

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

**37th SESSION
2 – 6 November 2020**

Wednesday, 4 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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Company A: Identity Card

- ▶ producing diamond tools for cutting and processing marble, granite, engineered stone and ceramic
- ▶ based in the north of Italy
- ▶ more than 40 years of activity
- ▶ In 2018:
 - ▶ revenues of 18 million euro, 27 million euro of total assets
 - ▶ 134 employees
- ▶ For what concerns disclosure:
 - ▶ Integrated Reporting (since 2013)
 - ▶ GRI Standards in accordance to “Core Option”.
 - ▶ Italian Accounting Standards issued by the OIC (Organismo Italiano Contabilità, the Italian Accounting Body)

The Core Indicators: An overview

▶ Economic area indicators

- ▶ Revenue
- ▶ Value added (gross value added, GVA)
- ▶ Net value added (NVA)
- ▶ Taxes and other payments to the Government
- ▶ Green investment
- ▶ Community investment
- ▶ Total expenditures on research and development
- ▶ Percentage of local procurement

▶ Environmental area indicators

- ▶ Water recycling and reuse
- ▶ Water use efficiency
- ▶ Water stress
- ▶ Reduction of waste generation
- ▶ Waste reused, re-manufactured and recycled
- ▶ Hazardous waste
- ▶ Greenhouse gas emissions scope 1
- ▶ Greenhouse gas emissions scope 2
- ▶ Ozone-depleting substances & chemicals
- ▶ Renewable energy
- ▶ Energy efficiency

▶ Social area indicators

- ▶ Proportion of women in managerial positions
- ▶ Average hours of training
- ▶ Expenditure on employee training
- ▶ Employee wages and benefits by type and gender
- ▶ Expenditures on employee health and safety
- ▶ Frequency/incident rates of occupational injuries
- ▶ Percentage of employees covered by collective agreements

▶ Institutional area indicators

- ▶ N. of board meetings and attendance rate
- ▶ N. and percentage of female board members
- ▶ Board members by age range
- ▶ N. of meetings of audit committee and attendance rate
- ▶ Total compensation per board member and executive
- ▶ Amount of fines paid or payable due to convictions
- ▶ Average n. of hours of training on anti-corruption issues

The Core Indicators for Company A

▶ Economic area indicators

- ▶ Revenue
- ▶ Value added (gross value added, GVA)
- ▶ Net value added (NVA)
- ▶ Taxes and other payments to the Government
- ▶ Green investment
- ▶ Community investment
- ▶ Total expenditures on research and development
- ▶ Percentage of local procurement

▶ Environmental area indicators

- ▶ Water recycling and reuse
- ▶ Water use efficiency
- ▶ Water stress
- ▶ Reduction of waste generation
- ▶ Waste reused, re-manufactured and recycled
- ▶ Hazardous waste
- ▶ Greenhouse gas emissions scope 1
- ▶ Greenhouse gas emissions scope 2
- ▶ Ozone-depleting substances & chemicals
- ▶ Renewable energy
- ▶ Energy efficiency

▶ Social area indicators

- ▶ Proportion of women in managerial positions
- ▶ Average hours of training
- ▶ Expenditure on employee training
- ▶ Employee wages and benefits by type and gender
- ▶ Expenditures on employee health and safety
- ▶ Frequency/incident rates of occupational injuries
- ▶ Percentage of employees covered by collective agreements

▶ Institutional area indicators

- ▶ N. of board meetings and attendance rate
- ▶ N. and percentage of female board members
- ▶ Board members by age range
- ▶ N. of meetings of audit committee and attendance rate
- ▶ Total compensation per board member and executive
- ▶ Amount of fines paid or payable due to convictions
- ▶ Average n. of hours of training on anti-corruption issues

The Core Indicators for Company A

	Economic	Environmental	Social	Institutional
Disclosed	7	3	3	4
Qualitative information provided and quantitative expected in 2019 report	1	2	4	1
No data available	0	6	0	2

Company A

- ▶ **AS IS:** able to fully disclose **17** out of the 33 GCI indicators
- ▶ **TO BE:** disclose **25** out of 33 indicators with full coverage of the economic and social areas.



Company B: Identity Card

- ▶ wholesale and retail sale of beauty products: perfumery and personal care products
- ▶ based in the south of Italy
- ▶ 23 years of activity
- ▶ In 2018:
 - ▶ revenues of 22 million euro, 18 million euro of total assets
 - ▶ 116 employees
- ▶ For what concerns disclosure:
 - ▶ Integrated Reporting (first time in 2018)
 - ▶ GRI Standards in accordance to “Core Option”
 - ▶ Italian Accounting Standards issued by the OIC (Organismo Italiano Contabilità, the Italian Accounting Body)

The Core Indicators: An overview

▶ Economic area indicators

- ▶ Revenue
- ▶ Value added (gross value added, GVA)
- ▶ Net value added (NVA)
- ▶ Taxes and other payments to the Government
- ▶ Green investment
- ▶ Community investment
- ▶ Total expenditures on research and development
- ▶ Percentage of local procurement

▶ Environmental area indicators

- ▶ Water recycling and reuse
- ▶ Water use efficiency
- ▶ Water stress
- ▶ Reduction of waste generation
- ▶ Waste reused, re-manufactured and recycled
- ▶ Hazardous waste
- ▶ Greenhouse gas emissions scope 1
- ▶ Greenhouse gas emissions scope 2
- ▶ Ozone-depleting substances & chemicals
- ▶ Renewable energy
- ▶ Energy efficiency

▶ Social area indicators

- ▶ Proportion of women in managerial positions
- ▶ Average hours of training
- ▶ Expenditure on employee training
- ▶ Employee wages and benefits by type and gender
- ▶ Expenditures on employee health and safety
- ▶ Frequency/incident rates of occupational injuries
- ▶ Percentage of employees covered by collective agreements

▶ Institutional area indicators

- ▶ N. of board meetings and attendance rate
- ▶ N. and percentage of female board members
- ▶ Board members by age range
- ▶ N. of meetings of audit committee and attendance rate
- ▶ Total compensation per board member and executive
- ▶ Amount of fines paid or payable due to convictions
- ▶ Average n. of hours of training on anti-corruption issues

The Core Indicators for Company B

▶ Economic area indicators

- ▶ Revenue
- ▶ Value added (gross value added, GVA)
- ▶ Net value added (NVA)
- ▶ Taxes and other payments to the Government
- ▶ Green investment
- ▶ Community investment
- ▶ Total expenditures on research and development
- ▶ Percentage of local procurement

▶ Environmental area indicators

- ▶ Water recycling and reuse
- ▶ Water use efficiency
- ▶ Water stress
- ▶ Reduction of waste generation
- ▶ Waste reused, re-manufactured and recycled
- ▶ Hazardous waste
- ▶ Greenhouse gas emissions scope 1
- ▶ Greenhouse gas emissions scope 2
- ▶ Ozone-depleting substances & chemicals
- ▶ Renewable energy
- ▶ Energy efficiency

▶ Social area indicators

- ▶ Proportion of women in managerial positions
- ▶ Average hours of training
- ▶ Expenditure on employee training
- ▶ Employee wages and benefits by type and gender
- ▶ Expenditures on employee health and safety
- ▶ Frequency/incident rates of occupational injuries
- ▶ Percentage of employees covered by collective agreements

▶ Institutional area indicators

- ▶ N. of board meetings and attendance rate
- ▶ N. and percentage of female board members
- ▶ Board members by age range
- ▶ N. of meetings of audit committee and attendance rate
- ▶ Total compensation per board member and executive
- ▶ Amount of fines paid or payable due to convictions
- ▶ Average n. of hours of training on anti-corruption issues

The Core Indicators for Company B

	Economic	Environmental	Social	Institutional
Disclosed	7	0	4	1
Qualitative information provided and quantitative expected in 2019 report	1	4	3	4
No data available	0	7	0	2

Company B

- ▶ **AS IS:** able to fully disclose **12** out of the 33 GCI indicators
- ▶ **TO BE:** disclose **24** out of 33 indicators with full coverage of the economic and social areas.



Lessons learned and reflections

- ▶ Most challenging areas:
 - ▶ **Environmental:** the companies do not have the activity/ practice in place or data are not tracked. For instance, this is the case for the following indicators:
 - ▶ B.1.1 Water recycling and reuse: both companies did not recycle or reuse water during the period
 - ▶ B.4.1 Ozone-depleting substances and chemicals: both companies do not track this area as, given the characteristics of the production processes, it is considered to be immaterial by the companies
 - ▶ **Institutional:** SMEs have simple governance structures
- ▶ Most important challenges:
 - ▶ **Data collection**
 - ▶ **Materiality**