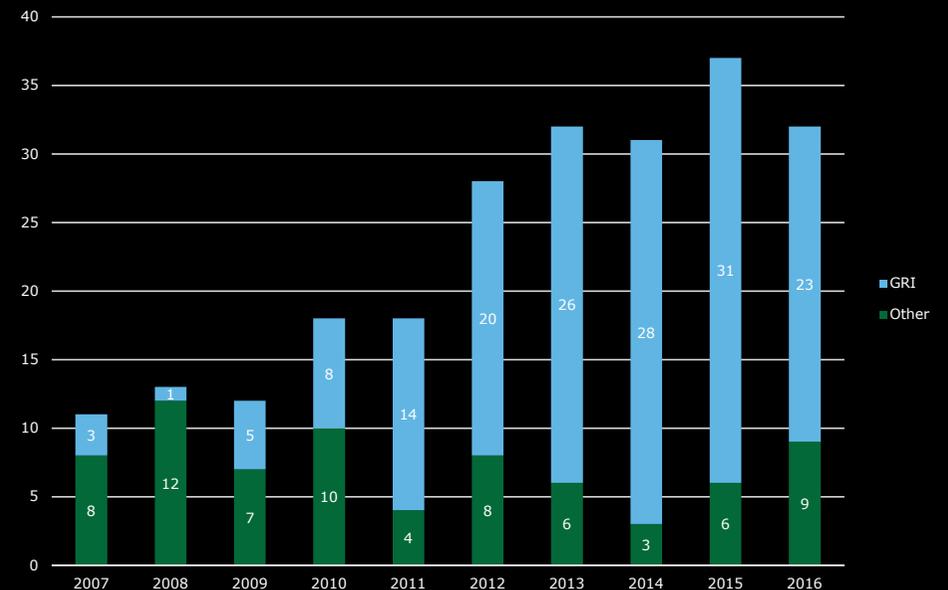
ESG reporting is a standard amongst **RESPECT Index** companies

330 non-financial reports, **232** applications to the reporting contest (2007-2016), 1 distinguished in the regional Gren Frog Award.

84% reports contain strategic approach to CSR.

40% reports from last year's contest externally verified.

Number of reports in Social Reports contest (2007-2016)



Source: Deloitte and Forum Odpowiedzialnego Biznesu

Non-financial Directive as an impulse to SDG's reporting EU Standards

In 2014, the European Union imposed a new reporting requirement regarding **disclosure of non-financial and diversity information**.

Listed companies, banks and other big public interest entities will be obliged to publish non-financial data and disclose its current and predicted negative impact on the environment and areas such as:

- Ethics and respect for human rights



- Natural environment



- Social aspects
- Employee aspects



From January 2018,
around

6000

EU companies (incl. **300**
Polish) will have to
disclose non-financial
information

Mapping SDGs: It is already happening (Bank Zachodni WBK and Grupa LOTOS)

Sustainable development goals

Climate change (13):

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Green Offices:

- We have installed **tap aerators** to reduce water consumption
- We **segregate waste** – certified branches have waste segregation stations and promote environment-friendly behaviours among their employees and customers
- We purchase **environment-friendly equipment** and biodegradable detergents.

2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

Bank Zachodni WBK Grupa Santander

"The Green Office environmental standard opens up many opportunities, not only for the bank's image but also for new products and the way the bank will sell them."

LOTOS ZINTEGROWANY RAPORT ROCZNY 2015

W jaki sposób wpływamy na otoczenie?

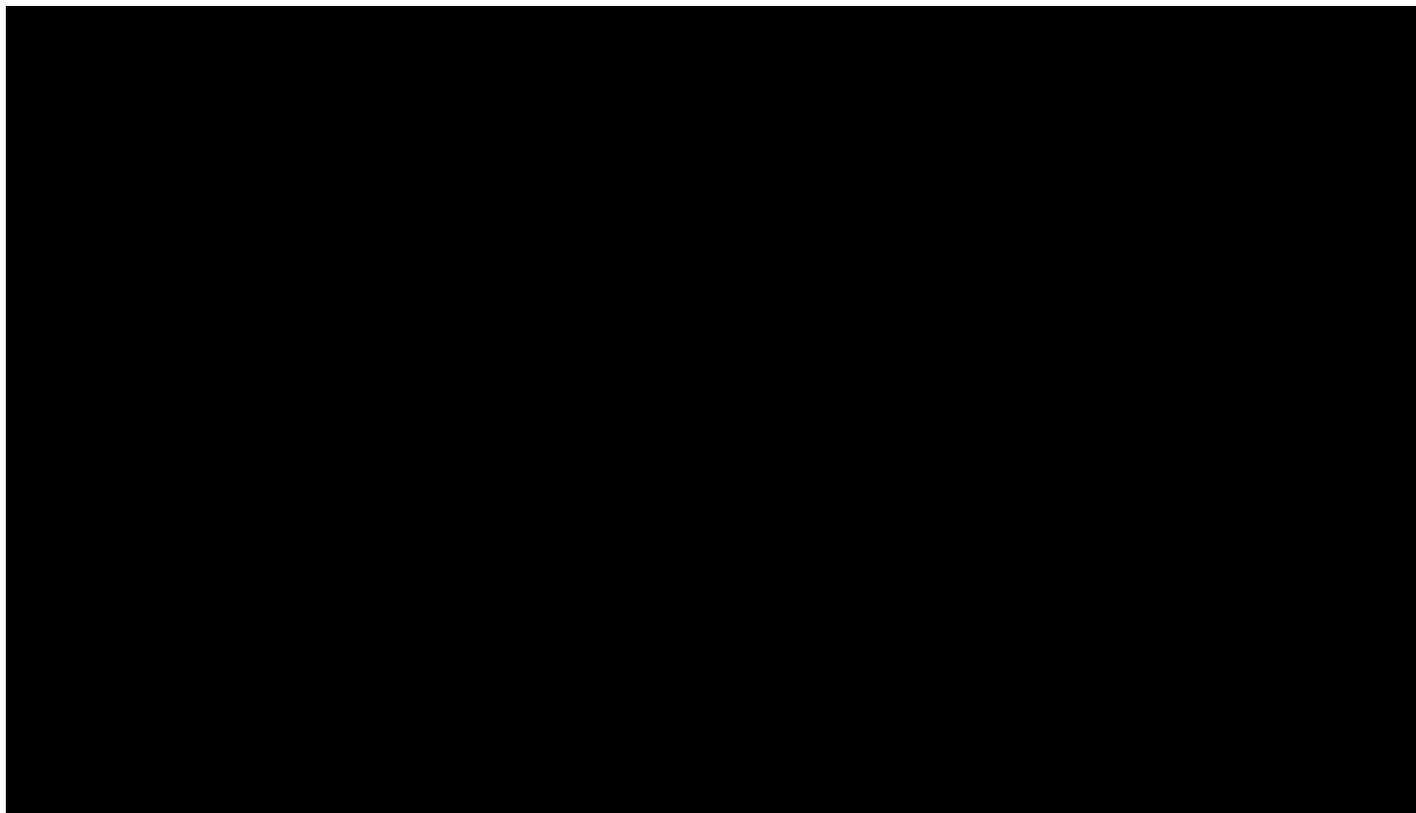
Przez naszą działalność biznesową oraz realizowane programy wpływamy na:

Rynek pracy

THE GLOBAL GOALS For Sustainable Development

- Tworzymy nowe miejsca pracy oraz stawimy zatrudnieniu i rozwojowi zawodowemu. Przykładem może być Program Personal BRA.
- Wieloletni start na rynku pracy poprzez tworzenie miejsc pracy i praktyk oraz warsztaty dla uczniów i studentów.
- Wspieramy rozwój administracji państwowej i samorządowej w obszarze rynku pracy poprzez dzielenie się dobrymi praktykami

Film



What creates impact and why should it be measured?



Any company, regardless of whether it operates internationally, nationally, or just within a province or municipality, **has a significant local impact**.



This is because through the allocation of manufacturing plants and the central branch of the company in a specific, narrow regional environment, **the company influences the development of these regions**, generating additional jobs, creating value added, personal income, and income from taxes and fees for local government.



Local impact measurement can be an **important tool** used to influence the stakeholders perception of the company (eg. customers, politicians, regulators, and members of the local community).



Some of the benefits of measuring the organization's local impact:

- Responding to the **real needs** of the region
- Strengthening **trust** between the company and its surroundings, primarily the local authorities
- Creating **shared value for the company and the region**
- **Legitimization** of company's activities in the local environment
- Increasing the **efficiency** of operations, reducing costs
- Strengthening company's **reputation** and brand image
- Creating an attractive **environment** for the company to operate in
- **Transparency** in communication with stakeholders
- Informed **business decisions** and optimization of operations
- **Risk management**, including reputational risk

Impact of specific industries

Figure 3: Top business impacts by industry

Q. From the list below, please rank the five SDGs where you believe your business (and your value chain) has the greatest impact. (mean index score)

Chemicals	Communication	Energy, Utilities and Mining	Engineering and Construction	Financial Services	Healthcare	Manufacturing	Professional Services	Retail and Consumer	Technology
13 CLIMATE ACTION	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	8 DECENT WORK AND ECONOMIC GROWTH	3 GOOD HEALTH AND WELL-BEING	8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	8 DECENT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	4 QUALITY EDUCATION	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION
2 ZERO HUNGER	4 QUALITY EDUCATION	13 CLIMATE ACTION	13 CLIMATE ACTION	5 GENDER EQUALITY	5 GENDER EQUALITY	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	5 GENDER EQUALITY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
3 GOOD HEALTH AND WELL-BEING	3 GOOD HEALTH AND WELL-BEING	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION	4 QUALITY EDUCATION	13 CLIMATE ACTION	3 GOOD HEALTH AND WELL-BEING	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING
6 CLEAN WATER AND SANITATION	13 CLIMATE ACTION	6 CLEAN WATER AND SANITATION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	4 QUALITY EDUCATION	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION	13 CLIMATE ACTION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Source: *Making it your business: Engaging with the Sustainable Development Goals*, PwC

How can we measure the local impact?

Social Economic and Environmental Development Script (SEEDS) ©



The SEEDS methodology is the first methodology on the market that allows companies and organizations to see how much they contribute to the improvement of the social area in which they operate, and in doing so represents a practical tool for planning cooperation with local authorities in order to create shared value.



The data used in the framework of SEEDS are the result of a **comprehensive study** (this study resulted in the development of the **EU Regional Social Progress Index**) which reviewed **all Polish regions (voivodeships), within 52 variables in 3 key areas**. Looking at the study findings, one can accurately identify the areas in which the selected region reaches a high level of advancement and those that need improvement.

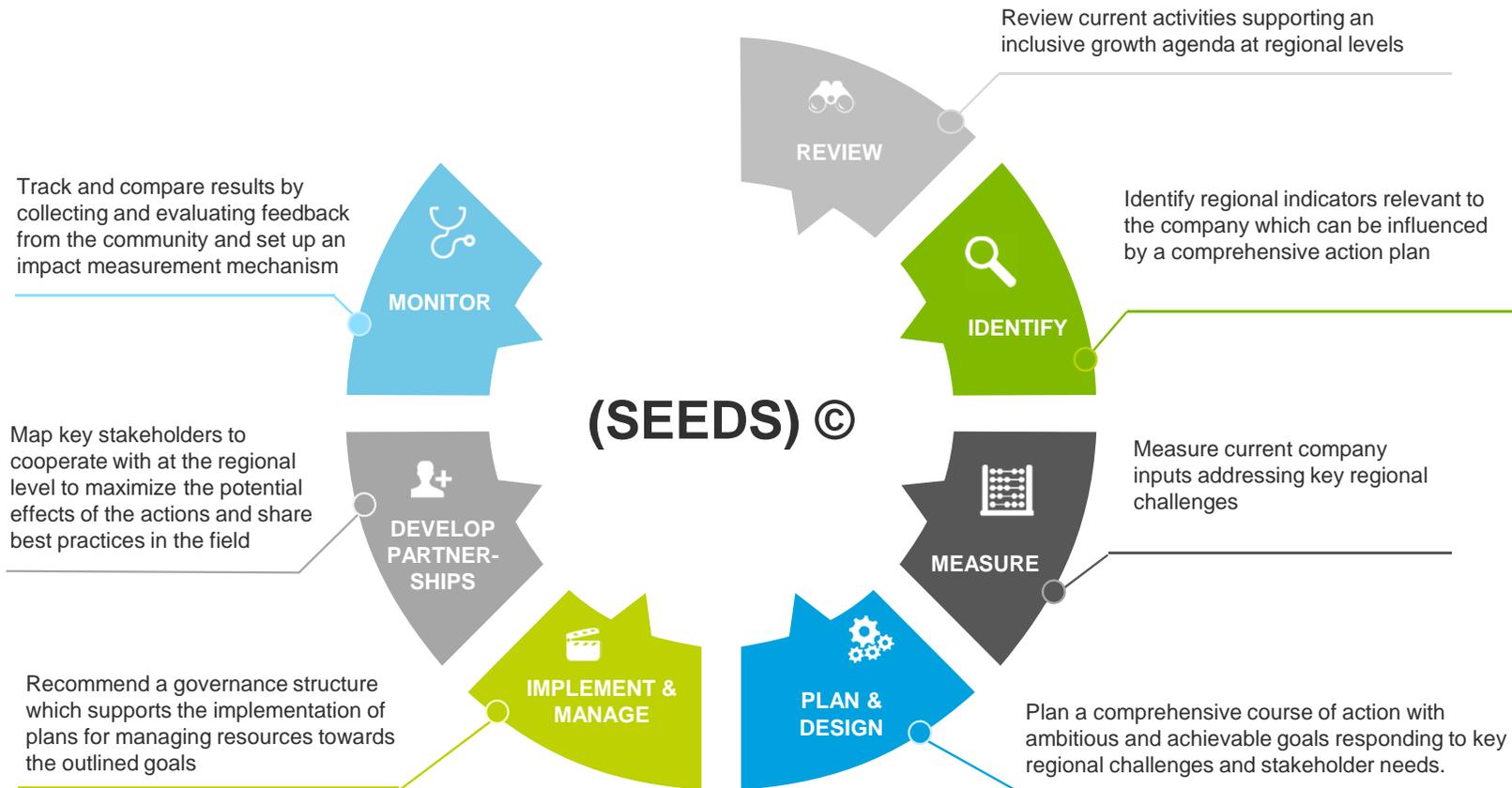


By identifying key areas from the perspective of companies operating in the region and combining them with the most important areas from the perspective of regional development, it is possible to **develop solutions that will contribute to the growth of the region through the growth of the company**.

How can we measure the local impact?

Social Economic and Environmental Development Script (SEEDS) ©

7 Steps to creating meaningful impact in the region



How can we measure the local impact?

A model based on inter-industry flows



The **Input-Output model** reflects the internal connections and relationships between the various sectors of the economy. This model allows for investigating how the business of an enterprise affects the development of their local environment, including its suppliers and subcontractors representing the various sectors of the economy, as well as how the demand impulse generated by the remuneration of their employees, contributes to the growth of the region's economy.

Company's impact can be examined in **3 dimensions**

Impact can be measured in **4 areas**

- Direct Impact**
- resulting from the company's core business activities
- Indirect Impact**
- generated among suppliers and stakeholders of the companies and related industries
- Induced Impact**
- generated by the expenses of the company's employees and employees of affiliated entities



- Value added**
- Employment**
- Incomes of households**
- Revenues for local government - taxes and fees**

Why SPI?

GDP provides an incomplete picture of human and societal development.
The complexities of the 21st century require a new measure of progress as a complement to GDP.



SPI and SDGs

Social Progress Index



Basic Human Needs



Foundations of Wellbeing



Opportunity



Impact measurement - it is already happening

2 288 milion PLN of public sector revenue generated



LIGHT, FULL, AND WITH FOAM
IMPACT REPORT OF GRUPA KAPITAŁOWA ŻYWIEC S.A. FOR 2014 -

CORPORATE WEBSITE OF GRUPA ŻYWIEC | PL



**2 250
mln PLN**

the total added value
generated through our
activities for the economy.

The money would
buy about

**28
Pendolino
-type** trains.



**766
mln PLN**

was the amount of
earnings across the
population generated
for the economy.

This is equivalent to average
monthly incomes of

**571 321
people,**
which is more or less the
number of inhabitants
in Poznań.



**2 288
mln PLN**

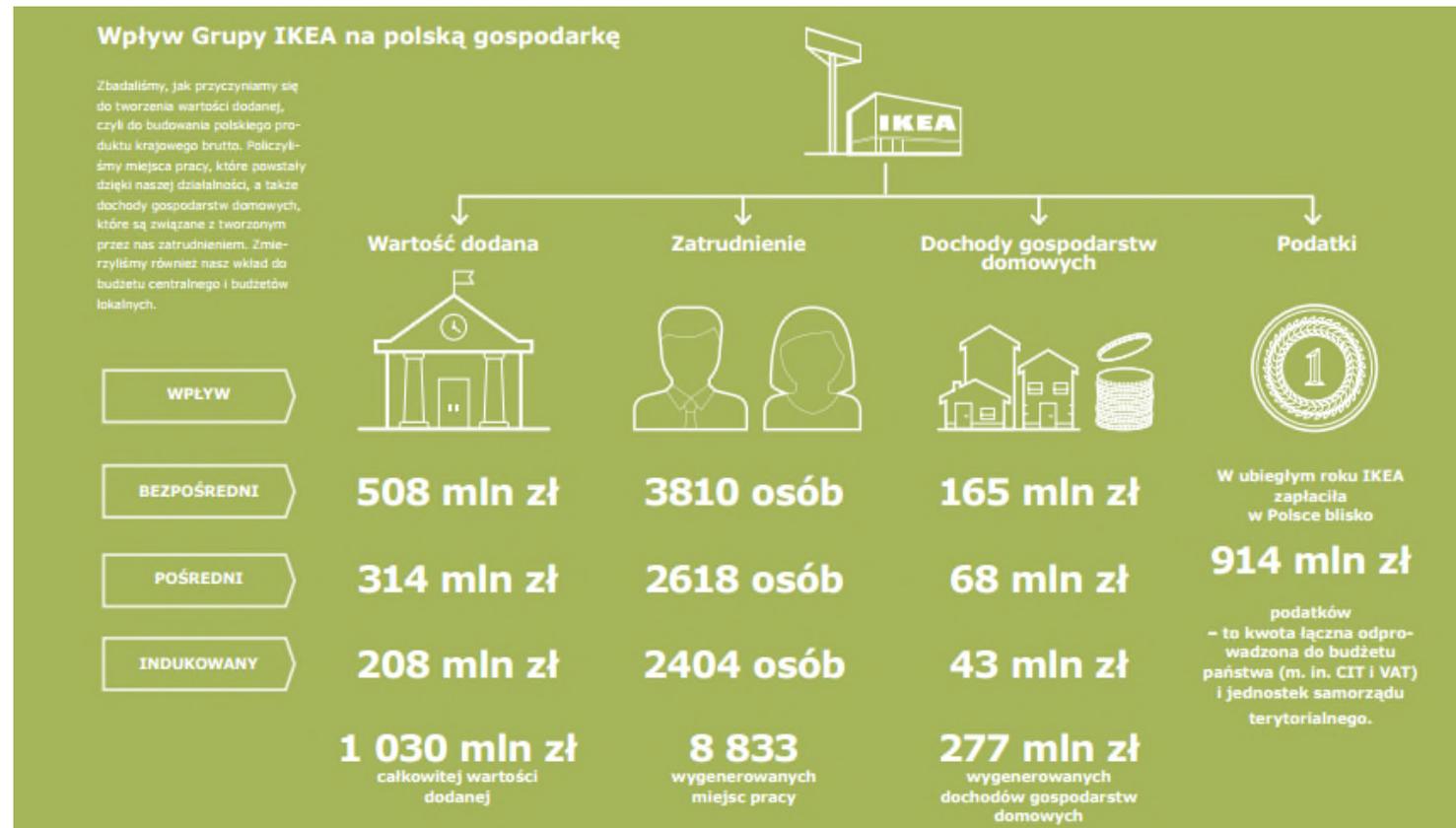
was the amount of public
sector revenue generated

This amount would pay
for the construction of

**half
a motorway**
between Kraków and Kielce.

Impact measurement - it is already happening

One billion PLN of value added for Polish economy

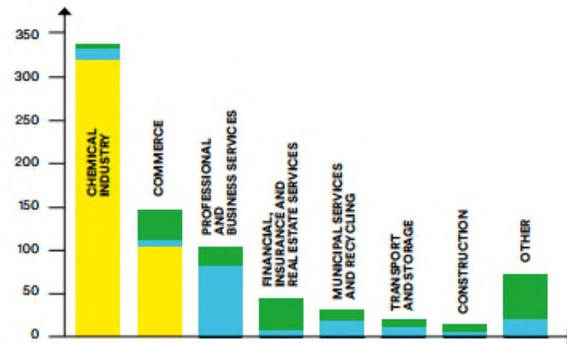


Impact measurement - it is already happening

5,4 thousand jobs generated



Value added category



TOTAL EFFECTS FOR ALL BRANCHES (IN PLN)

766.3 MILLION

420.3 MILLION
DIRECT EFFECT

164 MILLION
INDIRECT EFFECT

182 MILLION
INDUCED EFFECT

Total direct, indirect and induced effects

336.5 million
317.9 million
13.3 million
5.3 million

CHEMICAL INDUSTRY

146.1 million
102.4 million
8.7 million
35.1 million

COMMERCE

103.9 million
80.3 million
23.6 million

PROFESSIONAL AND BUSINESS SERVICES

42.8 million
7.3 million
35.5 million

FINANCIAL INSURANCE AND REAL ESTATE SERVICES

31.1 million
12.6 million
18.5 million

MUNICIPAL SERVICES AND RECYCLING

19.6 million
10.8 million
8.8 million

TRANSPORT AND STORAGE

14.4 million
9.5 million
4.8 million

CONSTRUCTION

72 million
51.8 million
20.2 million

OTHER



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