Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

37th SESSION 2 – 6 November 2020

Tuesday, 3 November 2020

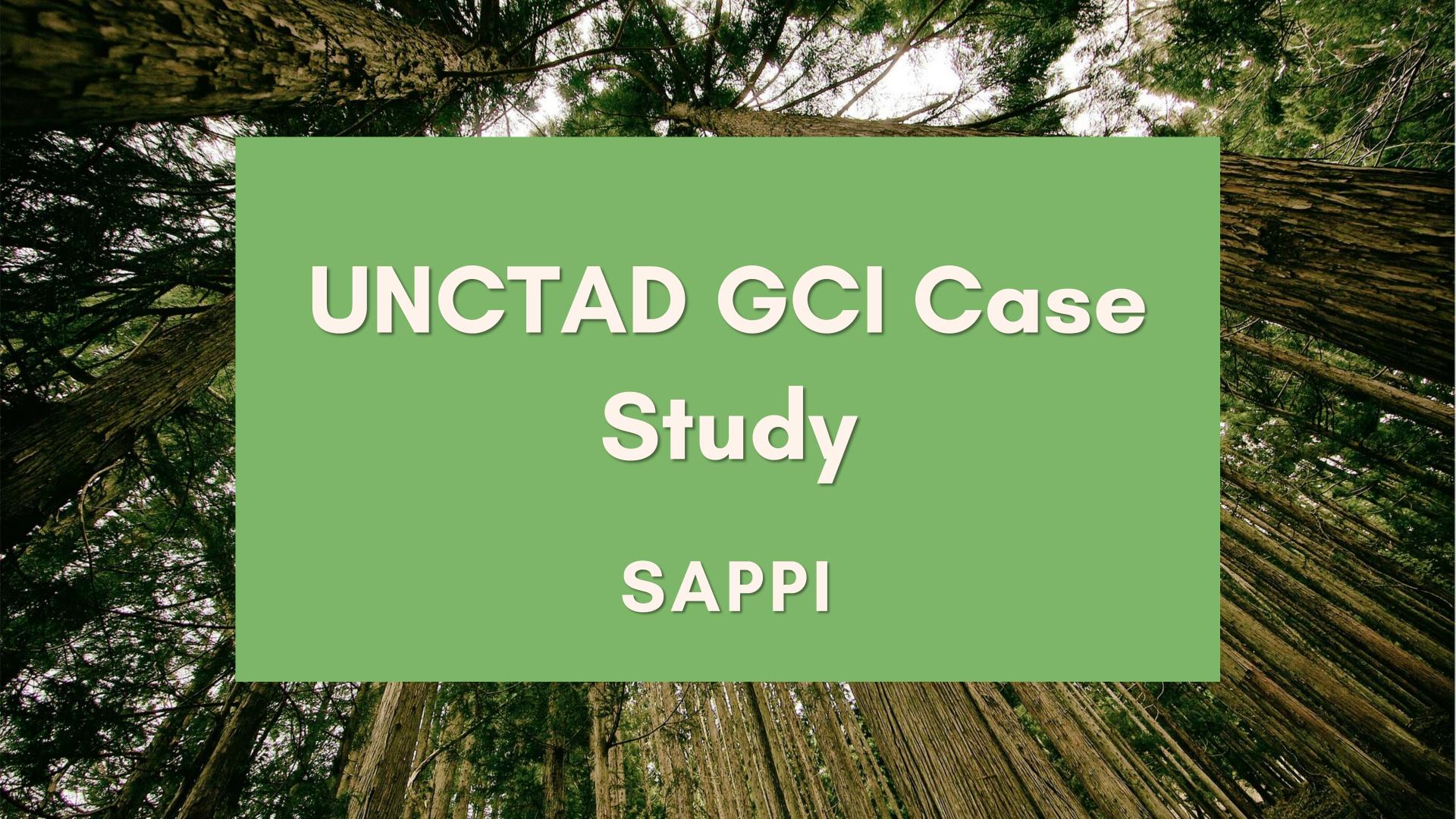
Agenda item 3. Practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals: Review of case studies

Presented by

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SAPPI'S ALIGNMENT WITH THE SDGS GLOBALLY

What does this goal mean to Sappi?

Water is an essential natural resource onwhich our company depends. We need to use it responsibly and demonstrate that we take this responsibility sortously. Water quality, availability and access are critical leaves impacting sustainable development, but the diversity and severity of water lauces very widely between regions. countries or specific locations.

As an energy-intensive industry, our fuel choices have a: big impact. Where SDG13 focuses more directly on CO., emissions, the point of relevance for this goal is explicitly on the state of renounble energy within our total energy consumption. The proposed indicators should help to profile our progress as well as ecoourage us to continually improve and look for new energy solutions. A reduction In energy intensity is another, complementary way that Syppi can contribute to this goal.

Given that we are a responsible business operating in many locations around the world and an employer of over 13,000 people, this goal is strongly linked to Sappi's commitments to Prosperity and People.

Manufacturing products from sustainably harvested, renewable forest resources is the core of our business. Correspondingly, there are many points of relevance for how Seppi asn-contribute to this SEXII, expectelly from: the perspectives of manufacturing, product design and product use/end of tile. We operate according to circular economy principles by using resources efficiently and reducing waste generation, from manufacturing processes through to end of life product recycling. With investments in HMI) and new product development, Sapp's innovation continually strives to create new products and value from woodfibre and side streams. Not only does this work improve resource use but, in many cases, it also generates products that have superior sustainability credentials to the conventional products that they replace.

How are we translating the goal into action?

We have proposed a global indicator which will focus on water consumption as measured by water use efficiency (refriedt). It will only apply to Sappi mills located in water-source locations. Across all Sappi mills, the topic of water stewardship will be embedded to ensure we take a proactive and responsible approach to managing water issues holistically, even in locations not considered water searce.

Clobal goals will focus on the share of renewable energy in power and on apositic total energy



Indicators that adequately cover the scope of this goal and reflect both the degre to measure and redoce. negative impacts socidents) and quantity positive contributions (contribution to local economics) and specifically reflect sustainability aspirations. Proposed indicators are:

- Safety & TITTO
- % procurement spend with declared compliance: with Supplier Code of Conduct
- Bender diversity: Proportion of women in middle and serior management.
- Employment engagement survey

The global indicators we have proposed include reduction of specific landfilled waste and new products isunched with defined sostsinability benefits.

with the United Nations Development Goals Aligning v Sustainable I













In alignment with the spirit of the first UN Summit on the Sustainable Development Goals (SDGs): Gearing up for a decade of action and delivery for sustainable development, in 2019 we established a working group to prioritise the SDGs most relevant to our business and develop related action plans. As set out below, we have identified seven global priority SDGs where we can make the biggest contribution, either by reducing our negative impacts or increasing our positive contributions. In South Africa, we have also identified SDG1: No poverty and SDG4: Quality education. For further details, please see our 2019 SSA Corporate Citizenship Report.

What does this goal mean to Sappi?

loking urgent and appropriate actions to combat olimate change and its impacts is a shared responsibility reinforced in the Plans Agreement and regional and national regulations and/or inflatives. For Sappi the obvious and direct connection to this SOG is through our CO, emissions and actions and conveilments see. take to reduce them.

This SDC seeks to protect, restore and promotesustainable use of terreshial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt blodfversity low.

How are we translating the goal into action?

We are looking to set an ambitious strategic goal to decarbonies to prevent a 1.5°C temperature rice and at intensifying efforts to work with suppliers and customers to reduce CO, emissions (Scope 3 settors.)

With Sappi's excellence in sustainable forest management and strong referoe on forest certification systems, we can make a positive impact on this goal by continuing to introsec our positive contributions losustainably managed forests and using our established global forest certification goal as an indicator. Looking ahead, we plan to take a more active, collaborative role on forest-related issues and expand our use of social media onthis issue.

While Soppi is already engaged and contributing to many portnerships and collaborations, there are many further opportunities to the sustainability arena for Sappi to become more involved generally, or in pursuit of our SIX's conventments specifically. The intention with this goal is further strengthen our contribution to pertrenships In e way that is well aligned with our priority SCXIss and topics, and where a partnership approach can support us in contributing more actively and effectively

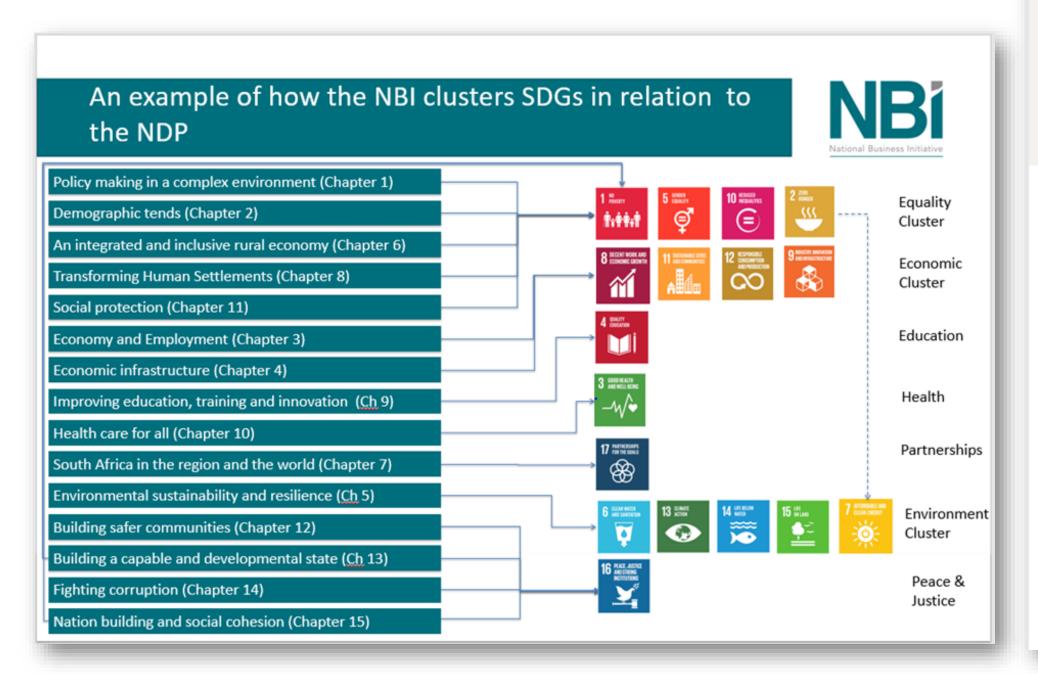
We will focus on building and activating partnerships to contribute to our priority SDGs and priority topics including: climate change and forests, sustainable forest management, water elewardship, responsible procurement, innovation, circularly and energy policy.

SUMMARY OF CURRENT STATUS OF REPORTING

Area	Number of GCI Indicators	Indicators Fully Reported	Indicators Partially Reported	Indicators Not Reported
A. Economic	8	8		
B. Environment	11	10		1
C. Social	7	5	1	1
D. Institutional	7	6		1
Total	33	29	1	3

KEY FINDINGS

SDG REPORTING IN SOUTH AFRICA





KEY FINDINGS CONTD

- Alignment between SAPPI's global priority SDGs and material issues and the SDGs covered by the GCI's
- Normalised/specific data
- Consistency of wording used for "Reporting by Country"
- Wider engagement with the private sector required to make companies aware of the GCI as this will assist with the private sector reporting on implementation of the SDGs and will also enable companies to measure progress in attaining SDGs and support government in collection of data for reporting on SDG 12.6.1.

CHALLENGES

NORMALISED DATA

EXCEPTION REPORTING

e.g. hazardous waste in SAPPI's case

INDICATORS THAT COMPANIES MIGHT FIND DIFFICULY TO REPORT

C.3: Indicator C.3.1. Expenditures on employee health & safety as a proportion of revenue: Consideration could be given to adding more clarity or better aligning it to the relevant SDG Indicator, 3.8: Ensure universal access to medical assistance. Alternatively, based on the collective outcome of the other case studies and whether companies are able to report this data or not, consideration could be given to an alternative source of data to track performance against this target, e.g. percentage of workforce covered by a medical insurance or employee medical insurance company contributions as a percentage of revenue.

CONSISTENCY OF TERMINOLOGY USED

Reporting by region

