

SUSTAINABILITY GOVERNANCE SCORECARD

No:19/2021

**Good governance
for quality of life**

SUSTAINABILITY GOVERNANCE SCORECARD

ASSESSMENT OF GLOBAL SUSTAINABILITY LEADERS'
2019 DISCLOSURES



**ARGÜDEN
GOVERNANCE
ACADEMY**

Good Governance for
Quality of Life

Argüden Governance Academy Publications

No: 19

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ISBN: 978-605-2288-16-0

1. PUBLICATION: December 2021

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DISCLAIMER

This Research is conducted based on publicly available information disclosed by companies in our research sample for the reporting year of 2019. Information from websites was retrieved in 2021, the same year when 2019 activities were reported.

The analysis is based on information that the companies have disclosed. We have not checked for or pursued independent verification of disclosed information and accepted the disclosed information as trustable and accurate.

In SGS 2021, we have sharpened our evaluation method in terms of target sharing. We analyzed whether companies share SMART measures and also updated our SGS 2020 results with our updated evaluation method.

PREFACE

Investors, board members, executives, public officials, and the public in general are becoming more sensitive to sustainability issues. Many companies are embracing new initiatives and incorporating sustainability into their strategies. Sustainability leaders are realizing that they need to consider the impact of all their decisions and actions on all stakeholders, current and future. Furthermore, by integrating the externalities in decision making, they are not only improving the resilience of their companies to environmental and social risks, but also able to identify opportunities for innovation and value creation.

To move towards a more sustainable future, we need to have organizations that assume their sustainability responsibilities and take action. Companies that take sustainability seriously, also improve the sustainability of their success. Sustainability of the success of a corporation can only be achieved by adopting a long-term perspective, considering the interests of all stakeholders in decision making, and continuous ability to invest and innovate. **Sustainable success** can be achieved through integrated thinking (for innovation and sustainability), effective implementation (for value creation and value capture), and proper communication of value creation and value capture models (value reporting for gaining the trust of the stakeholders to gain preferential access to capitals).

ESG has become an important acronym for sustainability by utilizing the first letters of environmental, social, and governance. However, ESG does not do justice to the concept of sustainability for at least two reasons:

- Analysis and management of environmental and social impacts should not be considered as adjunct to financial/economic impact but rather as an integral consideration in all decision-making.
- Governance is not a separate domain, but rather a framework on how guidance and oversight is provided over all decisions and actions that have economic, environmental, and social impacts.

Decisions by the companies impact not only their own financial outcomes, but also have significant influence on the economic, environmental, and social outcomes for all their stakeholders including their value chain, communities, and quality of life for all and especially for future generations. Sustainable future requires decision-making processes that incorporate all potential impacts, incorporating the positive and negative externalities into our decision-making processes, and avoiding short-sightedness and selfishness. Gaining the trust of the stakeholders requires transparent disclosures on all these dimensions in an integrated manner.

Therefore, labeling G for governance as one of the concepts along with Environment and Social (ESG), does not do justice to how we should

provide governance to all our decision making and their implications for Economic (financial outcomes for the company as well as economic development for the whole value chain), Environmental, as well as Social domains.

Governance is providing guidance and oversight to management to ensure sustainability of the organization by gaining the trust of all stakeholders. Therefore, good governance is about creating a climate in which a culture for building value and trust nourishes. Good governance needs to ensure that the organization has the right people, processes, information, and values to create value and trust. Happiness and success come from aligning our thoughts, words, and deeds. Therefore, **we need to change our terminology of ESG to G(EES)** to instill a proper understanding of Good Governance that needs to encompass evaluation of the impacts of management decisions on the Economic, Environmental, and Social domains. **We need to understand that good governance is the key to the sustainability of sustainability efforts.**

Sustainability Governance Scorecard® relies on the broader perspective of sustainability –sustainability of sustainability efforts– which is the key for good governance. In SGS 2021, we emphasize that the necessary ingredient of sustainability is governance. Some parts of our report mention sustainability subtopics as E,S,G due to the reporting mechanisms of the companies as this research relies on their public disclosures.

Argüden Governance Academy has been conducting this impact-research for the last three years to review the financial and sustainability disclosures of about 200 Global Sustainability Leaders from 7 countries through a governance lens. While the sustainability performance of various companies is difficult to compare, as such performance is context specific, their approach to governance of sustainability efforts provides important insights for everyone.

This impact-research aims to bring insight and information to the attention of decision makers to motivate action and improve the effectiveness of implementation. Our approach is intended to be utilized as an improvement tool for better governance of sustainability issues. The Sustainability Governance Scorecard does not aim to measure the companies' sustainability performance but seeks to identify the presence of an environment and a climate of sustainability governance where sustainability efforts can flourish. Our report also includes best-practice examples of various GSLs to accelerate learning from peers.

We hope that the Sustainability Governance Scorecard will help improve the state of the world by speeding up peer learning from the Global Sustainability Leaders analyzed in this research.

Dr. Yılmaz Argüden

EXECUTIVE SUMMARY

This year, we have an agenda which will be discussed even more in the near future: Climate-Neutral World. Following the Paris Agreement, the European Commission set policies with the European Green Deal to reach climate neutral Europe by 2050. The Green Deal isn't a lay but will inspire legislative firestorm which may increase transparency and accountability.

Companies became more aware about the interconnectedness of the world with the global pandemic. The necessity for all actors to cooperate for a more sustainable future is relatively more visible than ever.

The global nature of problems we face requires companies to **SHIFT their understanding of responsibility; by focusing on Sustainability, adopting a Holistic approach, implementing continuous Improvement, understanding their impact on economic, environmental, and social issues through Fact based impact analyses, and sharing their sustainability Targets transparently to become accountable and to enable collaboration with stakeholders.**

Successful companies are the ones that do not only measure their own risk, but measure their sustainability risk. In other words, sustainability is no longer a “nice to have” issue for companies, but a crucial element for the future. To move towards a more sustainable future, we need to have organizations that assume their sustainability responsibilities and take actions. Corporations –with their resources, efficiency, innovation capabilities, and access to talent– have the opportunity to be at the forefront of this change. To achieve this, companies need to embark on a broad transformation journey and lead the way in re-evaluating their traditional performance models to encompass sustainability issues and ecosystem-level thinking for a more sustainable future.

Sustainability is over and above environmental and social issues. It is the governance of all economic, environmental, and social effects. This is the reason why we focus on the governance of sustainability, instead of sustainability performance alone. Governance is the key to deal with sustainability issues in a consistent manner.

Integrating sustainability into a performance management approach requires a continuous improvement mindset and cooperation between boards, management, investors, regulators, and civil society. To support this effort, we analyzed 197 Global Sustainability Leaders (GSLs) who are part of Sustainable Stock Exchange Initiatives from 7 countries and 10 industries (see Appendix II). We analyzed publicly available data through a ‘governance lens’ to identify

and share insights from the GSLs on how they provide governance to their sustainability efforts and also best-practice examples to accelerate learning from peers.

The Sustainability Governance Scorecard® leans on the analysis of three main chapters: Responsible Boards, Sustainability Performance, and Sustainability Journey. As a result of our detailed analysis, we present a how-to guide on governance of sustainability and provide peer-to-peer learning opportunities based on good practices shared by the Global Sustainability Leaders on how they approach their sustainability efforts. These examples are presented in the relevant chapters throughout this Report.

Sustainability Governance Scorecard®

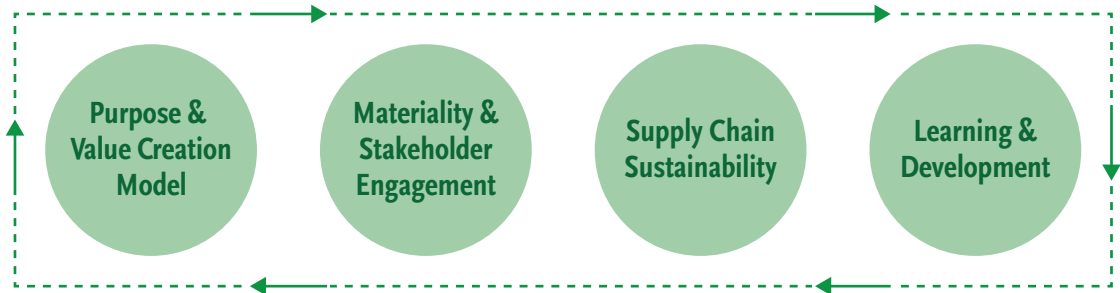
Responsible Boards

Skill Matrix	Guidance
Executive Compensation	Oversight

Sustainability Performance

KPIs	Targets	Results	Results Evaluation
Scope of Implementation			Link to SDGs

Sustainability Journey



Sustainability Governance Scorecard 2021 (SGS 2021) results show that GSLs have improved on several fronts compared to the previous year. However, there is still significant room for improvement in the effectiveness of execution and accountability of their sustainability programs, and significant opportunity to learn from peers to accelerate progress.

SGS 2021 results show that GSLs should SHIFT their understanding of responsibility: Sustainable, Holistic, Improving, Fact Based, Targeted.

S H I F T

focusing on **S**ustainability,
 adopting a **H**olistic approach,
 implementing continuous **I**mprovement,
 measuring their efforts through **F**act-based impact analyses,
 and sharing their sustainability **T**argets transparently.

1. **Boards should provide proper guidance and oversight in sustainability. Good Governance is essential for sustainable value creation in the long run:** This is possible through setting the right governance mechanisms, ensuring the board has the composition and skills to lead sustainability issues, and linking executive compensation with sustainability metrics to incentivize management towards sustainable value creation in the long run.

Skills Matrix: Indian companies outperform in disclosing the skills matrix (82% with a 70% improvement compared to SGS 2020). In India, SEBI had introduced a requirement for listed companies to enlist the core skills, expertise, and competencies of their Board members in 2019. This increased the transparency in disclosing the skills matrix, which is inspiring for other countries. We are happy to raise this issue at the Indian Stock Exchange Sustainability Governance Scorecard event in 2019.

Executive Compensation: Best-in-class companies align executive compensation with strategic sustainability targets to sharpen management's focus and incentivize the management to prioritize sustainability. All companies in our research sample share executive compensation, 88% share a link of executive compensation to financial targets, but only 31% share a link to sustainability targets. Companies focus more on social sustainability KPIs (28%), whereas only 18% link to environmental KPIs and 12% to governance KPIs.

2. **What gets measured gets improved:** Companies should adopt a holistic approach to improve performance management in sustainability, which consists of identifying KPIs for material sustainability issues, setting targets, reporting on progress, and evaluating results to consistently get better at managing sustainability. As part of our research, we analyzed whether a company adopts a holistic approach in sustainability management across governance of specific economic, environmental, and social matters in depth.

In SGS 2021, Global Sustainability Leaders show progress in holistic performance management with respect to sustainability in comparison to SGS 2019 and SGS 2020. However, in the depth of environmental, social, and governance context, a significant improvement opportunity remains. This year, we have updated our evaluation method for targets which should be SMART. With this perspective, the gap between policies and targets is the highest for Compliance, Product Design and Safety, Hazardous Materials, Biodiversity, and Responsible Sourcing (more than 50% difference).

3. **Companies can not position their business isolated; they have to admit they are part of the ecosystem and should act accordingly:** Taking only reactive actions for sustainability is not sufficient. It requires not only managing the negative and positive sustainability impacts of the company's operations but also taking responsibility for the company's wider sphere of influence.

Managing the ecosystem includes taking responsibility for the environment, communities, and networks in which the company operates. In SGS 2021, the reporting of GSLs revealed their prioritization of local empowerment in addition to environmental stewardship. They either support local suppliers, communities, or their ecosystems. Best-in-class companies perform gap analysis to assess the need in an area, do stakeholder engagement, create an action plan with KPIs, and disclose results and impact.

Most of the GSLs set targets across environmental, social, and governance categories (81%, 70%, and 86% respectively). There is an increasing trend in target-setting for sustainability areas in comparison to SGS 2020. Companies tend to set targets for their ecosystem rather than their value chain in social and governance issues. However, it is the contrary for environmental issues, where GSLs prioritize sharing results and targets for their value chain rather than their ecosystem.

4. **Adopting global initiatives or approaches and aligning with the SDGs make a reasonable difference for the sustainability governance quality of the GSLs:** When we compare our three reporting periods (SGS 2019, SGS 2020, and SGS 2021), companies that adopt at least one initiative outperform in several areas. For instance, all SASB companies disclose supplier code of conduct covering each environmental, social, and governance issue. The percentage of companies that define sustainability KPI for Executive Compensation is higher for companies which adopted at least one global initiative compared to the companies which did not adopt any.

Sustainable Development Goals (SDGs) not only have a significant impact on the economic, environmental, and social issues, but also on the governance of all, in which businesses will operate in the future. There is an increasing number of companies –both public and private– committing to the SDGs. However, the business world is falling short in disclosing their credible contributions to SDGs and there is still an intention-action gap. Despite a positive trend towards adopting SDGs compared to the last two years, there is still room for improvement, especially in sharing results and setting targets for the SDGs. Link to the SDGs increased by 13% both for strategy alignment (from 73% to 86%) and results alignment (from 58% to 71%) in comparison to SGS 2020. Target setting for SDGs is 50%, and similar to the previous year, strategy and results alignment is the highest for SDG 8, 13, and 12 –focusing on areas relevant to the core value proposition. If we are to reach the global goals by 2030, companies should step-up to set targets, measure outcomes and partner for scale-up.

OVERALL RESULTS

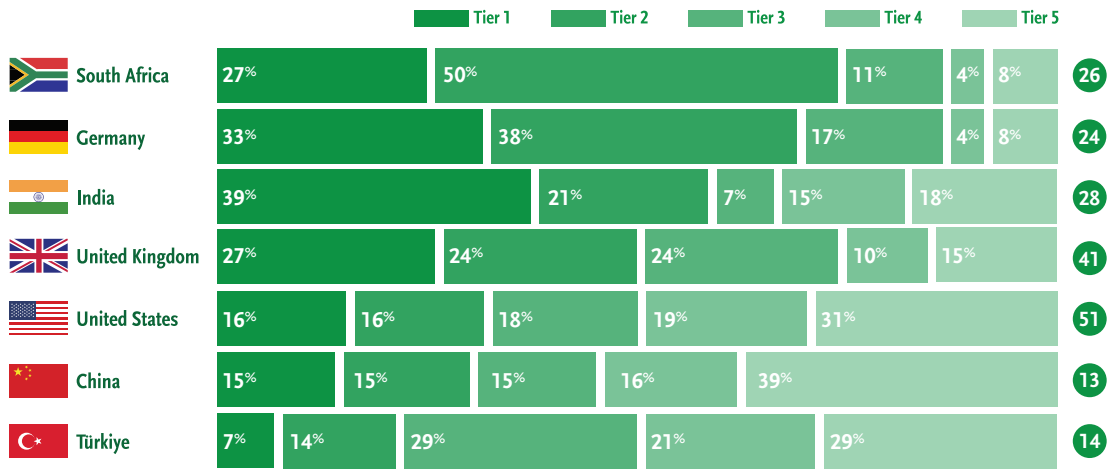
The Sustainability Governance Scorecard consists of three main pillars: **board guidance and oversight, implementation and coverage, and continuous learning**. We seek to identify whether Global Sustainability Leaders set policies, build structures, and incentivize people to provide good governance (guidance and oversight) over their sustainability efforts, assess whether the coverage of their sustainability efforts is comprehensive in terms of stakeholders, value chain and geographies, and whether continuous improvement is embedded in their efforts through continuous learning. **We have divided 197 GSLs into 5 Tiers based on the assessment of these criteria.**

We find that there are country and industry-wide differences in sustainability governance quality. We also conclude that adopting global initiatives (i.e. UNGC, GRI, SASB, and <IR>) make a reasonable difference in sustainability governance quality and can hinder acceleration of progress towards better sustainability reporting.

Key Findings

- When comparing countries, German and South African companies are still leading in sustainability governance.
- With an increase in setting targets, German companies improved their position in sustainability governance when compared to the previous years. They are followed by UK and US companies.
- Turkish companies improved rapidly in sustainability governance and Indian companies showed progress in disclosing the skills matrix and prioritizing local empowerment.

Country Results

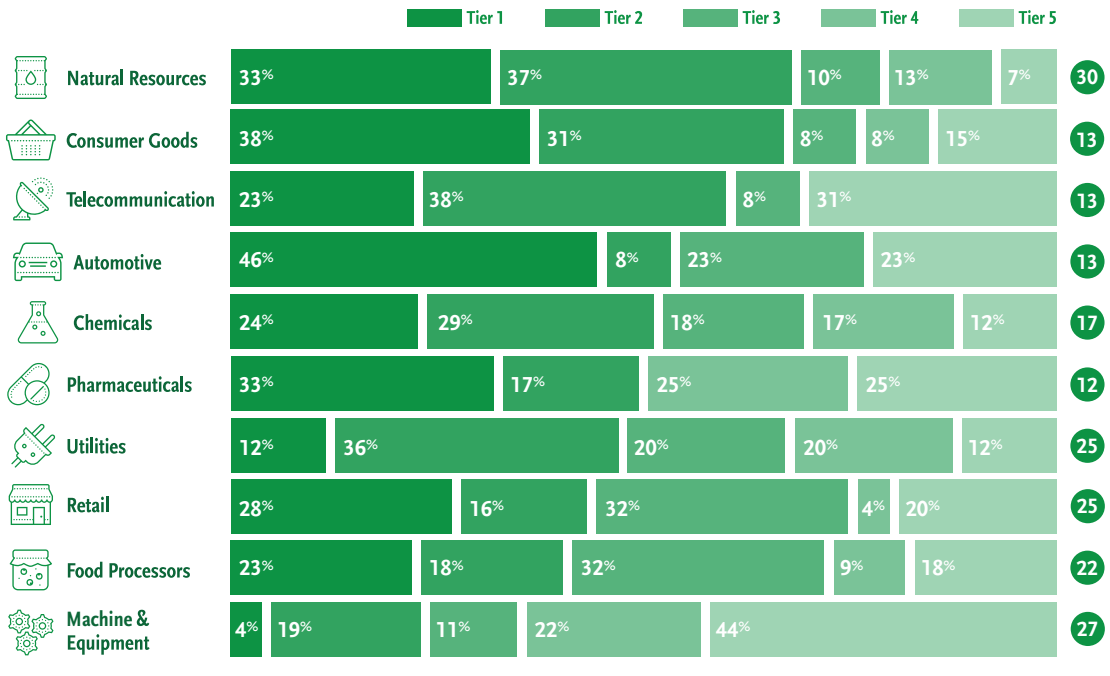


Based on Argüden Governance Academy's research for Sustainability Governance Scorecard®

● Number of companies in sample

- More than 75% of GSLs in South Africa and more than 70% in Germany are either in Tier 1 or Tier 2. They are followed by companies in India, United Kingdom, United States, China, and Türkiye, respectively.
- 51% of UK Companies are either in Tier 1 or Tier 2. In comparison to SGS 2020, the percentage of Tier 1 companies in UK decreased from 49% to 32% (It was 30% in SGS 2019)

Industry Results

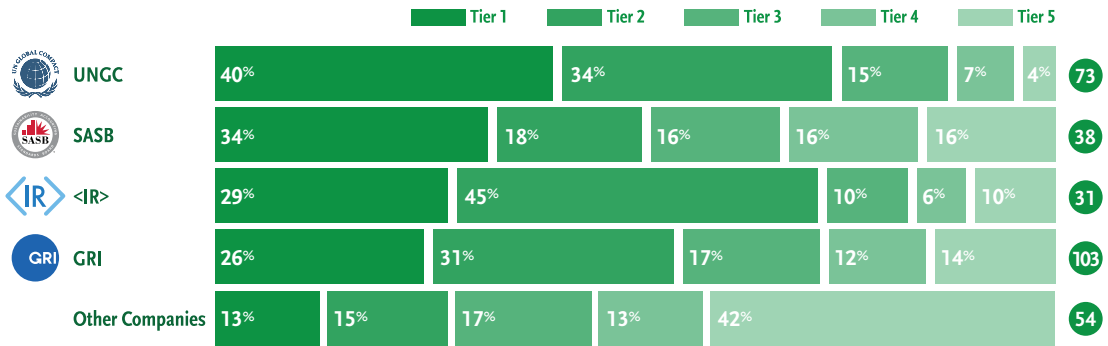


Based on Argüden Governance Academy's research for Sustainability Governance Scorecard®

● Number of companies in sample

- More than 50% of the GSLs in Natural Resources, Consumer Goods, Telecommunications, Automotive, Chemicals, and Pharmaceuticals are either in Tier 1 or Tier 2.
- In comparison to SGS 2020, the percentage of Tier 1 and Tier 2 companies in Natural Resources increased by 26% and Food Processors increased by 17%.

Initiative Results



Based on Argüden Governance Academy's research for Sustainability Governance Scorecard®

● Number of companies in sample











- Adopting global initiatives or approaches make a reasonable difference in the sustainability governance quality of the GSLs.
- 74% of the <IR> Reporting GSLs are Tier 1 or Tier 2 companies.
- 52% of SASB Reporting companies are either in Tier 1 or Tier 2.
- More than 50% of GRI Reporting companies are either in Tier 1 or Tier 2.

Top Performers in each Country amongst Tier 1 Companies

 United States	 United Kingdom	 India	 Germany	 South Africa	 China	 Türkiye
Campbell Soup Cummins Gap Inc General Motors Linde plc	AstraZeneca B+T Group Coca-Cola HBC Tesco <u>Unilever</u>	Dr Reddy's Laboratories Mahindra & Mahindra <u>NTPC</u> Tata Motors UPL	Bayer BMW <u>Evonik Industries AG</u> Hugo Boss Lanxess	Anglo American Anglo American Platinum Exxaro Resources Harmony Woolworths Holdings	China Mobile CLP	<u>Coca-Cola İçecek</u>





Companies are written in alphabetical order, Highlighted ones are the “top performers” of Sustainability Governance Scorecard®

Top Performers in each industry amongst Tier 1 Companies

 Automotive BMW General Motors Mahindra & Mahindra Ltd Maruti Suzuki Tata Motors	 Chemicals <u>Evonik Industries AG</u> Lanxess Linde plc UPL	 Consumer Goods Godrej Consumer Marico Puma Reckitt Benckiser Group <u>Unilever</u>	 Food Processors Campbell Soup Coca-Cola European Partners Coca-Cola HBC <u>Coca-Cola İçecek</u> Hershey's	 Machine & Equipment Cummins
 Natural Resources Anglo American Anglo American Platinum Antofagasta Exxaro Resources Hindustan Zinc	 Pharmaceuticals AstraZeneca Bayer Dr Reddys Labs GlaxoSmithKline	 Retail Best Buy Gap Inc Hugo Boss Kingfisher Tesco	 Telecommunication B+T Group China Mobile Telefonica Deutschland	 Utilities Centrica CLP Holdings <u>NTPC</u>




Companies are written in alphabetical order, Highlighted ones are the “top performers” of Sustainability Governance Scorecard®

Sustainability Governance Scorecard[©]

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5
 <p>China 13 Companies</p>	<p>China Mobile CLP Holdings</p>	<p>ENN Energy Holdings HK & China Gas</p>	<p>China Gas Holdings Vipshop Holdings</p>	<p>China Resources Gas Shanghai Electric Group</p>	<p>China Unicom China Yangtze Power Dongfang Electric Corp Guangdong Investment Longi Green Energy</p>
 <p>Germany 24 Companies</p>	<p>Bayer BMW <u>Evonik Industries</u> Hugo Boss Lanxess Metro Puma Telefonica Deutschland</p>	<p>AB InBev Adidas Beiersdorf Deutsche Telekom E.On SE Henkel RWE Siemens Germany Symrise</p>	<p>Brenntag Continental Covestro Zalando</p>	<p>GEA Group</p>	<p>Freenet Group KION Group</p>
 <p>India 28 Companies</p>	<p>Dr Reddy's Laboratories Godrej Consumer Products Hero MotoCorp Hindalco Industries Mahindra & Mahindra Marico Maruti Suzuki <u>NTPC</u> Tata Motors UPL</p>	<p>Ashok Leyland Cipla Havells India Reliance Industries Siemens India Vedanta</p>	<p>Bharti Airtel Gail India</p>	<p>Dabur India Hindustan Petroleum Nestle India Tata Global Beverages</p>	<p>Avenue Supermarts Britannia Industries Motherson Sumi Systems Sun Pharma Titan Company</p>
 <p>South Africa 26 Companies</p>	<p>Anglo American Anglo American Platinum BHP Billiton Exxaro Resources Harmony Sibahne Stillwater Woolworths Holdings</p>	<p>Anglogold Ashanti Aspen Pharmacare Clicks Group Glencore Gold Fields Impala Platinum MNT Group Mr Price Group Pick n Pay Stores Sasol Telkom SA SOC Tiger Brands Vodacom Group</p>	<p>Pioneer Foods The Foschini Group Truworths International</p>	<p>Kumba Iron Ore</p>	<p>Compagnie Financiere Richemont The Spar Group</p>

Companies are listed alphabetically in each tier

Sustainability Governance Scorecard[®]

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5
 Türkiye 14 Companies	Coca-Cola İçecek	Migros Ticaret Tüpraş	Anadolu Efes Ford Otosan Tofaş Ülker Bisküvi	Aygaz Enerjisa Zorlu Enerji	Petkim Şok Marketler Grubu Turkcell Türk Telekom
 United Kingdom 41 Companies	Antofagasta AstraZeneca B+T Group Centrica Coca-Cola European Partners Coca-Cola HBC GlaxoSmithKline Kingfisher Reckitt Benckiser Group Tesco Unilever	Croda International Diageo National Grid Pennon Group Rio Tinto Royal Dutch Shell Spirax Sarco SSE United Utilities Group Vodafone Group	Associated British Foods Burberry Group Marks & Spencer Group Morrisons NEXT Randgold Resources Sainsbury's Severn Trent Smiths Group Weir Group	Hikma Pharmaceuticals IMI Johnson Matthey Ocado	B&M Britvic Cranswick DCC Rotork Tate & Lyle
 United States 51 Companies	Alcoa Corp Best Buy Campbell Soup Cummins Gap General Motors Hershey's Linde plc	3M Colgate-Palmolive General Mills Intl Flavors & Fragrances Newmont Mining Schlumberger Waste Management Xylem	AES Corp. Archer-Daniels-Midland ConocoPhillips DowDuPont Kellogg's Mondelez International Oshkosh Corp Sempra Energy TE Connectivity	AbbVie Air Products & Chemcom Bristol-Myers Squibb Eaton Ecolab Edison International Exelon Corp Hess Ingersoll-Rand Johnson Controls Intl	American Water Works Aptiv Caterpillar Cigna Corteva Deere & Co Dover eBay Emerson Electric Honeywell International IDEX Corp Liberty Global Parker-Hannifin Stanley Black & Decker Tesla Zoetis

Highlighted companies are the “top performers”

RECOMMENDATIONS

1. Link business requirements to board qualifications and make sustainability a board priority.
2. Publish a skills matrix.
3. Focus on sustainability as a board skill.
4. Increase diversity to manage sustainability.
5. Foster productive dialogue among board members.

PART I

RESPONSIBLE BOARDS

SKILLS MATRIX

Board members need to have the **right skills** to provide guidance and oversight to the sustainability plans of the corporation. The Board needs to have sufficient **expertise** to understand the decision-making processes of key stakeholders, have members who are familiar with evolving sustainability standards and practices, and have sufficient diversity to adequately evaluate different dimensions, perspectives, and risks of sustainability issues.

A **skills matrix** identifies the skills, knowledge, experience, and capabilities desired from a board to enable it to meet both its current and future challenges and realize its opportunities. Disclosing a skills matrix is good governance and offers an opportunity to evaluate whether the board has the right skills and diversity to provide guidance and oversight on sustainability.

Key Findings

Our research reveals that the assessment of functional skills and the use of skill matrices is still not widespread. Comparing the past three years, boards' leadership in sustainability increased in a significant amount, yet room for improvement still persists even among the leading companies.

Table 1: Board Skills and Skills Matrix

	SGS 2021	SGS 2020	SGS 2019
At least one board member has sustainability skill	72%	40%	31%
Publishes Skills Matrix	54%	36%	26%
Skills Matrix includes sustainability	34%	8%	11%

- Percentage of companies that have at least one board member with sustainability as a skill, increased from 40% to 72%.
- Percentage of companies that disclose skills matrix increased from 36% to 54%, listing sustainability as a skill in skills matrix also increased from 8% to 34%.
- When we compare the past 3 years, there is a noticeable increase in disclosing the Skills Matrix. In 2019, only 21% of the companies had a skills matrix. This year, more than half of them (54%) have a skills matrix. It can be concluded that companies started paying attention to reviewing and publishing their skills matrix. A significant part of this increase is led by Indian companies with the release of a regulation by SEBI.

Table 2: Board Skills and Skills Matrix Breakdown by Countries

	SGS 2021	SGS 2020	At Least One Board Member Has Sustainability Skill	Skills Matrix	Skills Matrix Includes Sustainability
All Companies	72%	40%		54%	34%
				36%	8%
China	23%	14%		31%	0%
				21%	0%
Germany	50%	21%		8%	4%
				0%	0%
India	89%	33%		82%	71%
				12%	3%
South Africa	77%	59%		62%	54%
				52%	21%
Türkiye	64%	33%		0%	0%
				0%	0%
UK	71%	41%		71%	37%
				54%	10%
US	86%	49%		63%	33%
				60%	11%

- More than 85% of Indian and US companies have at least one board member who has the ‘sustainability skill’, followed by South Africa, UK and Türkiye. In comparison to SGS 2020, there is an obvious improvement, regardless of geographic differences.

- In 2019, skills matrix sharing in India became enforced by regulations, which had a great impact. We assessed that 82% of Indian companies started to share their matrix in SGS 2021. This rate was 12% in SGS 2020. It shows that the rate of adoption increases when it is supported by governing bodies. The percentage of UK companies that share a skills matrix increased by 17% compared to the previous year, reaching 71%. None of the Turkish companies published a skills matrix, yet.
- While reviewing the skills matrix in depth, we analyzed whether sustainability is a listed skill. Especially in India, there has been an increase (+68%) in listing sustainability as a skill. Likewise, the percentage of South African companies listing sustainability as a skill increased by 33%.

Table 3: Board Skills and Skills Matrix Breakdown by Industries

	SGS 2021	At Least One Board Member Has Sustainability Skill	Skills Matrix	Skills Matrix Includes Sustainability
	SGS 2020			
Automotive	85%	46%	38%	
	27%	7%	0%	
Chemicals	71%	41%	29%	
	48%	17%	4%	
Consumer Goods	54%	69%	31%	
	43%	21%	0%	
Food Processors	68%	41%	27%	
	26%	30%	17%	
Machine & Equipment	70%	59%	26%	
	33%	47%	3%	
Natural Resources	87%	70%	57%	
	77%	57%	30%	
Pharmaceuticals	92%	75%	67%	
	31%	38%	0%	
Retail	68%	52%	32%	
	29%	50%	0%	
Telecom	54%	23%	15%	
	15%	15%	0%	
Utilities	68%	52%	20%	
	38%	42%	8%	


- Pharmaceutical companies have a significant increase (more than 60%) in sharing sustainability as a skill in their skills matrices. 92% of pharma companies have at least one board member with sustainability as a skill. There is a 37% increase in the number of companies sharing their skills matrix in this industry.
- In the Automotive industry, the number of companies where sustainability skill is listed in their skills matrix reached 85% (58% increase compared to SGS 2020).
- Companies operating in Natural Resources are at the forefront in terms of the sustainability competence of boards in this year’s report, as it was last year as well.
- 48% of companies operating in Consumer Goods started to share a skills matrix this year, reaching 69% in total. However, progress is still needed as their skills matrix often does not include sustainability as a skill.

Table 4: Board Skills and Skills Matrix Breakdown by Initiatives


	SGS 2021	At Least One Board Member Has Sustainability Skill	Skills Matrix	Skills Matrix Includes Sustainability
	SGS 2020			
GRI	71%	54%	33%	
	43%	36%	12%	
IR	81%	68%	61%	
	53%	50%	23%	
SASB	79%	55%	37%	
	47%	50%	17%	
UNGC	78%	53%	36%	
	46%	32%	8%	
Other Companies	63%	50%	30%	
	28%	30%	4%	

- GSI companies that adopted initiatives or reporting standards are more likely to have at least one board member with sustainability as a skill in comparison to other companies.
- <IR> Reporting companies perform better in comparison to other initiatives. 81% of the Integrated Reporting companies have at least one board member with sustainability as a skill, 68% have a skills matrix, and 61% have listed sustainability as a skill. <IR> companies are followed by SASB, UNGC, and GRI companies in our SGS 2021 assessment.

Good Practice Examples



Retail




South Africa

TRUWORTHS

BOARD INFORMATION


Age and tenure
Policy: Directors are appointed to the board based on skill, leadership, integrity, experience, diversity and business requirements. No maximum age limit is applicable and tenure on the board is determined with reference to contribution and engagement as assessed through the annual director evaluation process.



NON-EXECUTIVE DIRECTORS

0-5 years ● 2
5-10 years ● 1
> 10 years ● 5

Non-executive directors' average age: 32 years




EXECUTIVE DIRECTORS

0-5 years ● 2
5-10 years ● 1
> 10 years ● 1

Executive directors' average age: 57 years


Independence
Policy: The majority of the board should consist of non-executive directors, the majority of whom should be independent.



DIRECTORS CLASSIFICATION


Executive ● 4
Independent non-executive ● 8

Gender and racial diversity
Policy: At least 30% of the board should comprise of females in the medium term. At least 30% of the board should comprise black directors in the medium term.



GENDER

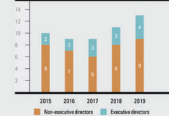
Male ● 68% (2018: 67%)
Female ● 32% (2018: 33%)



RACIAL DIVERSITY

Black ● 32% (2018: 16%)
White ● 77% (2018: 82%)

Board size and turnover
Policy: The board should comprise sufficient directors, having regard for suitable diversity of skills, experience and background, and in order to meet regulatory requirements and ensure the board and board committee workload is adequately performed.



Director movement over last five years:
Six directors appointed, three directors resigned/retired*

*Dr Thandi Ndlovu tragically passed away on 24 August 2018 and as such has been retired as a director of the Group. Please refer to the tribute to Dr Ndlovu on page 35. As Dr Ndlovu was a director of the company throughout the reporting period and at the period-end, the age and tenure, independence, gender and racial diversity, and board size and turnover statistics have been calculated including her.

Board of Directors	Hilton Saven Chairman	Michael Mark Executive Director/Chief Executive Officer	Douy Dare Executive Director/Group and Merchandising	Rob Dow Independent non-executive director	Hans Hawinkels Independent non-executive director	Cindy Hess Independent non-executive director	Maya Mkanjane Independent non-executive director	David Pfaff Executive Director/Chief Financial Officer and Chief Operating Officer	Sarah Proudfoot Executive Director/Director Merchandise/Ladwewe	Roddy Sparks Independent non-executive director	Tony Taylor Independent non-executive director	Michael Thompson Independent non-executive director
Board expertise	Collective expertise											
Strategic planning	82%											
Finance and taxation	58%											
Retail	56%											
Corporate affairs and communication	42%											
Financial services	39%											
Information technology and communication	25%											
Risk management, compliance and governance	25%											
Distribution and logistics	33%											
Construction and engineering	17%											
Human resources and transformation	25%											
Corporate finance, mergers and acquisitions	67%											
Marketing	17%											
Diversity of expertise	Policy: To have a well-rounded board with the necessary skills and expertise to govern effectively and satisfy business requirements.											
Board committees	Committee chair											
Remuneration	●											
Risk	●											
Nominations	●											
Audit	●											
Social and Ethics	●											

- Specifies each members' collective expertise in its skills matrix.
- Shares comprehensive diversity pillars with specific policies.



Source: <https://www.truworthsinternational.com/annualreport2019/assets/pdfs/other-reports/integrated-report-2019.pdf>, p. 36

SKILLS MATRIX



Natural Resources



South Africa



POWERING POSSIBILITY

OUR BOARD - SKILLS AND EXPERIENCE MATRIX

Qualifications	Diversity										General management experience																		
	Date of appointment	Tenure (years)	Age	Ethnicity	Gender	Experience as a director (years)	Leadership	Finance	Human Resources	Legal	Governance and compliance	Economics	Transformation and ethics	Risk and opportunity management	Technology and information governance	Environmental sustainability	Sales and marketing	Health and safety	Tax	Stakeholder relations	Project management	International	Local	Mining industry	Mining engineering	Renewable energy	Water technology	Natural/Food security	
G.J. Fraser-Moleketi DPhil Honors Casa (Nelson Mandela University), Masters in Administration (University of Pretoria), Leadership Programme (Wharton), Fellow of the Institute of Politics (Harvard)	2018/05/18	1	59	Coloured	Female		●				●	●	●	●	●				●		●	●							
MW Hlahla Resigned 31 Dec 2019 MA Urban Planning, UCLA School of Architecture and Planning, Advanced Management Programme (INSEAD, France), Certificate in Accounting and Finance (Wits Business School)	2015/06/04	5	56	Black	Female	10	●	●					●	●					●		●							●	
L Mbatha BA LLB (University of Lesotho), LLM (University of the Witwatersrand)	2018/03/07	2	65	Black	Female	10	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●				●	●
D Mashile-Nkosi Resigned 11 Oct 2019 Small Business Management Diploma (Wits Business School)	2018/03/06	2	61	Black	Female	10	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●			●	●
VZ Mtambo B.Juris, LLB (North West University), LLM (Yale)	2006/11/28	13	62	Black	Male	17	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
LI Mophetlane BA (University of Pretoria)	2018/05/23	2	46	Black	Male	1	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
M Moflett BCom, (CTA), CA(SA)	2019/05/18	1	60	White	Male	25	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
EJ Myburgh BEng (Electrical) (Pretoria), BSc (Hons) (Energy Studies) (Johannesburg), MBL (Stellenbosch), Executive Programme (Virginia)	2016/09/01	3	61	White	Male	10	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
V Nkonyeni BSc (Hons), Postgraduate Diploma in Accounting, CA(SA)	2014/06/03	6	50	Black	Male	17	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
J van Rooyen BCom, BCompt (Hons), CA(SA)	2008/08/13	12	69	Coloured	Male	12	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
PCCH Snyders BEng (Mining), Diploma in Marketing Management and MCom in Business Management, Mine Manager's Certificate of Competence Coal and Metalliferous	2016/07/01	4	59	White	Male	14	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
A Sinq BSc Eng (Mechanical) (University of Natal), MSA (University of the Witwatersrand), AMP (INSEAD, France)	2018/03/07	2	48	Indian	Female	7	●	●			●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Must have used the skills in the past 20 years
 ● Significant skills and experience (10+ years, in depth, main focus area, weekly use of skills and "line" accountability)
 ● Average skills and experience (5 - 10 years, ad hoc but regular and fairly in depth exposure/use of skills monthly)
 ● Limited skills and experience (5 years, very irregular or superficial exposure/use of skills quarterly/biannually)
 ● No experience

- Shares its skills matrix displaying board diversity spanning multiple criteria and level of experience for general management and technical capabilities.
- Shares sustainability as a skill including breakdown into governance and compliance, environmental sustainability, and health & safety.



Source: https://www.exxaro.com/assets/images/Exxaro-IR-2019_FINAL.pdf, p. 24-25

SKILLS MATRIX



Machine & Equipment



US

Honeywell

	Dariusz Adamczyk (Chair & CEO)	D. Scott Davis (Incoming Lead Director)	Duncan B. Angove	William S. Ayer	Kevin Burke	Linnet F. Deilly	Deborah Filint	Judd Gregg	Clive Hollick	Grace D. Lieblein	Raymond T. Odierno	George Paz	Robin L. Washington	
STRATEGIC SKILLS	Global Experience	●	●	●		●		●	●	●	●	●	●	
	Regulated Industries / Government Experience	●	●		●	●	●	●	●	●	●	●	●	
	Innovation and Technology	●	●	●	●	●	●	●	●	●	●	●	●	
	Marketing	●		●	●		●	●	●	●		●		
	Industries, End-Markets & Growth Areas	●	●	●	●	●	●		●	●	●			
CORE COMPETENCIES	Senior Leadership Experience (most senior position held)	Chair and CEO	Chair and CEO	CEO	Chair and CEO	Chair and CEO	Ambassador, Chair and CEO	CEO	Governor and Senator	CEO	VP	Four-Star General	Chair and CEO	EVP and CFO
	No. of Public Company Boards (Current* Past)	1 0	2 2	1 0	1 2	1 1	1 3	1 0	2 1	1 5	3 0	2 0	2 1	4 2
	Risk Management	●	●		●	●	●	●	●	●	●	●	●	●
	Financial Expertise	●	●	●	●	●	●	●	●	●	●	●	●	●

- Technical Expertise (direct, hands-on experience or subject-matter expert during his/her career)
- Managerial Expertise (expertise derived through direct managerial experience)
- Working Knowledge (experience derived through investment banking, private equity investing, serving as a member of a relevant board committee at Honeywell or at another public company, or serving as an executive officer or on the board of a public company in the relevant industry)

• Shares skills matrix by different competencies detailing technical, managerial and working knowledge.

Source: https://s27.q4cdn.com/359586471/files/doc_financials/irw/proxy_2020/images/Honeywell-Proxy2020.pdf, p. 8

SKILLS MATRIX



Chemicals



US



Qualifications and Attributes	Brown	Craig	Dillon	Eskeew	Hornwell	Hood	Keint	Moyro	Page	Roman	Woertz
Leadership	●	●	●	●	●	●	●	●	●	●	●
Manufacturing	●			●	●				●	●	●
Supply Chain	●		●	●	●		●		●	●	●
Technology		●	●	●	●	●		●		●	
Finance	●	●	●	●	●	●	●	●	●	●	●
Global	●	●		●	●	●	●	●	●	●	●
Risk Management	●	●	●	●	●	●	●	●	●	●	●
Marketing			●	●	●	●	●	●	●		
Demographic Background											
Tenure (Years)	7	1	5	17	13	3	7	2	4	2	4
Age (Years)	64	63	68	70	71	48	67	51	68	60	67
Gender (Male/Female)	M	F	M	M	M	F	M	F	M	M	F
Race/Ethnicity											
African American/Black	●							●			
Caucasian/White		●	●	●	●	●	●		●	●	●

Leadership Significant leadership experience with understanding of complex global organizations, strategy, risk management, and how to drive change and growth.	
Manufacturing As a vertically integrated Company, manufacturing experience is important to understanding the operations and capital needs of the Company.	
Supply Chain Directors with expertise in the management of the upstream and downstream relationships with suppliers and customers provide important perspectives on achieving efficient operations.	
Technology As a diversified technology, science-based Company, directors with technology backgrounds understand 3M's 51 technology platforms and the importance of investing in new technologies for future growth.	
Finance Financial metrics measures our performance. All directors must understand finance and financial reporting processes. All, but one, Audit Committee members qualify as "audit committee financial experts."	
Global Global business experience is critical to 3M's international growth with 60 percent of sales from outside the U.S. in 2019.	
Risk Management Directors with experience in risk management and oversight, including cybersecurity, play an important role in the Board's oversight of risks.	
Marketing Organic growth is one of 3M's financial metrics and directors with marketing expertise provide important perspectives on developing new markets.	

- Shares skills matrix covering different qualifications, demographic and race/ethnicity measures.
- Explains all skills in detail and shares the percentage of accomplishment of those skills by the board members.



Source: https://s24.q4cdn.com/834031268/files/doc_financials/2019/ar/3M-Proxy-2020.web.pdf, p. 7, 8

SKILLS MATRIX



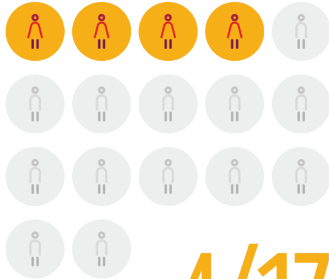
Food Processors



UK

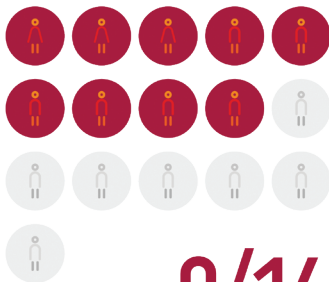


Women on the Board^(A)



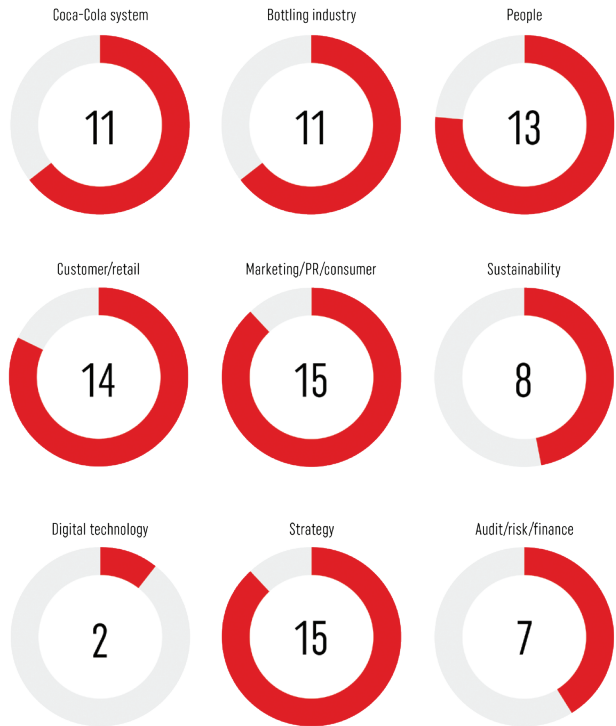
4/17

Independent Directors on the Board^(A) (excluding the Chairman)



9/16

Directors' skills and experience^(A)



- Shares board of directors diversity pillars, experience, knowledge, and long-term skills needed in its skills matrix.



Source: <https://www.coccolaep.com/assets/Sustainability/Documents/158f6ebd12/CCEP-2019-Integrated-Report-v2.pdf>, p. 59

SKILLS MATRIX



Natural Resources



US



Skills, Qualifications and Experience

	GREGORY BOYCE	BRUCE BROOK	J. KOFI BUCKNOR	MAURA CLARK	MATTHEW COON COME	NOREEN DOYLE	VERONICA HAGEN	RENÉ MÉDORI	JANE NELSON	THOMAS R. PALMER	JULIO QUINTANA
Public Company CEO Experience	✓						✓			✓	✓
Public Company Chair or Lead Director Experience	✓	✓				✓	✓	✓			✓
Extractive Experience	✓	✓						✓		✓	✓
Operational Delivery	✓			✓			✓			✓	✓
International Business Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mergers & Acquisition Experience	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
Finance Expertise	✓	✓	✓	✓		✓	✓	✓			✓
Designated Audit Committee Financial Expert		✓	✓	✓		✓	✓				
Accounting Experience		✓		✓				✓			
Environmental & Social Responsibility Experience	✓				✓	✓	✓		✓	✓	✓
Health & Safety Experience	✓				✓	✓	✓		✓	✓	✓
Compensation Expertise	✓			✓	✓	✓	✓				✓
Leading Academic									✓		
Risk Management Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Government/Regulatory Affairs Experience	✓	✓	✓		✓	✓	✓		✓		✓
Innovation and Technology Expertise	✓	✓					✓				✓

2020 Committee memberships

(following Annual Meeting, effective April 21, 2020)

AUDIT

Chair: Bruce R. Brook

Members: Maura Clark and René Médori

Oversight and Areas of Focus:

- ▶ Integrity of financial statements
- ▶ Compliance
- ▶ Internal audit function
- ▶ Independent auditors
- ▶ Auditing matters

LEADERSHIP DEVELOPMENT AND COMPENSATION

Chair: Veronica M. Hagen

Members: Noreen Doyle and Julio Quintana

Oversight and Areas of Focus:

- ▶ Compensation and its components
- ▶ Senior leadership development, succession planning and talent management
- ▶ Global inclusion and diversity strategy
- ▶ Awards of stock-based compensation

CORPORATE GOVERNANCE AND NOMINATING

Chair: Noreen Doyle

Members: Gregory Boyce, Bruce R. Brook, Veronica M. Hagen and Jane Nelson

Oversight and Areas of Focus:

- ▶ Director and Chair succession planning
- ▶ Slates of directors and officers for election
- ▶ Evaluation of CEO performance
- ▶ Organization, size, operation, practice, and tenure policies of the Board
- ▶ Independence of directors
- ▶ Annual Board, Director Peer and Committee evaluations
- ▶ Board committees
- ▶ Corporate governance issues

SAFETY AND SUSTAINABILITY

Chair: Jane Nelson

Members: Gregory Boyce, J. Kofi Bucknor and Matthew Coon Come

Oversight and Areas of Focus:

- ▶ Health, safety and security issues and management of related risks
- ▶ Sustainable development, environmental affairs, community relations, human rights, operational security and communications issues, annual Beyond the Mine Report
- ▶ Furtherance of commitment to adoption of best practices in promotion of a healthy and safe work environment

- Shares skills matrix covering executive compensation, health & safety, and experience.



Source: <https://d18rnp025nwr6d.cloudfront.net/CIK-0001164727/7daec089-182c-4726-a817-989bdbc0156f7.pdf>, p. 19

RECOMMENDATIONS

1. Identify appropriate ESG metrics material to financial performance and align them with long-term strategy.
2. Link executive compensation to material sustainability targets with a concentration on governance of all economic, environmental, and social issues.
3. Provide high-quality disclosure to signal commitment to sustainability.
4. Integrate sustainability into performance management systems of the entire organization.

EXECUTIVE COMPENSATION

Boards need to make the management explicitly accountable for the company's environmental and social impact and ensure that sustainability practices are adopted as everyday practice in decision making, to enhance the management's ability to **capture sustainability opportunities**.

By **aligning executive compensation** with **strategic sustainability targets** and linking performance payouts to non-financial sustainability metrics, Boards can sharpen management's focus on sustainability issues.

Key Findings

Table 5: Executive Compensation

	SGS 2021	SGS 2020
Shares executive compensation	100%	100%
Compensation linked to financial KPIs	88%	88%
Shares sustainability KPIs for executive compensation	31%	29%
Covers environmental KPIs	18%	12%
Covers social KPIs	28%	27%
Covers governance KPIs	12%	7%

- All companies share executive compensation. 88% share links to financial targets, but only 31% share links to sustainability targets.
- Percentage of companies that share executive compensation linked to sustainability KPIs reached 31% in SGS 2021.
- Companies focus more on social sustainability KPIs (28%), whereas only 18% link to environmental KPIs and 12% to governance KPIs.

Table 6: Sustainability KPIs by Countries, Industries, and Initiatives

	Results	Financial KPIs	Sustainability KPIs	Environmental KPIs	Social KPIs	Governance KPIs
All Companies	100%	88%	31%	18%	28%	12%
BY COUNTRY						
China	100%	38%	8%	8%	8%	8%
Germany	100%	100%	29%	17%	29%	13%
India	100%	75%	7%	4%	7%	7%
South Africa	100%	100%	62%	31%	58%	27%
Türkiye	86%	50%	0%	0%	0%	0%
UK	100%	98%	44%	32%	34%	7%
US	100%	100%	35%	18%	33%	16%
BY INDUSTRY						
Automotive	92%	92%	23%	23%	23%	23%
Chemicals	100%	94%	24%	18%	18%	6%
Consumer Goods	100%	100%	23%	15%	23%	8%
Food Processors	100%	82%	27%	9%	23%	9%
Machine & Equipment	100%	100%	22%	15%	22%	11%
Natural Resources	100%	87%	63%	40%	60%	23%
Pharmaceuticals	100%	92%	42%	8%	33%	17%
Retail	100%	92%	8%	0%	4%	4%
Telecommunications	92%	77%	31%	15%	23%	8%
Utilities	100%	72%	40%	28%	40%	12%
BY INITIATIVE						
 GRI	99%	90%	36%	18%	34%	17%
 IR	100%	100%	55%	26%	52%	19%
 SASB	100%	97%	45%	26%	39%	26%
 UNGC	99%	90%	40%	22%	38%	15%
Other Companies	98%	81%	17%	13%	11%	4%

- Leading countries in sharing sustainability KPIs are South Africa (62%), UK (44%), and US (35%). These countries were also leading in terms of sustainability KPIs in SGS 2020. However, Germany has the highest improvement in sharing sustainability KPIs, mostly in social issues (+19% compared to SGS 2020).
- Natural Resources companies are leading (63%) in sustainability KPIs sharing. Whereas the industry that is lagging is Retail (8%). Although 92% of retail companies share their KPIs, sharing sustainability KPIs is very low among them.
- Pharma companies have the highest improvement in sharing sustainability KPIs when compared with SGS 2020 (+19%). The sustainability KPIs are mostly related to social issues.
- GSLs that adopt at least one of the initiatives outperform in sharing sustainability KPIs in comparison to the companies which do not adopt any. More than 90% of SASB and <IR> companies set their sustainability KPIs.

Good Practice Examples

EXECUTIVE COMPENSATION



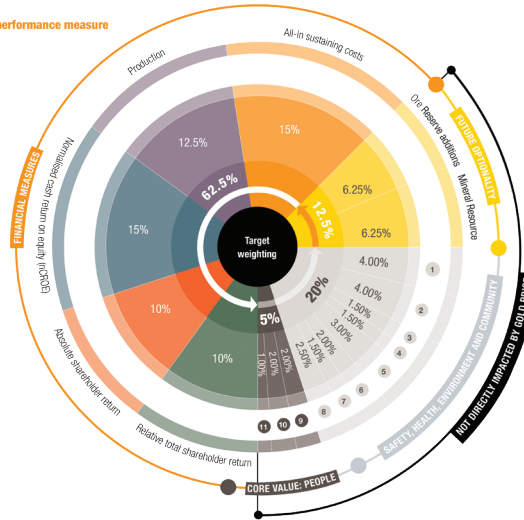
Natural Resources



South Africa



2019 DSP performance measure



Safety, health, environment and community

- 1 All injuries frequency rate (AIFR)
- 2 Major hazard management critical control percentage compliance
- 3 Health – site compliance to the global safety standards on organisational health, wellness and fitness for work standards
- 4 Completion of risk assessments per region, including identification of critical controls and actions managed to closure
- 5 Number of reportable environmental incidents at operating mines
- 6 Greenhouse gas emissions intensity at gold producing operations, measured in kg CO₂e/tonne

7 Community: number of human rights violations

- 8 Number of business disruptions as a result of community unrest

Core value: people

- 9 Strategic successor coverage ratio for leadership roles
- 10 Key staff retention
- 11 Gender diversity

2019 Comparator benchmark group

Anglo American Platinum
Agnico Eagle Mines
Barrick Gold Corporation
B2Gold Corporation
Eldorado Gold Corporation
Evolution Mining Limited
Gold Fields Limited
IAMGOLD Corporation
Impala Platinum Holdings Limited
Kinross Gold Corporation
Newcrest Mining Limited
Newmont / Goldcorp
Sibanye-Stillwater Limited
South32
Yamana Gold Incorporated

- Links executive compensation to safety, health, environment, and community targets as well as people targets.
- Provides threshold, target and stretch measures as well as achievement against those targets for multiple metrics under each sustainability area.
- Benchmarks executive compensation against benchmark groups and provides a list of benchmark companies within the industry.



Source: <https://www.aga-reports.com/19/ir>, p. 127, 138, 149, 150

EXECUTIVE COMPENSATION



Natural Resources



South Africa



DSP performance measure	Weighting	Threshold measures	Target measures	Stretch measures	Actual achievement	2019 achievement %		
Financial Measures	Relative total shareholder return	10.00%	Median TSR of comparators	Halfway between median and upper quartile	Upper quartile TSR of comparators	18.88%	15.00%	
	Absolute total shareholder return	10.00%	US\$ COE	US\$ COE + 2%	US\$ COE + 6%	18.88%	15.00%	
	Normalised cash return on equity (nCROE)	15.00%	US\$ COE	US\$ COE + 2%	US\$ COE + 6%	14.00%	22.50%	
	Production	12.50%	3.280Moz	3.350Moz	3.420Moz	3.280Moz	6.34%	
Future Optionality	All-in-sustaining costs	15.00%	US\$998/oz	US\$983/oz	US\$968/oz	US\$991/oz	10.90%	
	Ore Reserve additions (pre-depletion, asset sales, mergers and acquisitions)	6.25%		Plus 0.9Moz	Plus 1.7Moz	Plus 2.6Moz	Plus 3.34Moz	9.38%
	Mineral Resource (pre-depletion, asset sales, mergers and acquisitions)	6.25%		Plus 2.8Moz	Plus 5.7Moz	Plus 8.5Moz	Plus 1.11Moz	0.00%
DSP performance measure								
DSP performance measure	Weighting	Threshold measures	Target measures	Stretch measures	Actual achievement	2019 achievement %		
Safety, health, environment and community	AIFR – three-year rolling average	4.00%	≥5% performance improvement (4.57)	≥10% performance improvement (4.33)	≥15% performance improvement (4.09)	3.31	6.00%	
	Major hazard management critical control percentage compliance	4.00%	90% of major hazards identified, assessed and controlled.	92.5% of major hazards identified, assessed and controlled.	95% of major hazards identified, assessed and controlled.	98.47%	6.00%	
	Health – site compliance to the global safety standards on organisational health, wellness and fitness for work standard	1.50%	90% compliance	95% compliance	100% compliance	99.27% compliance	2.14%	
	Completion of risk assessments per region, including identification of critical controls and actions managed to closure	1.50%	1	2	3	21 Assessments completed group wide	2.25%	
	Number of reportable environmental incidents at operating mines	3.00%	2	1	0	3	0.00%	
	Greenhouse gas emissions intensity at gold producing operations, measured in Kg CO ₂ e/tonne	2.00%	7.171	7.150	7.121	7.69	0.00%	
	Community: number of human rights violations	1.50%	(0.3)% off base ≤ 2 human rights violations	(0.6)% off base ≤ 1 human rights violations	(1)% off base 0 human rights violations	0	2.25%	
	Number of business disruptions as a result of community unrest	2.50%	5	3	1	23	0.00%	
	Core value: People	Strategic coverage ratio	2.00%	1:1.375	1:1.5	1:1.75	1:1.375	1.00%
		Key staff retention	2.00%	85% pa	90% pa	95% pa	95.5%	3.00%
Gender diversity		1.00%	13% female representation	15% female representation	17% female representation	19.27%	1.50%	
Total	100%					103.25%		

- Links executive compensation to safety, health, environment, and community targets as well as people targets.
- Provides threshold, target and stretch measures as well as achievement against those targets for multiple metrics under each sustainability area.
- Benchmarks executive compensation against benchmark groups and provides a list of benchmark companies within the industry.



Source: <https://www.aga-reports.com/19/ir>, p. 127, 138, 149, 150

EXECUTIVE COMPENSATION



Chemicals



South Africa

sasol



REMUNERATION IMPLEMENTATION REPORT

Remuneration as a strategic enabler

To drive our top priorities, which are aligned with the delivery of our strategy, our executives' remuneration is linked to key performance indicators marking progress on these priorities.

Strategic targets*

ROIC (US\$) >12% through the cycle >2% uplift by 2022

EBIT growth (US\$ real) >5% CAGR through the cycle

Dividend returns stepping up payout to 40% of core HEPS (2.5x cover) by 2022 thereafter moving payout towards 45% (2.2x cover)

Zero harm at all our operations globally

Culture ensuring engagement and growth of all our employees

* Future Sasol targets will be refined up and articulated at our Investor Day briefing in November 2020.

Our top priorities

Our Group top priorities are determined annually by our Group Executive Committee in response to the environment in which we operate and focus the organisation on those key deliverables that will bring us closer to realising our strategy.

Our Group strategic priorities for 2020 were:

- Pursue zero harm
- Nurture our foundation business
- Sustainable growth and future investment
- Resilient organisation
- Drive customer, operational and capital excellence

Short-term incentives (STI)

ESG measures

Long-term incentives (LTI)

2020 GEC STI targets*	Link to value creation	Weighting %	2020 Achievement	Weighted score %	2019	2018
High-severity injuries (HSIs)	Given our commitment and approach to safety we believe zero harm is possible.	5%	3 HSIs	6%	2 High-severity injuries	6 Injuries
Penalty for fatalities			6 fatalities	(18%)	3	4
Year-on-year increase in cash fixed cost (CFC) not to exceed 5.3%	Enhancing our foundation business to remain relevant and competitive by improving our gross margin, reducing our cost base and optimising our balance sheet.	20%	Increased by 0%	30%	CFC 1.6% below target	Above target 18.2% working capital and gross margin 4% below target 3.66%
Year-on-year growth in core headline earnings		25%	Decreased by 38%	0%	Core headline earnings increased by 5.6%	Below threshold 0%
Year-on-year growth in production volumes from key plants	Improving production volumes in our foundation businesses and ramp-up production from our new facilities in the Sale Chemiea Complex to increase earnings and ROIC.	15%	Decreased by 5%	0%	0.8% below 2019	0.9% growth below target
LCCP delivery within schedule and budget	Delivering projects within estimated time and budget to improve capital investments and project practices to increase business value.	15%	Did not achieve the committed schedule but costs remained within approved budget given in May 2019 to the market.	3%	6 milestones missed	On target 5%
To achieve 23.63 out of 27 on the Preferential procurement scorecard	The aim of the PP scorecard is to encourage the usage of Black-owned professional services and entrepreneurs as suppliers while encouraging measured entities to empower themselves on the principles of B-BBEE.	5%	Over-achieved against the preferential procurement target	6%	20.79 out of 25	Exceed stretch target 7.5%
Appointment of African and Coloured employees in senior positions	Integral to our culture is that we value and promote diversity and inclusion while growing the Company.	5%	Under-achieved against the employment equity target due to employment and promotion freeze	0%	5% of opportunities utilised	49% of opportunities utilised 0%
Significant fires, explosions and releases (FERs)	The decrease in the number of significant fires, explosions and releases (FERs) is important to us as it ensures safe and reliable operations and improves energy efficiency.	5%	23 FERs	0%	19 FERs	18% 5% 15 FERs 7.5%
1% improvement in energy efficiency (South African operations)	We have a long-standing commitment towards promoting energy efficiency (EE) as a key business driver. We strive to continuously improve the EE of all our manufacturing operations in support of asset integrity, and we are committed to the global Energy Productivity 100 initiative.	5%	0.2% energy efficiency improvement	1%	3% improvement	0.4% energy efficiency improvement 2.6%
GEC STI score		100%		28.3%	65.70%	63.01%

As part of a comprehensive response plan, no short-term incentives were paid for 2020, despite the fact that some of the targets had been met.

LTI corporate performance targets (CPT)	Link to value creation	Weighting %	2020 Achievement	Weighted score %	2019	2018
1% Growth in production volumes/headcount (compounded over the vesting period)	Through production improvements and an efficient workforce we increase earnings for our shareholders.	25%	1% compound growth on base	26%	1.65% improvement on base	Achieved stretch target 55%
Three-year average ROIC (excluding assets under construction) at 1.3 times WACC	ROIC reflects on earnings return measure in respect of capital investments, effective capital allocation and driving timely project completion.	25%	(8%) three-year average	0%	Three year average ROIC (excl. AUC) at 9.14%	N/A
Sasol TSR vs MSCI World Chemical Index at 60 th percentile	Total shareholder return (TSR) is a measure of the performance of the Group's share price over time, and combines both share price appreciation and dividends paid to indicate the total value created in alignment with shareholders.	25%	Below threshold	0%	6 th percentile of the index	Below threshold 0%
Sasol TSR vs MSCI World Energy Index at 60 th percentile		25%	Below threshold	0%	41 st percentile of the index	Above threshold 19%
GEC CPT score for LTI				20%	47%	69%

- Visualizes remuneration report in a holistic manner.
- Links executive compensation with sustainability measures specifying achievement in the current year while comparing previous years.
- Sets long and short term targets.



Source: https://www.sasol.com/sites/default/files/financial_reports/Integrated%20Report%202020.pdf, p. 75

EXECUTIVE COMPENSATION



Natural
Resources



UK



ANTOFAGASTA PLC

Link to strategy	Objective	Threshold (0% vesting)	Target (50% vesting)	Maximum (100% vesting)
	EBITDA – Mining division (15%)		70%	
	Copper production (25%)		50%	
	Costs (20%)		50%	
	Growth projects execution (15%)		50%	
	Exploration programme (5%)		85%	
	Safety (5%)		100%	
	People (5%)		85%	
	Environmental performance (5%)		100%	
	Social performance (5%)		100%	

+ See page 131 for more information

CEO's bonus outcome (% of maximum)

The CEO's 2019 bonus outcome was 82.5% of maximum.

Objective	Threshold (0% vesting)	Target (50% vesting)	Maximum (100% vesting)
Overall Group annual bonus score (70%)		75%	
Individual bonus score (30%)		100%	
CEO's annual bonus outcome		82.5%	

Weighting	Objective	Measure	2019 Threshold 90 (0% vesting)	2019 Target 100 (50% vesting)	2019 Maximum 110 (100% vesting)	2019 Outcome	2019 Performance score ⁶	2019 vesting (% of maximum)	
60%	Core business						101	55	
15%	EBITDA – Mining division ²	\$m	2,036	2,262	2,488	2,359	104	70	
25%	Copper production ³	kt	733.1	756.5 – 779.2	803.3	770.0	100	50	
20%	Costs ⁴								
	Cash costs before by-product credits (17%)	\$/lb	1.75	1.65	1.55	1.65	100	50	
	Corporate expenditure (3%)	\$m	75.6	72.0	69.9	72.0	100	50	
20%	Business development						102	60	
15%	Growth projects – construction execution ⁵	Measured according to the schedule and budget as described in more detail in the footnotes						100	50
5%	Exploration programme ⁶						107	88	
20%	Sustainability and organisational capabilities						109	95	
5%	Safety – Frequency Index – Mining division ⁷	Index	1.20	1.00	0.90	0.75	110	100	
5%	People – Diversity and Inclusion Strategy ⁸	Measured according to the KPIs and milestones as described in more detail in the footnotes						107	85
5%	Environmental performance ⁹						110	100	
5%	Social performance ¹⁰						110	100	
	Total – pre-adjustments						102.8	64	
	Adjustment for meeting zero fatality target ¹¹						1.9	N/A	
	Board discretion applied						0.3	N/A	
	Total – post-adjustments						105	75	

- Sets extended sustainability measures for executive compensation including safety, people, environmental performance, and social performance.
- Shares thresholds, targets, and maximum values for all of the executive compensation objectives.
- Provides data on the relevant years' thresholds, targets, outcomes, scores, and maximum values for measures.

Source: <https://www.antofagasta.co.uk/media/3772/antofagasta-2019-annual-report.pdf>, p. 118, 131

EXECUTIVE COMPENSATION



Natural Resources



US



Metric Category	Category Weighting	Metric	VCIP Target	VCIP Results & Performance Summary	Payout	Weighted Payout
HSE	20%	Total Recordable Rate ("TRR") (relative)	Top-quartile performance and industry leader	Achieved a new record in safety with lowest workforce TRR on record , ranked Best-in-Class and recognized as HSE industry leader , but a serious incident resulted in fatal injuries to a contractor	120%	24%
		Process Safety Events ("PSE")	Continuous Improvement	A 30% reduction in incidents with only one Tier 1 process safety event (a 75% reduction from last year)		
Operational ¹⁾	20%	Production (MBOEED)	1,325	Operating performance in line with target producing 1,325 MBOEED , challenges in certain BUs were offset by better than expected performance in others		
		Capital (\$B)	\$6.1	Delivered capital scope within target of \$6.1B	100%	20%
		Operating and Overhead Costs (\$B)	\$6.1	Managed operating and overhead costs to \$6.1B , reflective of our ongoing focus on driving cost efficiencies across our portfolio		
Financial ²⁾	20%	Adjusted ROCE (absolute and relative to peers)	Internal target and outperform peers	Slightly exceeded internal absolute target (100% per MBOE), finished 2nd in peer group (98th percentile , 200% payout per matrix)	150%	30%
		Adjusted CROCE (absolute and relative to peers)	Internal target and outperform peers	Slightly exceeded internal absolute target (100% per MBOE), finished 2nd in peer group (95th percentile , 200% payout per matrix)		
Strategic Milestones ³⁾	20%	Return of CFO to Stockholders	At least 30%	Stockholder distributions exceeded target; distributed ~43% of CFO to stockholders by increasing the dividend by 38% (losing \$1.5B in dividends) and completing \$3.5B in share repurchases		
		Strategic Dispositions	Deliver by target date	Completed sale of U.K. assets and entered into agreements to sell assets in Australia West and Niobrara	150%	30%
		Production/Year-end Debt Adjusted Share CAGR	8%	Delivered underlying production growth of 9.7% on a per debt-adjusted share basis, exceeding target		
		Setting and monitoring emissions reductions targets	Establish integrated management and governance system	Received emission reduction projects from BUs and integrating the internal BU emissions targets and plans with the Company's long-range plan		
TSR	20%	Total shareholder return (relative to peers)	Outperform peers	Finished 4th in peer group, 65th percentile , 142% payout per matrix) with absolute TSR of +1.1% based on 20-day average methodology; maintained positive TSR and outperformed total peer and independent peer averages	142%	28%
Total Payout					132%	

Metric Category ¹⁾	Category Weighting	Metric	PSP Results & Performance Summary	Payout	Weighted Payout	
TSR	50%	Total shareholder return (relative to peers)	1st in peer group (100th percentile ; 200% payout per matrix) for 2017-2019 (based on 20-day average methodology; outperformed three-year peer average)	200%	100%	
Financial ²⁾	30%	Adjusted ROCE (absolute improvement relative to peers)	1st in peer group (100th percentile ; 200% payout per matrix)	200%	60%	
		Adjusted CROCE (absolute improvement relative to peers)	1st in peer group (100th percentile ; 200% payout per matrix)			
Strategic Objectives ³⁾	20%	Execute on the accelerated value proposition strategy	Reduced gross debt by \$12B , exceeding debt level target by 55%; single A-rated by all credit agencies; exceeded distribution target to stockholders by returning ~45% of CFO through dividends and share repurchases; exceeded asset disposition program target and optimized the portfolio with ~\$19B of completed strategic asset sales			
		Reduce cost of supply and advance strategy for organic resource development and exploration	Increased the size of the resource base with <\$40/BBL WTI cost of supply and reduced the average cost of supply of these resources to <\$30/BBL WTI	180%	36%	
		Improve three-year HSE performance	Three-year improvements in significant incidents, process safety and TRR; however, a serious incident at a drilling location resulted in fatal injuries to a contractor in 2019			
		Enhance internal organizational aspect and undertake external engagement goals	Advanced organization and focused on external engagement issues and stakeholders critical for success			
Total Payout					196%	

- Links executive compensation with sustainability KPIs including Health & Safety.
- Health&Safety metrics account for 20% of executive compensation with SMART targets.
- Provides data on performance objectives (target and result).



Source: <https://static.conocophillips.com/files/resources/2020-conocophillips-proxy-final.pdf>, p. 75, 79

EXECUTIVE COMPENSATION



Utilities



US



AMERICAN WATER

Performance Measure	Percentage Included in the Corporate Performance Factor	Threshold Performance (Weighting)	Target Performance (Weighting)	Maximum Performance (Weighting)	Actual Performance (Percentage Earned)	How We Calculate the Performance Measure	Why We Use this Measure
Adjusted EPS (1)	50.0%	\$3.30 (0.0%)	\$3.59 (50.0%)	\$3.64 (75.0%)	\$3.61 (60.0%)	Adjusted EPS is diluted EPS calculated in accordance with GAAP as reported in the Company's audited consolidated financial statements, adjusted to eliminate the impact of the items shown with respect to 2019 adjusted diluted earnings per share as set forth on Appendix A.	Adjusted EPS is a key measure of our financial and operational success, and achieving our earnings and strategic goals creates long-term shareholder value and provides greater total return to our shareholders.

Performance Measure	Percentage Included in the Corporate Performance Factor	Threshold Performance (Weighting)	Target Performance (Weighting)	Maximum Performance (Weighting)	Actual Performance (Percentage Earned)	How We Calculate the Performance Measure	Why We Use this Measure
Customer Satisfaction	15.0%	Third Quartile (0.0%)	Second Quartile (3.75% to 11.25%)	First Quartile (15.0% to 22.5%)	First Quartile - Medium (18.8%)	A quarterly survey is conducted by a third-party firm of random regulated water and wastewater customers.	Our service quality and customer issues are a focus of state public utility commissions in evaluating rate cases.
ORIR (2)	7.5%	1.63 (0.0%)	1.30 (7.5%)	1.24 (11.25%)	1.13 (11.25%)	ORIR is a measure of injuries and illnesses requiring treatment beyond first aid for every 200,000 hours worked.	To continue our momentum toward becoming an industry leader with respect to the safety and well-being of our workforce.
DART Injury Rate (2)	7.5%	1.13 (0.0%)	0.90 (7.5%)	0.86 (11.25%)	0.57 (11.25%)	DART injury rate measures the number of OSHA defined recordable injuries that resulted in days away from work, work restrictions, or job duty/position transfers in the calendar year per 100 employees.	DART reflects serious incidents that result in the employee being placed in restricted duty or time away from work.
Environmental Leadership	10.0%	10x (0.0%)	20x (10.0%)	25x (15.0%)	20x (10.0%)	Environmental leadership is determined by comparing our performance to the EPA national drinking water industry average, and assessing how many times better we perform compared to the industry average.	We are committed to excellent water quality, protecting the environment and maintaining our history of materially complying with, and in many cases, surpassing, minimum standards required by applicable laws and regulations.
Operational Efficiency Improvement (3)	10.0%	35.6% (0.0%)	34.5% (10.0%)	34.2% (15.0%)	34.5% (10.0%)	Based on our 2019 adjusted O&M efficiency ratio, which is the ratio of adjusted regulated O&M expenses to adjusted regulated operating revenues, each for the year ended December 31, 2019.	We want to focus management on improving the overall cost structure of our regulated businesses and improving our return on equity.

- Shares executive compensation measures with broad performance measures including environmental leadership.
- Shares thresholds, targets, maximum, and actual performance with calculation measures, and also shares explanation of the measures.



Source: https://s26.q4cdn.com/750150140/files/doc_financials/2019/ar/2020-Proxy-Statement.pdf, p. 47, 48

RECOMMENDATIONS

1. The Board should provide guidance on sustainability and set the tone at the top.
2. Define commitments for sustainability through policy. Ensure that sustainability policies cover governance of all economic, environmental, and social dimensions.
3. Ensure that policy covers and is adopted by all relevant stakeholder groups.
4. Regularly review the policies.
5. Define the Board's sustainability responsibilities.
6. Set up formal structures and ensure regular Board review of economic, environmental, and social issues, and governance of all.
7. Cascade responsibility on sustainability across the organization.
8. Focus on risks and opportunities.
9. Ensure internal and independent audits cover all material G (EES) issues, supply chain, and geographies.
10. Conduct board evaluation, integrate G (EES) issues into board evaluation and disclose results.

GUIDANCE and OVERSIGHT

The Board is responsible for **setting the company's direction** and sets the tone at the top. Right guidance is required for companies to **manage risk** and **capitalize on opportunities** related to sustainability, as well as taking a leadership role in creating a more sustainable future. Boards should ensure that sustainability issues are integrated into the company's **strategy** and reflected in its **policies** and **practices**. Responsible Boards provide guidance to ensure the comprehensiveness of scope for sustainability by integrating governance of all economic, environmental, and social issues into the company's value proposition, policies, and strategy.

The board's oversight role requires setting up an **effective internal control mechanism** –ensuring the **independence of audit** and strict compliance, monitoring ethics and business conduct within the company and its value chain– and **transparency in external reporting and disclosure**. Effective tracking of sustainability performance and communication to the board is essential for improving oversight of sustainability.

Board structures for sustainability governance should be defined at the Board level and can include **Direct Board Oversight** or **Sustainability Committee**. Management responsibility should also be explicitly defined. To provide effective oversight, Boards should adopt an assurance framework that includes internal and external audit functions and timely reporting of key information to the Board to assess sustainability risks and opportunities.

Key Findings

Setting Policies

Achieving sustainability goals require establishing sustainability policies and practices to guide company and employee behavior on a range of issues material to the company's ability to create value. Policies can cover a wide range of matters and can differ between companies. A list of policies we looked for, and our findings are shown in the table below:

Table 7: List of Policies by Countries

	All Companies	China	Germany	India	South Africa	Türkiye	UK	US
ENVIRONMENTAL	100%	100%	100%	100%	100%	100%	100%	100%
Water	97%	92%	96%	100%	100%	86%	95%	100%
Climate Change	99%	100%	96%	96%	100%	100%	100%	100%
Energy	100%	100%	100%	100%	100%	100%	100%	100%
Waste & Packaging	99%	92%	100%	100%	100%	100%	98%	100%
Biodiversity	72%	69%	58%	79%	65%	93%	78%	69%
Hazardous Materials	86%	85%	100%	86%	85%	85%	83%	84%
Responsible Sourcing	87%	69%	96%	93%	96%	86%	85%	82%
SOCIAL	100%	100%	100%	100%	100%	100%	100%	100%
Human Rights & Labor Practices	98%	85%	100%	100%	100%	100%	100%	98%
Labor Rights	88%	85%	96%	96%	92%	93%	90%	76%
Occupational Health and Safety	100%	100%	100%	100%	100%	100%	100%	100%
Diversity & Inclusion	99%	92%	100%	100%	100%	100%	100%	100%
Talent Development & Employee Wellbeing	99%	92%	100%	100%	100%	100%	98%	100%
Product Design & Portfolio	95%	92%	100%	100%	92%	100%	93%	94%
Data Security & Customer Privacy	98%	92%	100%	96%	100%	100%	95%	100%
Social Responsibility & Local Communities	89%	92%	88%	100%	92%	100%	88%	78%
GOVERNANCE	100%	100%	100%	100%	100%	100%	100%	100%
Board Diversity	93%	85%	88%	89%	96%	79%	100%	98%
Risk Management	99%	92%	100%	100%	100%	100%	100%	100%
Supplier Code of Conduct	94%	77%	100%	89%	100%	71%	98%	100%
Compliance	99%	100%	100%	100%	100%	100%	100%	100%
Business Ethics	98%	85%	96%	100%	100%	100%	100%	100%
Anti-corruption	99%	100%	100%	100%	100%	100%	100%	98%
Executive Compensation	97%	92%	100%	100%	85%	100%	100%	100%
Donations	85%	62%	67%	89%	77%	100%	95%	90%
Related Party Transactions	93%	77%	96%	100%	96%	86%	98%	90%
Succession Planning	89%	38	96	82%	92%	71%	100%	98%

- **Environmental Policy:** All the companies have an energy policy. More than 90% have climate change, waste & packaging, and water policy. The potential for improvement in developing policies on responsible sourcing, hazardous materials, and biodiversity remains as we highlighted in SGS 2020 (Biodiversity increased by 18%, Hazardous Materials by 17%, and Responsible Sourcing by 11%). All countries increased their performance of policy sharing in biodiversity.
- **Social Policy:** All the companies have occupational health and safety policies. More than 90% of GSLs cover diversity and inclusion, talent development and employee wellbeing, human rights, labor practices, data security and customer privacy, and product design & portfolio in their policies. There is room for improvement in social responsibility, local communities and labor rights policy and disclosure. In SGS 2021, it can be seen that setting policies in data security and customer privacy gained importance among the GSLs (9% increase). South African, US, and German companies increased their policy sharing ratio in data security and customer privacy more than 10% which leads all the companies in those countries to set relevant policies.
- **Governance Policy:** Governance policies of GSLs cover compliance related issues, risk management, executive compensation, supplier code of conduct, related party transactions, and board diversity. Succession planning and donations policies have the lowest ratio. Disclosing Board Diversity (+18%), Succession Planning (+17%), and Related Party Transaction (+13%) policies increased in comparison to the previous year. The highest increase in succession planning is in Germany, India, and Türkiye (in which bases were lower). The policies related to Donations remain with the highest improvement potential as it was in SGS 2020.

Board's Oversight Responsibilities

The Board is responsible for providing oversight on sustainability issues, reviewing and deciding on the risk appetite and monitoring implementation throughout the organization. The board's oversight role requires setting up an effective internal control mechanism, ensuring the independence of audit and strict compliance, monitoring ethics and business conduct within the company and its value chain, and transparency in external reporting and disclosure. Effective tracking of sustainability performance and communication to the board is essential for improving oversight of sustainability.

Table 8: Board Charter

	All Companies	China	Germany	India	South Africa	Türkiye	UK	US
Board Oversight Covers								
Environmental Issues	91%	62%	92%	100%	100%	79%	90%	94%
Human Rights	90%	46%	79%	100%	100%	93%	93%	94%
Labor Practices	85%	46%	63%	100%	96%	71%	88%	92%
Customer / Community Issues	89%	62%	58%	100%	100%	79%	93%	98%
Setting Materiality Thresholds	62%	23%	38%	75%	73%	64%	61%	73%
Supplier Code of Conduct	91%	69%	96%	89%	96%	86%	90%	96%
Executive Compensation	96%	85%	100%	100%	96%	86%	95%	98%
Succession Planning	89%	54%	96%	82%	92%	79%	100%	92%
Business Ethics	97%	85%	96%	100%	100%	93%	98%	100%
Anti-Corruption	95%	85%	100%	100%	100%	93%	98%	88%
Related Party Transactions	87%	92%	88%	100%	85%	79%	90%	80%
Donations (i.e. Political)	66%	54%	29%	86%	65%	93%	76%	61%
Regulatory Compliance	93%	77%	96%	100%	96%	93%	95%	88%
Board Charter Includes								
Appointment and Remuneration	99%	100%	100%	100%	100%	100%	100%	98%
Succession Planning	89%	38%	96%	82%	96%	64%	100%	98%
Board Independence	96%	77%	83%	100%	100%	93%	100%	100%
Access to Information / Independent Advice	81%	38%	83%	61%	96%	79%	95%	82%
Training / Orientation	92%	77%	92%	96%	96%	71%	100%	92%
Board Evaluation	93%	54%	75%	100%	100%	93%	100%	100%
Duties of the Members	99%	100%	96%	100%	100%	100%	100%	100%
Committees	100%	100%	100%	100%	100%	100%	100%	100%
Conflict of Interest and Related Party Transactions	94%	92%	100%	100%	92%	100%	98%	86%
Code of Conduct	97%	92%	100%	100%	96%	86%	98%	98%

- The most improved area in oversight is related to the Customer Community in comparison to SGS 2020 (+18%, SGS 2021: 89%).
- Customer Community-related areas are followed by the Board's leadership in setting materiality thresholds; however, there is still potential for development (+12%, SGS 2021: 62%).
- Another area for improvement is the donations policy. Setting policies and providing oversight to donations should be under the Board's responsibility (+13%; SGS 2021: 66%). Even if there is an increase in this area, the development potential remains, especially in Germany and the US.
- Access to Information/Independent Advice is listed frequently in Charters, however it still has the highest potential for improvement (SGS 2021: 81%).

Independent Audit and Access to Information

Independent audits of sustainability performance and processes are important for transparency purposes. However, the external assurance for sustainability issues is still very low. It may be because sustainability has diverse topics, quantitative as well as qualitative metrics which are difficult to measure. Furthermore, the material sustainability issues vary by industries and even by companies in the same industry. Consistent external assurance and disclosure for sustainability issues can enable the development of standards in sustainability reporting and provide investors with increased confidence in the quality of sustainability performance data, thereby making it useful for decision-making.

Table 9: Internal Audit by Countries

	SGS 2021	SGS 2020	Covers Sustainability	Environmental	Social	Governance	Reports directly to the Board
All Companies	98%	94%	85%	88%	97%	100%	
	94%	72%	75%	93%	93%		
China	100%	93%	85%	85%	100%	100%	
	93%	64%	71%	93%	93%		
Germany	100%	93%	100%	100%	100%	100%	
	93%	69%	72%	93%	86%		
India	100%	91%	100%	100%	100%	100%	
	91%	82%	82%	91%	100%		
South Africa	96%	97%	81%	88%	92%	100%	
	97%	72%	86%	93%	100%		
Türkiye	100%	100%	71%	93%	93%	100%	
	100%	58%	67%	100%	83%		
UK	100%	95%	90%	88%	100%	100%	
	95%	85%	85%	93%	98%		
US	94%	94%	73%	75%	94%	100%	
	94%	61%	63%	94%	89%		

Table 10: Independent Audit by Countries

	SGS 2021	SGS 2020	Covers Sustainability	Environmental	Social	Governance	Covers Supply Chain
All Companies	83%	80%	74%	73%	71%	69%	59%
China	62%	57%	38%	43%	54%	46%	23%
Germany	100%	93%	96%	90%	96%	96%	92%
India	89%	85%	89%	76%	86%	86%	68%
South Africa	88%	93%	81%	86%	85%	62%	65%
Türkiye	50%	42%	50%	42%	29%	29%	29%
UK	83%	80%	66%	68%	68%	76%	56%
US	84%	78%	76%	74%	63%	63%	57%

- GSIs increase their percentage in internal audit sustainability coverage by broadening the subtopics of E, S, G (+14%, +12%, +4% respectively). In terms of countries, Germany and Türkiye increased the coverage of social issues in independent audits (+25%). All companies report directly to the Board in internal audits.
- Independent audit coverage of sustainability increased at the same rate as independent audit. Independent audits in governance related topics increased by 11% and closed the gap with environmental and social issues.
- In addition, the supply chain coverage in independent auditing improved in comparison to SGS 2020 (+12%, SGS 2021: 59%).

Good Practice Examples

WATER STEWARDSHIP POLICY



Natural Resources



South Africa



GOLD FIELDS

Anti-Bribery and Corruption Policy (PDF - 392KB)		People Policy - Group Harassment (PDF - 20KB)	
Community Policy (PDF - 946KB)		People Policy - Sexual Harassment (PDF - 773KB)	
Climate Change Policy (PDF - 593KB)		Risk Management Policy (PDF - 356KB)	
Environmental Policy (PDF - 546KB)		Stakeholder Relationship And Engagement Policy (PDF - 372KB)	
Group Diversity Policy (PDF - 383KB)		Sustainable Development Policy (PDF - 789KB)	
Group Whistleblowing Policy (PDF - 16KB)		Tax Strategy and Policy (PDF - 266KB)	
Human Rights Policy (PDF - 435KB)		TSE Management Policy (PDF - 662KB)	
Materials and Supply Chain Stewardship Policy (PDF - 376KB)		Water Stewardship Policy (PDF - 354KB)	
Occupational Health and Safety Policy (PDF - 546KB)			

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GOLD FIELDS

GOLD FIELDS LIMITED

WATER STEWARDSHIP POLICY STATEMENT

Access to clean water is a fundamental human right and a vital resource for Gold Fields' mining and ore processing activities. As water is a shared resource, we are committed to responsible water stewardship, in particular in the catchments within which we operate. Managing our impacts on water users and resources is essential to maintaining our licence to operate.

To attain this vision, we at Gold Fields commit to continually improving our water stewardship performance by:

- complying with regulatory requirements and obligations relating to industry rules, codes and standards to which we subscribe
- applying strong and transparent corporate water governance by:
 - allocating clear responsibilities and accountabilities for water, from board and corporate to site levels
 - integrating water into business planning, including company strategy, investment planning and integrated mine closure planning
 - publicly reporting water performance, material risks, opportunities and management responses using industry metrics and recognised approaches
- ensuring consistent security of water supply for our operations without compromising catchment users or the environment
- regularly updating our water security risks, including those related to climate change, for all operations, with long-term operational plans to mitigate them
- effectively managing water at our operations by:
 - proactively reducing social and environmental impacts and risks
 - investing in relevant solutions for efficient utilisation of water at our operations
 - establishing an appropriate level of employee awareness and training
 - setting context-relevant water performance targets at each site
- ensuring all employees have access to clean drinking water, gender-appropriate sanitation facilities and hygiene at their workplace
- collaborating to achieve responsible and sustainable water use through:
 - engaging proactively and inclusively with stakeholders, especially those in our host communities, that may influence or be affected by our water use and discharges
 - supporting water stewardship initiatives that promote better water use, effective catchment management and contribute to improved water security and sanitation.

Everyone working for, on behalf of, and third parties to Gold Fields' operations plays an active role in achieving these commitments by:

- encouraging business partners, contractors and suppliers to adopt similar principles
- adhering to this Water Stewardship Policy Statement.

- List of all policies in a comprehensive manner.
- Sets and shares water stewardship policy.
- Tracks the water performance with clear long term targets.



Source: <https://www.goldfields.com/pdf/about-us/corporate-governance/policies/water-stewardship-policy-statement.pdf>,
<https://www.goldfields.com/policies.php>

RECOMMENDATIONS

1. Set KPIs for economic, environmental, and social issues, and governance of all; and SMART targets in line with what matters to focus attention on improving sustainability performance. Report results to monitor progress on G(EES) related outcomes.
2. Assess results and share remedial action to address gaps in sustainability.
3. Cover all employees, geographies, and the supply chain in a sustainability performance approach.
4. Develop a reliable, consistent set of indicators to measure intangibles (e.g. corporate culture, human capital, diversity, and inclusion).
5. Cooperate for the development of a unified reporting framework –standardization and comparability of sustainability data, methodology and metrics.
6. Communicate the value of metrics and feedback on its usefulness for decision making processes.
7. Define and prioritize material issues covering governance of all economic, environmental, and social dimensions for the company and its stakeholders.
8. Publish a materiality matrix.
9. Use reporting as a tool for transparency on communicating with stakeholders on what matters.

PART II

SUSTAINABILITY

PERFORMANCE

What gets measured, gets improved. Transparency on the material environmental, social, and governance performance results signals that the company is monitoring progress toward sustainability goals and increases confidence in the company's ability to create sustainable value for all its stakeholders. Furthermore, sharing results creates an opportunity for benchmarking for others to follow, thereby increasing the speed of learning.

Transparency creates accountability, not just for the company but also for its stakeholders. Better transparency in reporting ESG outcomes can restore trust in business by showing that it is taking action on sustainability. It can also mobilize stakeholders to contribute to the progress towards sustainability goals. Addressing sustainability challenges requires collaboration between multiple stakeholder groups in a long time-horizon, and trust is essential for that collaboration to be impactful and long-lasting.

Materiality analysis not only allows the company to prioritize their sustainability efforts by considering the G(EES) issues most related to its business, but also to inform sustainability reporting and communication with its stakeholders. Issues material to performance constantly evolve, so ongoing analysis and dialogue with stakeholders is essential for companies to focus on their sustainability efforts on what matters for their performance and their stakeholders both in the short and long-term.

HOLISTIC APPROACH IN SUSTAINABILITY

Sustainability Governance Scorecard® assesses sustainability performance in a holistic manner; analyses whether the policies and guidelines are materialized, whether disclosed performance covers all areas including environment, social, and anti-corruption, as well as all the operations, all organizational levels, supply chain, and the product life cycle. To assess implementation coverage, we looked for evidence in **comprehensive reporting of sustainability performance across key performance indicators**. We also evaluated the holistic approach in sustainability which includes setting policies, KPIs and targets and sharing results and evaluation of results across specific ESG categories.

Key Findings

Materiality

Material matters are broadly defined, as per GRI guidelines, as issues that have impact on an organization's ability to create, preserve or erode economic, environmental, and social value for itself, its stakeholders and society at large. Investors are increasingly looking for evidence that companies in their portfolio are focused on the material ESG issues that matter to financial performance and a well-defined commitment to sustainability.

Best-in-class companies use materiality analysis to gather insight on the relative importance of economical, environmental, social, and governance issues and prioritize sustainability efforts around areas where they can have the greatest impact.

Table 11: Materiality Assessment and Materiality Matrix

	SGS 2021	SGS 2020
Shares process for selecting material issues	90%	75%
Shares list of material issues	89%	78%
Covers environmental issues	88%	77%
Covers social issues	87%	77%
Covers governance issues	82%	74%
Shares the assesment of material issues	79%	68%
Shares assessment of material issues for company	79%	68%
Shares assessment of material issues for stakeholders	72%	53%
Shares materiality matrix	55%	46%

- 89% of the companies share a list of material G(EES) issues and 90% share the process for selecting material issues. All companies in Consumer Goods and more than 95% in Natural Resources share material issues and processes for selecting materiality issues.
- 79% of the companies share assessment of material issues for the company (prioritization) and 72% share for their stakeholders. There is a 19% increase in sharing the material issues for stakeholders in comparison to SGS 2020.
- German and Chinese companies show outstanding performance in all areas of materiality that we examine. However, all countries have the potential to improve in materiality matrix sharing.
- Only half of the companies in our sample share materiality matrix. GSLs should assume more responsibility on this topic. Sharing of materiality matrix is observed highest in Chemicals (78%) and lowest in Pharma (33%).

Table 12: List of Material Issues

Covers Environmental Issues	88%
Water	60%
Climate Change/Emissions	83%
Energy	62%
Waste	64%
Biodiversity	36%
Chemicals & Hazardous Materials	28%
Responsible Sourcing (% by material)	38%
Covers Social Issues	87%
Covers human rights issues (i.e. Protect, Respect, Remedy, Ensure non-complicity)	60%
Labor Rights (e.g. child labor, forced labor, freedom of association, etc.)	30%
Occupational Health and Safety	72%
Diversity and Inclusion	67%
Talent Development & Employee Wellbeing	70%
Product Design & Portfolio	53%
Data Security & Customer Privacy	42%
Social Responsibility & Local communities	44%
Covers Governance Issues	82%
Board Diversity (e.g. Gender, Experience, Independence)	12%
Executive Compensation	2%
Compliance	39%
Ethics	52%
Anti-corruption	34%
Supplier Code of Conduct	17%
Covers Economic Issues	79%
Customer Experience & Satisfaction	44%
Profitability & Economic Performance	43%
Technology & Innovation	55%
Supply Chain Management	54%

- Climate Change is the top listed material issue (83%). It is followed by Occupational Health and Safety (both 72%), and Talent Development (70%). When we look at the country basis, Climate Change is mostly considered by Chinese and German companies whereas Energy, Technology, and Innovation topics are relatively considered more by Chinese companies.
- Climate Change, Waste and Human Rights are mentioned as materials by all Consumer Goods companies, followed by Natural Resources on Climate Change and Waste issues (more than 90%).
- The issues of Occupational Health and Safety were specified as materials (more than 85%) by Consumer Goods and Natural Resource companies.
- There is an opportunity for improvement for all companies in determining economic material issues.
- Companies that adopt any of the initiatives both share their key issues and how they are identified (more than 94%).
- More than 90% of companies place Human Rights among the most important issues (75% for companies that do not adopt any of the initiatives).
- More than 80% of companies indicate that Climate Change is one of the most important issues.
- UNGC companies express that Occupational Health Safety and Talent Development are among the important topics (more than 80%)

Climate change is the top listed topic in material issues (83%) which is the most adopted issue with a holistic approach (75%).

Sustainability Performance

Global Sustainability Leaders have successfully integrated policies, KPIs, and results to include environmental, social, and governance issues, however there is room for improvement. As part of our research, we evaluated whether a company sets policies, KPIs and targets and shares results and evaluation of results across specific ESG categories. We find that 81% of companies consistently report on environmental topics, 68% on social topics, and 84% on governance topics.

Table 13: Sustainability Governance Performance

	Holistic Approach	Material Topics	Policy	Target	Results	Results Evaluation
Environmental	81%	88%	100%	81%	99%	96%
Climate Change	75%	83%	99%	77%	98%	94%
Energy	61%	62%	100%	63%	98%	93%
Waste & Packaging	52%	64%	99%	54%	93%	85%
Water	51%	60%	97%	52%	95%	88%
Responsible Sourcing	22%	38%	87%	34%	62%	44%
Hazardous Materials	21%	28%	86%	24%	66%	60%
Biodiversity	8%	36%	72%	16%	43%	21%
Social	68%	87%	100%	70%	98%	93%
Occupational Health and Safety	51%	72%	100%	55%	96%	84%
Diversity & Inclusion	47%	67%	99%	48%	95%	86%
Talent Development & Employee Wellbeing	28%	70%	99%	33%	85%	71%
Product Design & Portfolio	22%	53%	95%	31%	65%	46%
Social Responsibility & Local communities	14%	44%	89%	21%	60%	53%
Human Rights & Labor Practices	9%	60%	98%	15%	68%	32%
Labor Rights	5%	30%	88%	7%	35%	19%
Data Security & Customer Privacy	1%	42%	98%	5%	20%	10%
Governance	84%	82%	100%	86%	100%	97%
Executive Compensation	69%	2%	97%	69%	99%	96%
Board Diversity	33%	12%	93%	58%	100%	40%
Compliance	9%	52%	99%	24%	61%	27%

- Climate Change is the most consistently reported environmental topic; there is significant room for improvement in consistent reporting in Responsible Sourcing, Hazardous Materials, and Biodiversity.
- In terms of consistent reporting, Waste and Packaging improved the most in comparison to SGS 2020.
- The gap between sharing policy and setting targets is highest for Compliance, Product Design & Safety, Hazardous Materials, Biodiversity, and Responsible Sourcing (more than 50% gap).
- Companies that consistently report on social sustainability performance focus mainly on Health and Safety metrics. Almost all companies have a policy and share results for Diversity & Inclusion, Talent Development and Employee Wellbeing, but there is room for improvement in setting targets in these categories.
- Data Security and Customer Privacy policies are set by almost all companies, however there is a room for improvement in target setting, results sharing, and results evaluation.
- There is also room for improvement in setting targets and assessing results on governance areas. 69% of the companies report consistently on Executive Compensation, 33% for board diversity and only 10% on Compliance (Ethics, Anti-corruption, etc.)


Setting SMART Targets

Table 14: Environmental Targets by Countries, Industries, and Initiatives

	Environment	Water	Climate Change/ Emissions	Energy	Waste & Packaging	Biodiversity	Chemicals & Hazardous Materials	Responsible Sourcing
All Companies	81%	53%	77%	64%	54%	16%	24%	34%
BY COUNTRY								
China	38%	8%	23%	31%	8%	0%	0%	0%
Germany	96%	48%	96%	76%	60%	8%	44%	68%
India	64%	39%	54%	46%	54%	11%	21%	18%
South Africa	73%	50%	62%	54%	42%	23%	19%	31%
Türkiye	64%	57%	57%	64%	57%	21%	21%	29%
UK	93%	56%	93%	63%	61%	12%	17%	37%
US	94%	71%	94%	80%	63%	25%	31%	35%
BY INDUSTRY								
Automotive	69%	62%	69%	62%	69%	15%	31%	31%
Chemicals	94%	78%	89%	78%	61%	22%	44%	61%
Consumer Goods	85%	69%	77%	77%	85%	8%	38%	62%
Food Processors	91%	77%	86%	68%	86%	27%	23%	64%
Machine & Equipment	78%	44%	78%	56%	52%	7%	11%	15%
Natural Resources	83%	60%	83%	57%	37%	30%	40%	23%
Pharmaceuticals	75%	50%	75%	50%	50%	8%	17%	25%
Retail	80%	36%	72%	64%	60%	12%	24%	28%
Telecommunications	62%	8%	46%	62%	15%	0%	0%	15%
Utilities	84%	40%	76%	68%	36%	16%	12%	28%
BY INITIATIVE								
 GRI	89%	58%	88%	70%	53%	16%	27%	38%
 IR	81%	58%	71%	61%	52%	16%	26%	39%
 SASB	100%	74%	97%	79%	69%	18%	38%	44%
 UNGC	95%	69%	88%	82%	68%	20%	35%	54%
Other Companies	61%	39%	56%	43%	50%	15%	9%	15%

- More than 90% of companies in Chemicals and Food Processing set environmental targets. This is the lowest for Automotive (69%) and Telecommunications (62%) companies. More than 90% of companies in Germany, UK, and US share environmental targets. More than 70% South African, more than 60% Indian and Turkish companies share environmental targets, which is lowest for Chinese companies (38%).
- More than 85% of companies in Chemicals, Consumer Goods, and Food Processors set environmental targets, coverage, and depth in reporting environmental targets (more than 75% in more than 3 areas).
- Climate Change is the highest for target sharing:
 - Highest for Chemicals, Food Processors, and Natural Resources (more than 80%),
 - Highest for Germany, US, and UK (more than 90%),
 - China is lagging in sharing Climate Change targets (38%).
 - Higher in SASB (97%), GRI and UNGC (both 88%), and <IR> (71%).
- Energy is highest for Consumer Goods and Chemicals, medium across all industries and countries. Highest for US and Germany; SASB and UNGC companies outperform.
- More than 75% in Chemicals and Food Processors define Water as an environmental target. It is highest for the US, and very low for China.
- Waste & Packaging led by Food Processors and Consumer Goods (more than 85%).
- Hazardous Materials, Biodiversity, and Responsible Sourcing is low across all countries. Responsible Sourcing, Chemicals & Hazardous Materials highest in Germany (68% and 44%).
- Responsible Sourcing is high for Chemicals (61%), Consumer Goods (62%), and Food Processors (64%).
- All SASB companies share environmental sustainability targets. They are followed by UNGC (95%), GRI (89%), and <IR> (81%) companies. Those that do not adopt any of the initiatives share environmental targets lower (61%).
- SASB companies outperform in environmental targets.

Table 15: Social Targets by Countries, Industries, and Initiatives

	Social	Human Rights Issues	Labor Rights	Occupational Health and Safety	Diversity and Inclusion	Talent Development & Employee Wellbeing	Product Design & Portfolio	Data Security & Customer Privacy	Social Responsibility & Local Communities
All Companies	70%	15%	7%	55%	48%	33%	32%	5%	22%
BY COUNTRY									
China	38%	0%	8%	31%	15%	15%	23%	8%	15%
Germany	100%	28%	8%	92%	92%	56%	56%	20%	40%
India	50%	4%	4%	29%	25%	18%	25%	0%	29%
South Africa	69%	15%	8%	58%	50%	35%	19%	4%	8%
Türkiye	43%	21%	21%	36%	36%	29%	21%	0%	21%
UK	78%	17%	5%	54%	59%	39%	32%	2%	27%
US	76%	14%	6%	63%	43%	31%	35%	2%	14%
BY INDUSTRY									
Automotive	54%	8%	8%	46%	46%	23%	46%	0%	15%
Chemicals	78%	17%	6%	67%	50%	50%	39%	0%	33%
Consumer Goods	77%	23%	0%	38%	54%	38%	46%	0%	54%
Food Processors	77%	18%	14%	59%	59%	45%	36%	9%	32%
Machine & Equipment	70%	7%	0%	63%	30%	26%	30%	0%	11%
Natural Resources	80%	17%	10%	77%	50%	27%	20%	0%	13%
Pharmaceuticals	75%	17%	8%	42%	50%	33%	50%	8%	17%
Retail	64%	24%	12%	40%	60%	40%	28%	12%	8%
Telecommunications	69%	8%	8%	46%	46%	31%	23%	15%	38%
Utilities	56%	8%	4%	48%	44%	24%	24%	4%	20%
BY INITIATIVE									
 GRI	78%	14%	7%	63%	59%	37%	28%	5%	27%
 IR	74%	16%	6%	58%	55%	39%	29%	6%	16%
 SASB	82%	15%	8%	69%	51%	33%	38%	0%	23%
 UNGC	81%	22%	14%	72%	66%	45%	46%	4%	30%
Other Companies	50%	9%	0%	37%	26%	24%	24%	6%	13%

- All German companies set social targets. Followed by UK and US companies (both more than 75%).
- 80% for Natural Resources, lowest for Automotive (54%) and Utilities (56%).
- Highest for SASB and UNGC (both more than 80%).
- German companies set targets in occupational health & safety, and diversity & inclusion more than the others (both more than 90%).
- Occupational Health and Safety:
 - Highest in Germany (92%), US (63%), and South Africa (58%). Lowest in India (29%).
 - Highest in Natural Resources (77%), Chemicals (67%), Machine & Equipment (63%), and Food Processors (59%).
 - 72% of UNGC companies set occupational health and safety targets.
- Diversity & Inclusion:
 - More than 50% for Automotive, Machine & Equipment, and Telecommunications.
 - 92% of German companies set targets.
 - Lowest for Türkiye, India, China, UK, and US.
 - Companies that adopt an initiative outperform.
- Product Design & Portfolio is highest for Germany.
- Data Security and Customer Privacy lowest in all categories.

Table 16: Governance Targets by Countries, Industries, and Initiatives

	Governance	Board Diversity	Executive Compensation	Compliance
All Companies	86%	58%	69%	25%
BY COUNTRY				
China	38%	15%	15%	8%
Germany	96%	84%	76%	56%
India	57%	43%	0%	25%
South Africa	100%	77%	96%	15%
Türkiye	57%	36%	0%	29%
UK	100%	83%	98%	22%
US	98%	41%	98%	20%
BY INDUSTRY				
Automotive	54%	31%	23%	15%
Chemicals	89%	56%	83%	44%
Consumer Goods	92%	69%	69%	38%
Food Processors	91%	59%	68%	9%
Machine & Equipment	93%	44%	89%	26%
Natural Resources	87%	70%	67%	20%
Pharmaceuticals	92%	50%	75%	33%
Retail	92%	76%	80%	24%
Telecommunications	77%	62%	46%	23%
Utilities	80%	52%	60%	24%
BY INITIATIVE				
 GRI	90%	63%	77%	27%
 IR	97%	74%	90%	19%
 SASB	100%	54%	95%	18%
 UNGC	96%	77%	80%	32%
Other Companies	69%	48%	46%	19%

- All UK and South African companies set governance targets. Almost all companies in the US (98%) and Germany (96%) set governance targets. Chinese companies have the biggest room for improvement in governance targets.
- Coverage is more than 90% in Consumer Goods, Food Processors, Machine & Equipment, Pharma, and Retail. Lowest in Automotive (54%).
- All SASB companies set governance targets. More than 95% in <IR> and UNGC, and 90% for GRI companies do so. Companies that adopt an initiative outperforms.
- Board diversity is highest for German and UK companies (both more than 80%). Lowest in Automotive (31%). None of the initiatives outperform the board diversity targets.
- Executive compensation sharing is more than 90% in the US, UK, and South Africa, not available in India or Türkiye. Room for improvement in Automotive and Telecommunications is obvious. SASB and <IR> companies are the best performers (both more than 90%).
- Target for compliance is lowest across all countries, industries, and initiatives. It is highest for German companies (56%).

RECOMMENDATIONS

1. Manage your company as well as your ecosystem.
2. Cooperate and partner for impact for a step-change in how we do business.
3. Pursue industrial collaboration to define what matters and invest in measurement and reporting systems.

SUSTAINABILITY STEWARDSHIP

Taking a reactive approach to sustainability is not sufficient.

Companies should move from focusing on short-term profits to long-term impact and from a shareholder-centric view to a stakeholder-centric one. This requires not only managing the negative and positive sustainability impacts of the company's operations but also taking responsibility for the company's wider sphere of influence. There are a few companies taking the lead towards a proactive approach to sustainability and assuming leadership for their ecosystems, which requires a complete overhaul of traditional performance models. However, examples of this are not yet widespread even among the GSLs.

Managing your ecosystem includes taking responsibility for the environment, communities, and networks in which the company operates. Environmental stewardship can include protecting watersheds or biodiversity to ensure the continuity of natural resources for future generations. Social stewardship can include investing in communities and positively influencing stakeholders in the ecosystem in which the company operates through awareness and behavior change campaigns and training. For governance, the concept of stewardship would require assuming responsibility for improving the business climate. Ecosystem responsibility requires pursuing non-traditional partnerships between public, private, and social spheres, or between competitors within the same industry to accelerate impact towards the Sustainable Development Goals (SDGs).

Key Findings

- Almost all GSLs share ESG results and most set targets across ESG (81%, 70%, and 86%). There is an increasing trend in setting targets for sustainability areas in comparison to SGS 2020.
- Companies tend to share results and set targets for their ecosystem more often than the value chain in social and governance issues. However, it's contrary to environmental issues. For environmental issues, GSLs share results and targets for the value chain more frequently than their ecosystem.

Table 17: Sustainability Targets and Results for Value Chain

	Environmental	Social	Governance
SGS 2021			
SGS 2020			
Targets for Business	81%	70%	86%
	76%	62%	76%
Targets for Value Chain	41%	27%	27%
	29%	20%	19%
Targets for Ecosystem	25%	36%	39%
	16%	29%	34%
Results for Business	99%	98%	100%
	97%	99%	98%
Results for Value Chain	66%	62%	17%
	53%	44%	19%
Results for Ecosystem	43%	77%	41%
	25%	66%	35%

For Value Chain

- German and US companies are highest in sharing targets for the value chain (76% and 63%). It is highest for environmental issues, lowest for governance; also lowest for Chinese companies (8%) –none for environmental and social targets for the value chain.
- Food Processors, Chemicals, and Consumer Goods share more than 60%.
- UNGC and SASB companies have the highest percentage (69% and 67%). It is lower for <IR> and GRI companies in terms of E, S, and G subcategories.

For Ecosystem

- Highest for German and US companies (68% and 59%), and lowest for Turkish companies (21%). Social and Governance issues are covered more than Environmental issues for the ecosystem. Social and Governance related targets are set most often by German, South African, and US companies.
- Highest in Consumer Goods (77%), followed by Chemicals (67%).
- Targets in “Partnership for Goals” are mostly set by Consumer Goods and Chemicals (more than 60%).
- In terms of initiatives, UNGC companies share ecosystem targets more often (more than 65%).

Table 18: Sustainability Stewardship by Countries, Industries, and Initiatives

	Sustainability Targets for Value Chain	E	S	G	Sustainability Targets for Ecosystem	E	S	G
All Companies	49%	41%	28%	27%	47%	25%	36%	39%
BY COUNTRY								
China	8%	0%	0%	8%	31%	8%	8%	31%
Germany	76%	76%	48%	44%	68%	44%	48%	60%
India	43%	25%	18%	29%	36%	14%	32%	25%
South Africa	38%	23%	23%	19%	42%	27%	31%	42%
Türkiye	29%	29%	14%	14%	21%	7%	14%	21%
UK	46%	46%	22%	20%	59%	22%	44%	39%
US	63%	53%	41%	37%	47%	33%	41%	41%
BY INDUSTRY								
Automotive	46%	31%	15%	15%	38%	15%	38%	31%
Chemicals	67%	61%	50%	50%	67%	39%	39%	61%
Consumer Goods	62%	62%	54%	38%	77%	46%	62%	62%
Food Processors	68%	73%	50%	41%	55%	41%	55%	41%
Machine & Equipment	59%	44%	15%	30%	30%	15%	22%	19%
Natural Resources	40%	20%	23%	23%	50%	20%	37%	37%
Pharmaceuticals	33%	33%	17%	17%	25%	8%	17%	25%
Retail	44%	40%	24%	28%	56%	36%	44%	56%
Telecommunications	31%	31%	8%	8%	38%	8%	31%	31%
Utilities	36%	28%	24%	16%	36%	20%	20%	32%
BY INITIATIVE								
 GRI	52%	47%	28%	28%	52%	30%	40%	42%
 IR	45%	29%	26%	26%	42%	19%	35%	35%
 SASB	67%	64%	38%	33%	54%	33%	44%	54%
 UNGC	69%	65%	42%	36%	66%	39%	53%	58%
Other Companies	39%	26%	20%	24%	31%	17%	20%	26%

RECOMMENDATIONS

1. Link SDGs with strategy and prioritize them.
2. Quantify your contribution for stakeholders.
3. Focus on a few things that matter most to drive impact.
4. Make it specific, show links to sub-targets –preferably at target level.
5. Set targets and measure progress –quantify your direct contribution.
6. Develop and share an action plan to address gaps.
7. Think of your ecosystem.
8. Partner for an industry-level impact.

LINK TO SDGs

Sustainable Development Goals (SDGs) define global sustainable development priorities and aspirations for 2030 and **seek to mobilize global efforts around a common set of goals and targets.** In 2015, the SDGs were approved by almost 200 countries as a common framework on how to focus their actions for a sustainable future. In 2019, world leaders convened to take stock of SDG progress where the Secretary General emphasized the need to close the action-intention gap. Looking forward to 2030, corporations should take leadership and mobilize stakeholders if we are to reach the SDG targets for 2030.

Awareness about the importance of changing behaviors for a sustainable future as well as commitment to action is increasing. However, there is a need to act fast and scale up the progress. The SDGs can be utilized as a tool to connect business strategies with global priorities, and have a significant impact on the environment and social structure in which a business will operate in the future. The SDGs present an opportunity for business-led solutions and technologies to be developed and implemented to **minimize negative effects and maximize positive impacts on people and the planet.**

Key Findings








The SDGs have a significant impact on the environment and social structure in which a business will operate in the future. Sustainability Governance Scorecard analyses the strategic alignment with the SDGs, sharing the results, and setting specific targets for focused SDGs.

Table 19: SDG Alignment with Strategy, Results, and Targets



- There is a positive trend towards adopting SDGs compared to the past two years, but there is room for improvement, especially in results alignment and setting targets for SDGs. In comparison to SGS 2020, link to the SDGs increased by 13% both for strategy alignment (from 73% to 86%), and results alignment (from 58% to 71%). Target setting for aligning with the SDGs is 50%.
- Similar to SGS 2020, strategy and results alignment is highest for SDG 8 (77% and 63%), SDG 13 (78% and 66%) and SDG 12 (68% and 54%) –focusing on areas relevant to the core value proposition.
- Strategy and results alignment is highest for SDG 14: Life Below Water (37% and 28%), SDG 11: Sustainable Cities and Communities (47% and 38%), SDG 16: Peace and Justice Strong Institutions (38% and 29%), and SDG 5: Gender Equality (66% and 57%).
- Strategy and results alignment is lowest for SDG 8: Decent Work and Economic Growth (77% and 63%). Even if SDG 8 is one of the top 3 adopted SDGs, sharing results and defining targets related to the SDGs should be higher.
- In comparison to SGS 2020, the highest increase in strategy and results alignment is for SDG 4: Quality Education, SDG 5: Gender Equality, and SDG 3: Good Health and Well Being, followed by SDG 16: Peace and Justice Strong Institutions.

Table 20: SDG Alignment with Strategy and Results by Countries

	Strategy Alignment	GAP	Results Alignment
 Germany	88%	5%	83%
 United States	82%	9%	73%
 United Kingdom	85%	14%	71%
 India	78%	15%	63%
 South Africa	100%	15%	85%
 China	77%	23%	54%
 Türkiye	93%	36%	57%

Based on Argüden Governance Academy's research for Sustainability Governance Scorecard®

Table 21: SDG Alignment with Strategy and Results by Industries

	Strategy Alignment	GAP	Results Alignment
Machine & Equipment	63%	7%	56%
Automotive	77%	8%	69%
Pharmaceuticals	92%	9%	83%
Chemicals	89%	11%	78%
Retail	92%	13%	79%
Food Processors	90%	14%	76%
Telecommunication	85%	16%	69%
Utilities	92%	16%	76%
Natural Resources	93%	20%	73%
Consumer Goods	85%	31%	54%

Based on Argüden Governance Academy's research for Sustainability Governance Scorecard®

Table 22: Adoption of SDGs by Industries

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Automotive																	
Chemicals																	
Consumer Goods																	
Food Processors																	
Machine & Equipment																	
Natural Resources																	
Pharmaceuticals																	
Retail																	
Telecommunication																	
Utilities																	

Highlighted boxes indicate >50% of companies in that sector link their strategy with the selected SDG according to our sample
Based on Argüden Governance Academy's research for Sustainability Governance Scorecard®

- In each industry, companies on average link their strategy with 10 of the 17 SDGs and share results linked to SDGs with 8 of them.
- Companies in Natural Resources link their strategy with 12 of the SDGs; Chemicals, Consumer Goods, Retail, Food Processors with 10; Utilities, Telecommunication, Automotive, Pharma with 9 of the SDGs. Industrial performance for SDG linkage is very low for Machine & Equipment across the board (less than 40% across all SDGs), however there is an improvement in comparison to SGS 2020 (linkage was below 30% and none of the SDGs were adopted by more than half of the companies in the industry). This signals that consumer-facing industries have been influenced by public sensitivity on working towards global goals and sustainability agenda, while B2B industries such as Machine & Equipment are slower to adopt global goals.
- SDG 8 is adopted by more than 50% of the companies in all industries. It is followed by SDG 7, 5, 12, and 13. Those SDGs are adopted by almost all industries (more than 50% in 9 of 10 industries).
- The Machine & Equipment industry shows progress in comparison to SGS 2020. Last year, none of the SDGs were adopted by more than 50% of the companies. This year, SDG 6, 7, 8, and 9 were adopted by more than 50%.
- There is more than 50% adoption of specific SDGs in different industries: Chemicals (SDG 12), Consumer Goods (SDG 13), Food Processors (SDG 13), Natural Resources (SDG 3, 4, 5, 6, 8, 13, 15, and 17), Pharma (SDG 3, 5, and 13), Retail (SDG 8, 12, and 13), Telecommunications (SDG 4), Utilities (SDG 7, 8, and 13).

Good Practice Examples

MATERIALITY FOR SUSTAINABILITY ISSUES



Chemicals



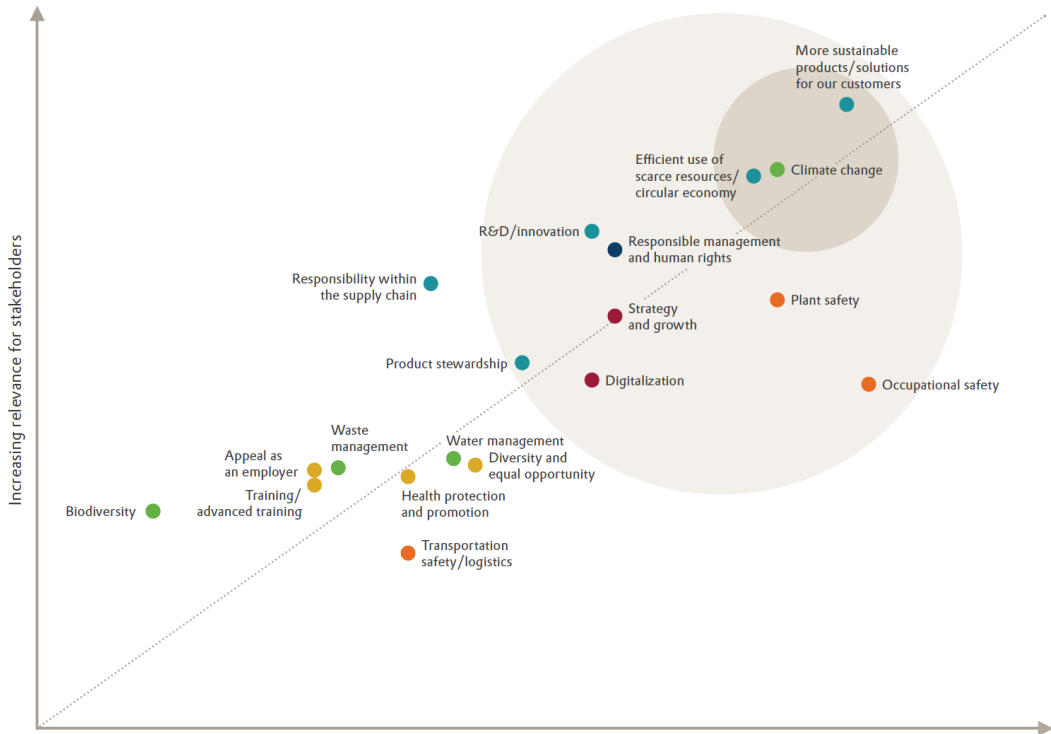
Germany



EVONIK
INDUSTRIES

Materiality analysis 2019 [102-44](#), [102-46](#), [102-47](#), [102-48](#), [102-49](#), [103-2](#)

C12



Areas of action

- Strategy and growth
- Governance and compliance
- Value chain and products

- The environment
- Employees
- Safety

- Top 3 sustainability issues of relevance for Evonik
- Top 10 sustainability issues of relevance for Evonik

Further information:

- ★ Case study "Sustainable products: oxidation agents" p. 9
- ★ Case study "Circular economy" p. 41
- ★ Case study "Sustainable products: cosmetics" p. 44

- Shares materiality matrix for various ESG topics, highlighting Top 3 and Top 10 sustainability issues for the company, and stakeholders as well.



Source: https://corporate.evonik.com/Downloads/Corporate/BPK/Evonik_Sustainability_Report_2019.pdf, p. 21

TARGET SETTING PROCESS



Chemicals



US



Sustainable Development Targets 2028

102-47

Linde's ambitious Sustainable Development 2028 (SD 2028) targets are our roadmap and plan for the coming 10 years. The targets are organized in four categories or Priority Factors (PFs) that we consider relevant to the company and its internal and external stakeholders: Climate Change; Safety, Health & Environment; People & Community; and Integrity & Compliance. The PFs are shown in the box: 2019-2020 Priority Factors.

Within the four PFs are 10 sub-areas, covering 30 targets. The Climate Change targets span Linde's full value chain, from pre-investment and R&D to operations, customers and growth strategy. These are discussed in the Climate Change section. Our PF for Safety, Health & Environment is supported by targets for personnel safety, distribution safety and product safety, and in the environment area, for sustainable productivity, water and waste. The People & Community PF has targets for diversity and inclusion, community engagement and global giving. In the Integrity & Compliance category, we are targeting 100% of employees and contractors certified in our Code of Ethics & Compliance.

This set of targets has several features worth noting:

1. They are 10-year targets that set a long-term strategy for sustainable development at Linde. They are consistent with Linde's business model, its mission and values, and the strategic business objectives named by the Board as a basis for variable compensation.
2. Linde's businesses and functions are accountable to deliver these targets—they are embedded into our businesses and operations. Each target is a business KPI and managed as part of the business.



3. The targets were developed with reference to external expectations. These include ESG investors, who look for non-financial information as the basis to make better informed investor decisions (such as the Sustainability Accounting Standards Board [SASB]). They were also developed with stakeholders involved in understanding Linde's impacts within the context of global needs and planetary boundaries (such as described by the GRI Sustainability Reporting Standards and the UN SDGs). Our SD targets contribute to several SDGs, as shown in the Value Creation section on page 11, and in the targets table. Linde also provides indexes that show how its SD strategy and targets align with the GRI Standards, ICD and with SASB. For more information please visit: <https://www.linde.com/about-linde/sustainable-development/reports/scs-en>.

The Target Setting Process

Linde follows a management system logic in setting its SD targets: see Linde's 2028 Target Setting Process diagram on the next page. We started with a grounding in Linde's internal drivers — its values, principles, business model, risk factors, governance and compliance, and compensation structure. Next, we considered relevant external frameworks, standards, guidelines and concerns that represent the views of our industry, general stakeholders, investors and customers. These included the chemical industry's Responsible Care® program, the GRI Sustainability Reporting Standards, the UN SDGs, the SASB Standard for the chemical sector and the frameworks of the international Integrated Reporting (IIR) Council, the Climate Disclosure Standards Board and the Task Force on Climate-Related Financial Disclosures (TCFD). We also conducted an internal management survey to assess management priorities.

As these are a new generation of sustainability targets, Linde performed a full Sustainable Development Materiality Assessment (SDMA). Based on these first two steps, we worked with the businesses and functions to define Linde's PFs, KPIs, work processes and reporting. "Materiality" is defined differently for different stakeholders. For ESG investors, materiality is defined as information needed to make better investment decisions (e.g., SASB, TCFD). Linde is investor-focused, and we weighed these issues strongly in our materiality considerations. Linde also collected perspectives

from employees, potential employees, customers, regulators and local communities, to name just some additional relevant stakeholders. An SDMA must consider multiple inputs and consolidate these into a coherent set of priorities and KPIs.

In addition, as part of its continuous improvement process, Linde will conduct a condensed SDMA each year to confirm alignment and consider adjustments and improvements. The SDMA will be repeated after 5 years to confirm that the key issues remain relevant.

The full SDMA process is described on our website at: <https://www.linde.com/about-linde/sustainable-development/underlying-principles>.

Following the SDMA, we were able to finalize the SD 2028 targets. An example of the iterative process of continuous review of PFs, KPIs and targets against internal drivers and external frameworks is provided below for Linde's Decarbonization Investment Target that was developed as part of the company's Sustainable Development strategy.

Targets were presented to the executive leadership team at the end of 2019 and approved by the Board in January 2020. The targets are based on 2018, and this report presents the first year of results towards these targets. Our management system process is now in place for regular reporting from the businesses and functions, management and Board review, and continuous improvement.

How Linde's Decarbonization Investment Target Was Developed

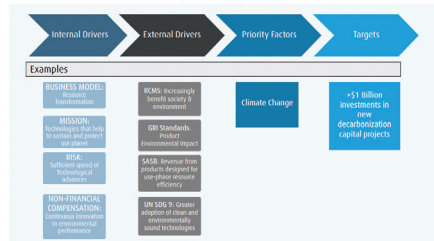
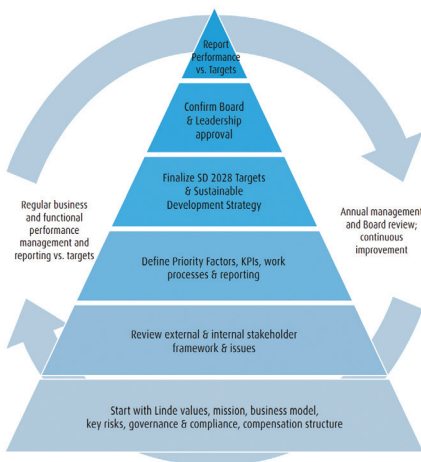


Diagram of Linde's 2028 Target Setting Process

Linde's SD targets are a result of a rigorous and comprehensive process, which entails several rounds of internal and external stakeholders' input collection, based upon which a list of suggested

targets is created and submitted to the Board for final approval. Once approved, performance is regularly monitored against the targets and subject to continuous improvement reviews.



- Defines a systematic approach in target setting process.
- Considers assessments of company and stakeholder priorities while defining long term targets.
- Shares accomplishment status annually for each target.
- Links E, S, and G targets with their prioritized SDGs.



Source: <https://www.linde.com/-/media/linde/merger/documents/sustainable-development/2019-sustainable-development-report.pdf?la=en>, p. 12, 14, 15

TARGET SETTING PROCESS













Chemicals



US



Sustainable Development Targets 2018-2028*

Climate Change 	Safety, Health & Environment 	People & Community 	Integrity & Compliance 		
Invest & Innovate in Decarbonization <ul style="list-style-type: none"> >\$1 billion in decarbonization initiatives >1/3 annual R&D budget to decarbonization 	Occupational and Distribution Safety <ul style="list-style-type: none"> Achieve annual operational safety better than industry levels (LWCR, TRCR) Achieve annual Commercial Vehicle Incident Rate (CVIR) of <2.5 / million km 	Diversity & Inclusion <ul style="list-style-type: none"> Achieve 30% representation of women globally by 2030 	Integrity & Compliance <ul style="list-style-type: none"> Confirm 100% annual Certification to Linde's Code of Business Integrity 		
Achieve 35% intensity reduction in GHG vs. EBITDA <ul style="list-style-type: none"> >2x low-carbon power sourcing, primarily from active renewable electricity Improve energy & GHG intensity <ul style="list-style-type: none"> 4% for HyCO GHG 7% for ASU energy 10% for distribution fleet GHG 10% absolute reduction in GHG emissions from Other GHG 	Health/Product Stewardship <ul style="list-style-type: none"> Zero global sales of coating slurries that contain hexavalent chrome by 2029 (Surface Coatings) 	Employee Community Engagement <ul style="list-style-type: none"> Contribute 550 CE projects by 2028 Integrate Community Needs Assessments into Engineering project design phase (U.S. only) 			
Deliver Innovative & Sustainable Solutions <ul style="list-style-type: none"> Contribute >50% annual sales from Sustainability Portfolio Enable >2x annual carbon productivity 	Environment <ul style="list-style-type: none"> Achieve \$1.3 billion Sustainable Productivity Implement Water Management Plans at 100% relevant sites Achieve Zero Waste at 450 sites 	Global Giving <ul style="list-style-type: none"> Increase environmental / climate-related philanthropic spend by 50% 			
					

* See Performance Towards Targets for definitions of scope and boundary of each target. All targets run 2018-2028 except where otherwise noted.

- Defines a systematic approach in target setting process.
- Considers assessments of company and stakeholder priorities while defining long term targets.
- Shares accomplishment status annually for each target.
- Links E, S, and G targets with their prioritized SDGs.



Source: <https://www.linde.com/-/media/linde/merger/documents/sustainable-development/2019-sustainable-development-report.pdf?la=en>, p. 13

SMART TARGET SETTING



Food Processors



UK

DIAGEO

Performance against 2020 targets⁽¹⁾

Water stewardship

2020 target	KPI	Performance	Progress
Reduce water use through a 50% improvement in water use efficiency	% improvement in litres of water used per litre of packaged product	6.0% ^Δ 2019 43.8% cumulative	 We have made significant further progress this year at our sites, driven by continuous improvement and innovation projects in brewing, maltings and distilling operations worldwide. This year, 16,442m ³ of water were used for agricultural purposes on land under our operational control. We report this separately from water used in our direct operations. The volume of water we recycled or reused in our own production was 1,029,305m ³ , representing 5.2% of total water withdrawals.
Return 100% of wastewater from our operations to the environment safely	% reduction in wastewater polluting power measured in BOD (000 tonnes)	13.6% ^Δ 2019 36.0% cumulative	 While we met all regulatory requirements on wastewater at our sites and have made good progress this year, we recognise we will not achieve our full target by 2020. Over 80% of our sites have achieved the 2020 target. We are now concentrating on our remaining cluster of sites. As part of a range of solutions, we are planning further investment in wastewater treatment together with the use of new technologies to create value from our by-products.
Replenish the amount of water used in our final product in water-stressed areas	% of water replenished in water stressed areas (m ³)	11.8% 2019 60.5% cumulative	 This year we replenished 11.8% of the total water used in our final product, and cumulatively 60.5% of the water used in water-stressed locations is now replenished. Significant progress will be required in Nigeria, Ghana and Kenya in 2020 to ensure we achieve our ambitious target.
Equip our suppliers with tools to protect water resources in our most water-stressed locations	% of key suppliers engaged in water management practices	86% 2019	 We engaged 128 suppliers to disclose their water management practices through CDP's Supply Chain Water Programme, with an 86% response rate. We prioritised more than 100 third-party operators for more in-depth water risk assessment and support, and have begun mapping site water performance and rolling out our water guidance for the most water stressed.

Carbon

2020 target	KPI	Performance	Progress
Reduce absolute greenhouse gas emissions from direct operations by 50%	% reduction in absolute GHG (kt CO ₂ e)	5.9% ^Δ 2019 44.7% cumulative	 We made important progress this year, achieving a 5.9% decrease in carbon emissions. In addition to continuous improvement at our operations and fuel switching, we have purchased energy attribute certificates to support our decarbonisation strategy. As a signatory to RE100, we aim to source 100% of our electricity from renewable sources by 2030. This year 45.4% of electricity at our production sites came from renewable sources such as wind, hydro and solar (2018 – 18.5%). In the United Kingdom, 100% of our electricity came from renewable sources. We use the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol as a basis for reporting our emissions, and we include all facilities where we have operational control for the full financial year. Diageo's total direct and indirect carbon emissions (location/gross) this year were 785,545 [†] tonnes (2018 – 782,294 tonnes), comprising direct emissions (Scope 1) of 620,573 [†] tonnes (2018 – 620,608 tonnes), and indirect (Scope 2) emissions of 164,971 [†] tonnes (2018 – 164,971 tonnes). The intensity ratio for this year was 185 grams per litre packaged (2018 – 186 grams per litre packaged).
Achieve a 30% reduction in absolute greenhouse gas emissions along the total supply chain	% reduction in absolute GHG (kt CO ₂ e)	5.9% 2019 27.1% cumulative	 Our total supply chain carbon footprint this year was 3.165 million tonnes, a 5.9% improvement and important progress towards our target. We engaged suppliers directly on measuring and managing their carbon emissions and made further data analysis improvements. This year we received responses from 86% of the 224 suppliers we engaged through the CDP, and 50% of these suppliers reported that they had emissions reduction targets.
Ensure all our new refrigeration equipment in trade is HFC-free, with a reduction in associated greenhouse gas emissions from 2015	% of new equipment sourced HFC-free from 1 July 2015	99.5% 2019	 Eliminating HFCs plays a role in reducing our overall carbon footprint. 99.5% of the 48,000 new fridges we have purchased since July 2015 were HFC-free.

- Sets clear quantitative targets along with KPIs, baseline performance and performance for ESG matters.



Source: https://www.diageo.com/PR1346/aws/media/7946/b3801-000797-diageo_ar2019_strategic-report.pdf, p. 54, 55

SMART TARGET SETTING



Food Processors



DIAGEO

Waste

2020 target	KPI	Performance	Progress
Achieve zero waste to landfill	% reduction in total waste to landfill (tonnes)	75.7% ^Δ 2019 96.2% cumulative	 Following a setback in 2018 caused by hurricanes in the Caribbean, we achieved significant progress this year. Over 80% of our sites have now achieved our 2020 target of zero waste to landfill. We continue to focus on our residual volumes and sites.

Packaging

2020 target	KPI	Performance	Progress
Reduce total packaging by 15%, while increasing recycled content to 45% and making 100% of packaging recyclable	% of total packaging by weight	1.4% 2019 10.8% cumulative	 We made significant progress this year in reducing total packaging by weight, predominantly through initiatives to optimise glass and carton weight in India. However, despite recent improvements, delivery of this target in full will stretch beyond 2020.
	% of recycled content by weight	0% 2019 40.5% cumulative	 Our commitment to increase recycled content in our packaging, set in 2009, has resulted in a 19% improvement against our baseline. We continue to work with suppliers and other partners to improve recycled content. We reuse returned glass bottles in parts of our business, but do not currently include them in our reported recycled content data. We are reviewing our reporting boundaries for recycled content so that we can consider including returned glass in our recycled content data from 2020.
	% of recyclable packaging by weight	0% 2019 98.7% cumulative	 As we approach our target, we are finding challenges in the areas of recycling infrastructure and technology solutions. We plan to carry out a review of the options available in order to achieve the final 1.3% to meet our target.
Sustainably source all of our paper and board packaging to ensure zero net deforestation	% of sustainably sourced paper and board packaging	94% 2019	 We define sustainably sourced as Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified, or recycled fibre. To date we have engaged over 280 suppliers, with 93% responding. Collectively these suppliers have self-reported that 94% of the paper and board packaging they supply meets our sustainable sourcing criteria, and we continue to work with our suppliers to deliver our goal of 100% by 2020.

(i) Baseline year is 2007 except for packaging which is 2009 and water replenishment which is 2015.
 Δ Within PwC's limited assurance; see page 173 for further details.

Performance against 2025 targets⁽ⁱⁱ⁾

Packaging (plastic)

2025 target	KPI	Performance	Progress
Achieve 40% average recycled content in all plastic bottles (and 100% by 2030)	Tonnes (metric) of recycled content/ total tonnes of plastics used	0.02% 2019 cumulative 0.02%	 In our first year of reporting against this target, we have identified opportunities to increase the use of recycled content in plastic (PET) bottles, particularly in North America. Although only 2% of our packaging is made from plastic (PET), we nonetheless consider this an important target.
Ensure 100% of our plastics will be designed to be recyclable, reusable or compostable in countries where we operate	Tonnes (metric) plastics widely recyclable (or reusable/ compostable)/ total tonnes of plastic used	81% 2019 81% cumulative	 We continue to work with our suppliers and other partners to remove non-recyclable plastics from our products and to promote better recycling infrastructure in selected markets.

(ii) These targets were introduced in 2018.

- Sets clear quantitative targets along with KPIs, baseline performance and performance for ESG matters.



Source: https://www.diageo.com/PR1346/aws/media/7946/b3801-000797_diageo_ar2019_strategic-report.pdf, p. 54, 55

TARGETS LINKED TO INITIATIVES



Food Processors



US



NEW 100% deforestation-free by 2030 (aim to eliminate deforestation from all of our supply chains by 2030)	NEW STRIVE 35 5-YEAR TARGETS 1.5% reduction in GHG emissions by 2025	6% reduction in energy intensity by 2025	5% reduction in water intensity by 2025	87% diverted waste from landfill by 2025
--	---	--	---	--

MATERIAL TOPIC	GOAL	PROGRESS	TARGET DATE	SDG	SASB
Emissions	25% absolute reduction in GHG emissions over 2019 baseline by 2035*	In progress 8.9% reduction	12/31/2035	13 Climate Action, 15 Life on Land	Greenhouse Gas Emissions
Energy	15% reduction in energy intensity over 2019 baseline by 2035	In progress 1.7% reduction	12/31/2035	13 Climate Action, 15 Life on Land	Energy Management
Water	10% reduction in water intensity over 2019 baseline by 2035	In progress 1.9% reduction	12/31/2035	6 Clean Water and Sanitation, 13 Climate Action, 15 Life on Land	Water Management
Waste	90% diverted waste from landfill over 2019 baseline by 2035	In progress 83.4% diverted	12/31/2035	6 Clean Water and Sanitation, 13 Climate Action, 15 Life on Land	

MATERIAL TOPIC	GOAL	PROGRESS	TARGET DATE	SDG	SASB
Traceability	Traceability to Mill: improve traceability of palm oil and palm kernel oil to mill to maintain high visibility into ADM's palm supply chain and reduce deforestation risk	In progress Palm Oil 99.60%	Ongoing	2 Zero Hunger, 6 Clean Water and Sanitation, 8 Decent Work and Economic Growth, 13 Climate Action, 15 Life on Land	Environmental and Social Impacts of Ingredient Supply Chain • Ingredient Sourcing
		In progress Palm Kernel Oil 99.20%	Ongoing		
Supplier Engagement	100% of direct suppliers committed to responsible sourcing of palm oil aligned with ADM's policy	Achieved 100%	12/31/2021		
	100% of volumes sourced from direct suppliers who have implemented a Grievance Management System	In progress 85.3%	12/31/2021		
	100% of volumes sourced from direct suppliers with an implementation plan for responsible sourcing of palm oil	In progress 99.3%	12/31/2021		
Monitoring and Verification	100% of volumes sourced from direct suppliers with human rights due diligence process in place	In progress 99.4%	12/31/2021		

- Shares target date, progress, and goals.
- Links material topics with the SDGs and the SASB Reporting details.



Source: <https://www.adm.com/sustainability>

NON-FINANCIAL KPIs



Food Processors



UK



Non-financial KPIs

Great Place to Work trust index

77%



Alignment to strategy



Principal risk:

Talent – see page 38

Related policies

Code of Conduct, Equality and Diversity Policy, Employee Community Fund Policy, Safe Driving Policy, Family Leave Policy, Whistleblowing Policy

Further information

Employee engagement on page 24

Women in leadership

38%



Alignment to strategy



Principal risk:

Talent – see page 38

Related policies

Equality and Diversity Policy

Further information

Diversity and inclusion on page 24

Average calories per 250ml

27.5 kcal



Alignment to strategy



Principal risk:

Health concerns – see page 35

Related policies

Responsible Marketing Code

Further information

Consumers on page 22

Manufacturing carbon intensity ratio

27.41 kg CO₂e/tonnes product



Alignment to strategy



Principal risk:

Sustainability and environment – see page 36

Related policies

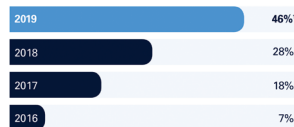
Healthier Planet Policy, Ethical Business Policy

Further information

Climate action on page 27

Manufacturing energy from renewable sources

46%



Alignment to strategy



Principal risk:

Sustainability and environment – see page 36

Related policies

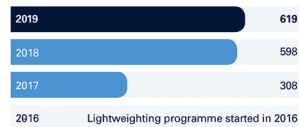
Healthier Planet Policy, Ethical Business Policy

Further information

Climate action on page 27

Primary plastic packaging removed in GB through light-weighting

619 tonnes



Alignment to strategy



Principal risk:

Sustainability and environment – see page 36

Related policies

Healthier Planet Policy, Sustainable Packaging Policy

Further information

Packaging and the circular economy on page 28

Strategic Report

Corporate Governance

Financial Statements

Additional Information

- Shares calculation methodology for non-financial KPIs.
- Adopts comprehensive approach in sharing non-financial KPIs along with policies, strategy linkages, risks, and yearly comparison.

Source: <https://www.britvic.com/media/amghifsy/2019-annual-report.pdf>, p. 3

GOVERNANCE PERFORMANCE



Chemicals

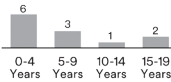


US

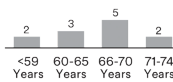


Corporate governance highlights*

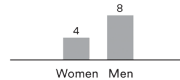
DIRECTOR TENURE
Avg. 7 years



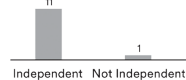
DIRECTOR AGE
Avg. 64.3 years



GENDER DIVERSITY
33.3% Women Directors



BOARD SIZE AND INDEPENDENCE
11/12 Directors are independent



INDEPENDENT LEAD DIRECTOR



- Independent Lead Director with robust authority
- Combined Chairman and CEO positions

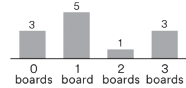
MEETING ATTENDANCE

96%

- Overall attendance at Board and committee meetings
- There were **EIGHT** Board meetings in 2019

OTHER PUBLIC COMPANY BOARDS

1.3 Average Board Positions



* The "Corporate governance highlights" above reflect the Board's current 12 directors and related information for 2019. One of them, Edward M. Liddy, is no longer eligible to stand for re-election as he has reached the mandatory retirement age.

The Qualifications and Attributes, and Demographic Background information below reflect the eleven Director Nominees for this Annual Meeting.

Qualifications and Attributes	Brown	Craig	Dillon	Ekew	Henkel	Hood	Kent	Moyo	Page	Roman	Woertz
Leadership	•	•	•	•	•	•	•	•	•	•	•
Manufacturing	•			•	•				•	•	•
Supply Chain	•		•	•	•		•		•	•	•
Technology		•	•	•	•	•		•		•	
Finance	•	•	•	•	•	•	•	•	•	•	•
Global	•	•		•	•	•	•	•	•	•	•
Risk Management	•	•	•	•	•	•	•	•	•	•	•
Marketing			•	•	•	•	•	•	•		
Demographic Background											
Tenure (Years)	7	1	5	17	13	3	7	2	4	2	4
Age (Years)	64	63	68	70	71	48	67	51	68	60	67
Gender (Male/Female)	M	F	M	M	M	F	M	F	M	M	F
Race/Ethnicity											
African American/Black	•							•			
Caucasian/White		•	•	•	•	•	•		•	•	•

- Shares board governance measures, KPIs along with Skills Matrix.
- Shares meeting attendance and other governance measures with a broad perspective.



Source: https://s24.q4cdn.com/834031268/files/doc_financials/2019/ar/3M-Proxy-2020.web.pdf, p. 7

GOVERNANCE PERFORMANCE



Machine & Equipment



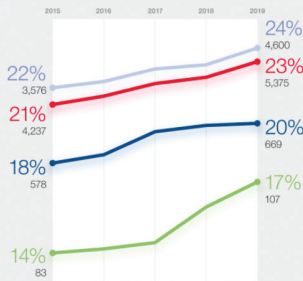
US



2019 Diversity Key Statistics

Gender Diversity

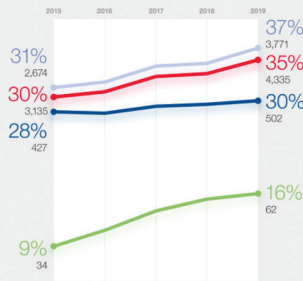
Steadily increasing
(percent and number of women)



Board of Directors: **22%**
Group Executive Committee: **29%**

US Ethnic Diversity

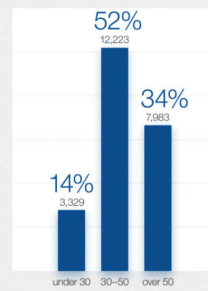
Steadily increasing
(percent and number of ethnic minorities)



Board of Directors: **11%**
Group Executive Committee: **29%**

2019 Age Diversity

(percent and number of ethnic minorities)



BOARD OF DIRECTORS over 50: **100%**
GROUP EXECUTIVE COMMITTEE 30-50: **29%** over 50: **71%**



24% of the Dover global workforce are women.



17% of senior leaders are women.*

*Includes Director and above



36% of the Dover US workforce are ethnic minorities.*

*Includes all races except white

- Shares key diversity metrics by gender, ethnic and age diversity measures.
- Compares diversity measures by different levels in graphs.



Source: <https://www.dovercorporation.com/sustainability/social/diversity-and-inclusion>

GOVERNANCE PERFORMANCE



Pharmaceuticals



South Africa



Board composition

Diversity of expertise

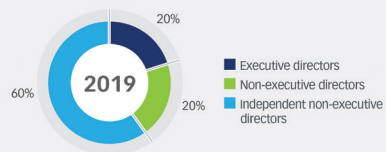
Policy: To create an experienced Board with the appropriate balance of knowledge and skills in areas relevant to the Group.

The following areas of expertise are relevant to Aspen



Independence

Policy: To comprise a majority of non-executive directors, the majority of whom should be independent.



Board size

Policy: To target a Board size which promotes accountability and encourages healthy, constructive debate and decision-making, while meeting regulatory and MOI requirements. The appropriateness of the Board size is evaluated annually by the Remuneration & Nomination Committee.

Diversity of age

Policy: Executive directors retire from their positions and from the Board at the age of 65. The company's retirement policy does, however, make provision to extend the relationship beyond the normal retirement age. Non-executive directors, 70 years and older, retire at each AGM and are proposed for re-election if recommended by the Board.

Average age

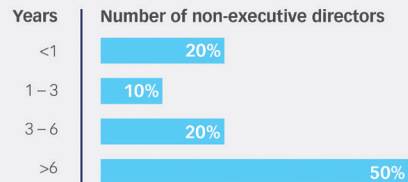


Younger than 55 years



Succession and diversity of tenure

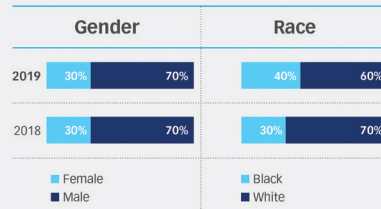
Policy: Periodic, staggered rotation of members so as to ensure the introduction of members with new expertise and perspectives, while retaining valuable industry knowledge, skills, experience and maintaining continuity.



Succession planning makes provision for the identification, mentorship and development of future members.

Gender and racial diversity

Policy: The company's gender diversity policy promotes a voluntary target of 40% female representation on the Board over a three-year period, while the racial diversity policy promotes a voluntary target of 50% black representation on the Board over the same period.



- Shares board diversity measures by diversity of expertise, age, gender, and racial diversity, as well as independence and succession/tenure diversity.
- Discloses the diversity measures with the related policy.



Source: <http://www.aspen-reports.co.za/reports/2019/pdf/aspen-ir-2019-final.pdf>, p. 93

SUSTAINABILITY STEWARDSHIP



Natural Resources



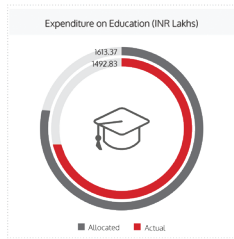
India



Our Initiatives and their Impact

Education

With our initiatives, we aim to drive a change by empowering our society. Our belief in the power of knowledge is showcased through our efforts in the area of education. We see education as a means to socioeconomic development, and therefore, promote a learning environment for all through our initiatives. Pre-school education, educational support program, vocational and technical education training and infrastructure of the school are some of the key areas that we focus on as part of our education initiatives. Our Shala Pravesh Utsav helps us improve the retention rate at government schools. Our project at Dahaj has been successful in achieving 100% enrolment of students in government schools. We have seen participation of more than 513 students in our digital education programme. We have partnered with the Department of Education and NIFT Foundation to conduct capacity building of rural youth through computer education. Through our initiatives, 60% of our youth participants received employment opportunities during the year.



Impact of Initiatives - Educational Sector		
Initiatives	Unit	FY 2019-20
Anganwadis and Balwadis	No. of Centres	191
Students in Anganwadis and Balwadis	No.	7,628
Rehabilitation of Malnutrition children (number)	No.	537
Adult Literacy Program	No. of Adults	139
Schools (Aditya Birla Public and Aditya Birla Vidya Mandirs)	No.	19
Students	No.	6,869
Distribution of Educational materials and uniforms	No. of Students	14,562
Construction, repair and maintenance of schools and Fixtures	No. of Schools	37
Scholarships	No. of Students	402
Teacher support to schools	No. of teachers	65
Mid-day meal Program (infrastructure set up at Lohardaga)	No. of Students	40,000

An impact assessment study of CSR activities of Utkal Alumina International Ltd. carried out by NABARD Consultancy Services during FY 2018-19 for our education sector initiatives indicated the following impact:

Data from Impact Assessment			
Key Performance Indicator	Unit	Baseline (FY 2010-11)	Impact (FY 2018-20)
Total literacy rate	%	37.74*	51.56**
Women literacy rate	%	22.51*	36.51**
School enrolment	%	92.06***	97.85**
School attendance	%	65%	100%*
School dropouts	%	4.75%	2.65%*

*Indicates 2011 census data.
 **Indicates NABICONS study data, 2018
 ***Indicates Child Tracking System Data of the operational Gram Panchayats, Odisha Primary Education Programme Authority, Government of Odisha, Bhubaneswar, 2009-10.
 *Impact assessment study conducted by Xavier Institute of Social Services Ranchi at Dahaj in 2016-17

- Prioritizes stakeholders, defines engagement method with expected outcomes, and shares community consultation approach.
- Allocates CSR Budget following stakeholder consultation.
- Contributes to community development along with its impact assessment.

Source: <http://www.hindalco.com/upload/pdf/sustainability-report-2019-20.pdf>, p. 85

SUSTAINABILITY STEWARDSHIP



Natural Resources



India



Impact Assessment and Review Process

We conducted a social audit to measure the impact on communities after establishing UAIL in the state of Odisha. This was done via a framework for impact assessment and a review process.

For this purpose, we collaborated with Xavier Institute of Management, Bhubaneswar. The study evidenced a significant impact of the establishment of UAIL on the development of the community. One of the major positive impacts was the generation of opportunities for local people, in the areas of agriculture, infrastructure, economic status, education, accessibility and healthcare.

The impacts as a result of the establishment are given as follows:

01
Average annual household income has gone up from Rs. 24,520/- in 2005 to Rs. 68,200/- in 2018.

02
Average annual household expenditure has gone up from Rs. 25,110/- in 2005 to Rs 64,325/- in 2018.

03
Percentage of pucca houses in the area has gone up to 35.16% in 2018 as compared to 4.39% in 2005.

04
Percentage of electrified households has gone up to 91.56% in 2018 as compared to 17.08% in 2005.

05
There has been a significant increase in the standard of living, literacy rate, education and quality of life.

06
Accessibility to basic amenities, such as medical assistance, housing, safe drinking water and transportation, has increased.

07
Due to the establishment of UAIL, migration of people has significantly decreased.

08
The results obtained revealed the development in five focus areas through our initiatives and helped communities become more resilient.

- Dialogue with the community
- Socioeconomic survey, baseline study and need assessment
- Identification of issues and community concerns



- Rapport-building with the community
- Participation in community events
- Entry point activities for the common interest

- Structured meeting with the community
- Wider consultation with the issues and need of the area
- Public hearing about the project
- Receiving feedback and sharing

Geographic Spread of Our Initiatives

We not only aim at a positive community impact throughout our operational activities but also work towards responsible resource consumption. Our vast geographical spread makes it important for us to take adaptable community efforts; for this, we act on our focus areas to bridge existing developmental gaps.

We follow a village adoption model, wherein we support a village through our development projects. The adoption of villages is done as per the allocated CSR budget decided by our CSR committee. These projects are designed as per the needs of the villagers. Also, initiatives are taken to make the villages sustainable by providing them with the requisite training and education. Focus groups, which are formed within the villages, set priorities and work in accordance with them. The ownership of these village-level projects is passed on to the village development committee, which leads them at a later stage.

Presently, we selected 108 villages, out of a total of 714 villages, for a transformative process that raises them to become model villages. In the past seven years, we have been able to transform 55 villages into model villages. Impact assessment studies by external agencies have commended the transformation of these villages.

Spanning a vast geographical horizon, we strive to meet needs of our communities with the help of these developmental programmes. We touched the lives of 1.13 million people by extending our support to 714 villages across 11 states within India.

- Prioritizes stakeholders, defines engagement method with expected outcomes, and shares community consultation approach.
- Allocates CSR Budget following stakeholder consultation.
- Contributes to community development along with its impact assessment.

Source: <http://www.hindalco.com/upload/pdf/sustainability-report-2019-20.pdf>, p. 82-83-90

ALIGNMENT WITH SDGs



Utilities



China



香港中華煤氣有限公司
The Hong Kong and China Gas Company Limited

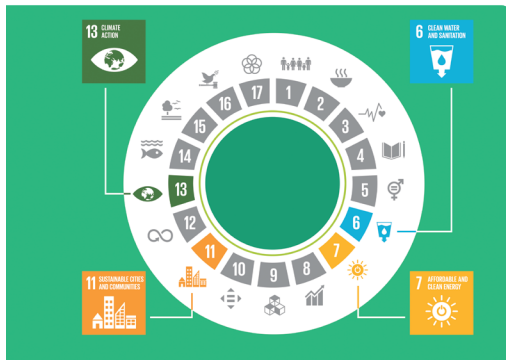
14 | Environmental, Social and Governance Report 2019

Supporting the Sustainable Development Goals

As a responsible energy supplier, we support the United Nations Sustainable Development Goals (SDGs) as part of our efforts to overcome the global challenges we face and achieve a better and more sustainable future.

When mapping the SDGs to our operations and value chain, we prioritised the four goals that would make the greatest contribution, while also addressing any negative impact. In particular, we explored our risks to people and the environment and examined which of our products, services or investments would contribute to the SDGs. We also reviewed the impacts and contributions of all SDGs for our company at each stage of our value chain.

Our Impacts and Actions Taken on SDGs



8 Ensure availability and sustainable management of water and sanitation for all

Potential Impacts	Actions Taken/Achievements
<ul style="list-style-type: none"> Deliver a safe and reliable supply of drinking water to our customers 	<ul style="list-style-type: none"> Production processes consume/generate significant amounts of water/wastewater <p>2.38 million customer accounts with drinking water up to national standard</p> <p>3rd reverse osmosis waste water treatment facility to be installed at Tai Po Gas Production Plant</p>

Our ESG Approach | 15

7 Ensure access to affordable, reliable, sustainable and modern energy for all

Potential Impacts	Actions Taken/Achievements
<ul style="list-style-type: none"> Expedite our coverage of gas supply and promote fuel conversion to gas 	<ul style="list-style-type: none"> Fossil fuels as the major raw materials of town gas production <p>1.93 million town gas customer accounts in Hong Kong</p> <p>29.78 million city-gas customer accounts in mainland China</p> <p>Secured 8 new distributed energy system projects</p> <p>Landfill gas accounts for approximately 1% of fuel mix for town gas production in Hong Kong</p> <p>2 research and development centres in Shanghai and Jiangsu to develop clean energy technologies</p>
<ul style="list-style-type: none"> Develop a clean energy business 	

11 Make cities and human settlements inclusive, safe, resilient and sustainable

Potential Impacts	Actions Taken/Achievements
<ul style="list-style-type: none"> Provide a safe and reliable supply of energy 	<ul style="list-style-type: none"> Produce both hazardous and non-hazardous waste during operation and along the value chain <p>Town gas supply reliability 99.99%</p> <p>43% reduction of serious gas-related accidents (mainland China) in last five years</p> <p>>1,600 tonnes of metal recovered through Used Gas Appliance Recycling Programme</p>
<ul style="list-style-type: none"> Promote recycling and reuse within our company's businesses and to customers 	<ul style="list-style-type: none"> 1st food waste processing and utilisation project at Suzhou Industrial Park in trial production ECOs pilot biomass project in Tangshan city, Hebei province to convert agriculture waste into furfural and paper pulp scheduled for trial production in 2020

13 Take urgent action to combat climate change and its impacts

Potential Impacts	Actions Taken/Achievements
<ul style="list-style-type: none"> Promote a low-carbon lifestyle along our value chain 	<ul style="list-style-type: none"> Physical and transition risks that affect our operations and businesses Generate greenhouse gas emissions that accelerate climate change <p>Climate Change Risk Assessment extended from Hong Kong to mainland China</p> <p>Kickstarted a study on the implementation of Task Force on Climate-related Financial Disclosures (TCFD) recommendations</p> <p>22% reduction in carbon intensity of gas production compared with the 2005 baseline</p> <p>Partnerships with green groups to promote environmental protection and sustainable development</p>

- Shares ups and downs in aligning with specific SDGs.

Source: <http://www.chinagasholdings.com.hk/Private/NewsImgs/63737072769577328644697070.pdf>, p. 14, 15

RECOMMENDATIONS

1. Clearly articulate your purpose and define your sustainability strategy.
2. Visualize a holistic and sustainable value creation model.
3. Measure and disclose outcomes for external and internal stakeholders.
4. Adopt integrated thinking.
5. Define and engage your stakeholders.
6. Define governance structure to support stakeholder engagement.

PART III

SUSTAINABILITY JOURNEY

From a stakeholder perspective, articulating a **holistic story of how a company creates value** for the **company, society** and the **environment**; and sharing progress of this journey is a strength. For investors, it offers a proxy for management quality; for customers, it allows responsible choice and enhances brand loyalty; for governments, it highlights where to partner for global action; and for communities; it allows a company to maintain its social license to operate.

Global Sustainability Leaders integrate sustainability into their core value creation model and lead the way in expanding their strategy and management beyond pure financial outcomes, to encompass environmental, social, and governance-related factors that are critical for the future-viability of their organizations.

The success of a company depends on its **relationships with the external world**, not just customers and investors, but also employees, regulators, politicians, activities, NGOs, technology, and the environment. Good governance covers all stakeholders to achieve balance between risk/reward, short/long-term stakeholder goals, motivate/audit management.

Stakeholder engagement is a critical process that helps companies understand their key environmental and social impacts and identify sustainability risks and opportunities. For this process to be effective, there should be open communication, with an intent on understanding concerns and creating dialogue for establishing relationships based on trust. Best-in-class companies adopt a long-term, comprehensive view of their stakeholders to encompass external stakeholders and clearly articulate how the fulfillment of their purpose benefits society to foster dialogue.

Key Findings

Value Creation

Sustainability issues that may have an impact on intangible areas pose a significant risk for the value of a company. Having the impact of intangibles in mind, companies manage a diverse set of risks that can arise from complex environmental, social and governance related issues and present linkages between them. Some companies go one step further and take on a leadership role to prove that “Doing good is good business” by putting sustainability at the core of their value proposition. These leaders have come to realize that, if sustainability issues are becoming relevant for large populations throughout the world, addressing them properly would be a good business case for satisfying a global need.

- 83% of the GSLs share their business model and visualize the company’s value creation process.
- All South African companies share their value creation model thanks to the <IR> effect.
- All companies in Consumer Goods share a value creation model with the depth of environmental, social, and governance subcategories. While it’s lowest for Türkiye and India (50% and 62%).

Table 23: Value Creation Model

	Value Creation Model	Environmental	Social	Governance
All Companies	83%	77%	76%	62%
BY COUNTRY				
China	62%	62%	62%	62%
Germany	88%	76%	72%	76%
India	89%	82%	86%	89%
South Africa	100%	96%	96%	92%
Türkiye	50%	36%	36%	29%
UK	90%	85%	80%	61%
US	76%	73%	75%	35%
BY INDUSTRY				
Automotive	85%	62%	77%	85%
Chemicals	83%	78%	72%	61%
Consumer Goods	100%	92%	92%	92%
Food Processors	82%	68%	73%	50%
Machine & Equipment	78%	74%	70%	44%
Natural Resources	87%	83%	83%	63%
Pharmaceuticals	83%	67%	75%	58%
Retail	88%	88%	84%	64%
Telecommunications	69%	62%	62%	69%
Utilities	76%	80%	72%	60%
BY INITIATIVE				
 GRI	85%	80%	78%	61%
 IR	94%	90%	90%	84%
 SASB	91%	84%	82%	68%
 UNGC	85%	82%	77%	46%
Other Companies	74%	63%	65%	59%

Stakeholder Engagement

To gain and retain the trust of stakeholders, the most important issue is to have the right attitude. The yardstick should be the ethic of reciprocity or the golden rule that is prevalent in most religions and philosophers' writings, which is summarized as "Do unto others as you would have them do unto you."

Table 24: Stakeholder Map and Objectives

	SGS 2021	SGS 2020
Shares stakeholder map	89%	94%
Environment	23%	38%
Public/Media	38%	47%
Community	83%	87%
NGOs	63%	74%
Government	74%	82%
Customers	85%	92%
Supply Chain	83%	90%
Employees	87%	92%
Shareholders	87%	92%
Shares objectives for stakeholders	77%	84%
Environment	23%	37%
Public/Media	32%	39%
Community	55%	72%
NGOs	61%	74%
Government	59%	70%
Customers	67%	81%
Supply Chain	68%	79%
Employees	69%	81%
Shareholders	67%	80%

- 94% of the companies in our sample share a stakeholder map and 84% share objectives for each stakeholder group.
- Few include Public/Media (47%) and the Environment (38%) in their list of stakeholders. However, Public/Media is the highest among all countries (86%).
- All companies in Consumer Goods, Pharma, Telecommunications, and Utilities share a stakeholder map and almost all of them share objectives.

Good Practice Examples

VALUE CREATION MODEL



Retail



Germany



METRO SUSTAINABLE VALUE CREATION MODEL – CAPITALS AND IMPACT



Financial Year 2016/17; numbers may not exactly add up due to rounding

CATEGORY	IMPACT	DATA INPUT	IMPACT MODELLING	VALUATION	
UPSTREAM	Economic	Value to suppliers	Value of purchases from goods suppliers	-	World Input-Output Database
	Economic	Value to contractors	Value of services purchased (e.g. consultancy)	-	World Input-Output Database
	Economic	Value to service providers	Value of services purchased (e.g. maintenance, cleaning, waste management)	-	World Input-Output Database
	Social	Social risk from exploitative labour	Value of purchases from goods suppliers	estell model by Sustain (based on i.a. EXIOBASE 2.2, ILO)	Value of exploitative labour
Environmental	As for own operations	As for economic value	estell Model by Sustain (based on EXIOBASE 2.2), LC-IMPACT*	As for own operations except for land use (damage to ecosystem health used)	
OWN OPERATIONS	Economic	Value to stakeholders	Distributed dividends	-	Taken 1:1
	Economic	Value to creditors	Paid interests	-	Taken 1:1
	Economic	Value to employees	Paid salaries	-	Taken 1:1
	Economic	Value to national and local government	Paid taxes and fees (incl. social security)	-	Taken 1:1
	Social	Value of employee training	Investments in training	-	Multiplied by employee turnover
	Social	Health and safety	Days lost due to accidents	-	Damage to human health
	Social	Food donations	Value of food donated	Gustavsson et al. (2011) + ExternE (2008)	METRO value of a meal (METRO France)
	Social	Other donations	Value of donations	-	Taken 1:1
Environmental	Greenhouse gases	METRO GHG accounting (Scope 1, 2 and 3)	-	-	METRO GHG price
	Air pollution	Energy use (facilities), fuel use (logistics)	EMEP/EEA inventory guidebook, Tier 1 + LC-IMPACT	-	Damage to human health Damage to ecosystem health
	Water use	Water use (blue water)	LC-IMPACT	-	Damage to human health Damage to ecosystem health
	Water pollution	Water use (blue water)	ecoinvent v3.4 + ReCiPe2016	-	Damage to human health Damage to ecosystem health
Environmental	Land use	Floor area of facilities and parking lots	LC-IMPACT	-	Value of grassland ecosystem services
DOWNSTREAM	Economic	Value to clients	Value of sales to HoReCa and Traders	World Input-Output Database (turnover)	World Input-Output Database (share of employee compensation only)
	Social	As for upstream	As for economic value	Derived from upstream + vulnerable employment rate (ILO)	As for upstream
	Environmental	As for upstream	As for economic value	As for upstream	As for upstream

*With the exception of water pollution - modelled in the same way as for Own operations

- Shares value creation model and value created for Upstream (sources), Own operations and DownStream (sales) operations.
- Discloses Outcomes for Upstream, Own, and Downstream operations.



Source: https://responsibility.metroag.de/~assets/responsibility-mag/documents/responsibility/2018o8-white-paper-sustainable-value-creation_en.pdf?dl=1, p. 8, 14, 13, 16, 18, 20, 28, 29, 30, 31

VALUE CREATION MODEL



Retail



Germany



4.1.2 Upstream

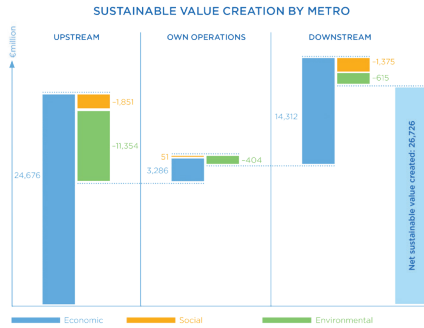


Figure 1: Net results of the assessment, divided into scopes and impact dimensions.

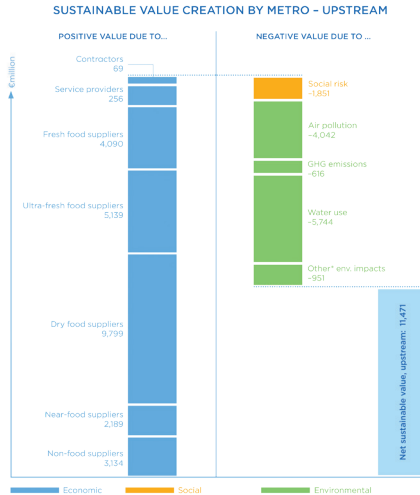


Figure 2: Upstream results broken down by impact category.

4.1.3 Own operations

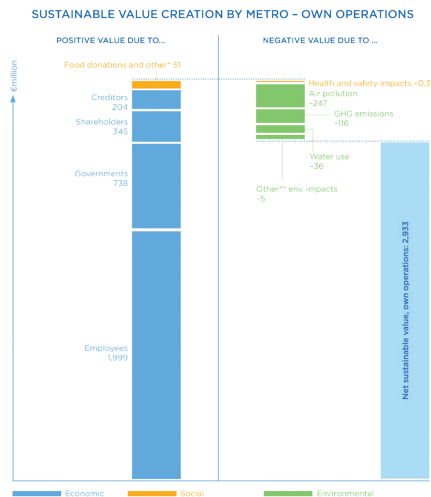


Figure 3: Own operations results broken down by impact category.

4.1.4 Downstream

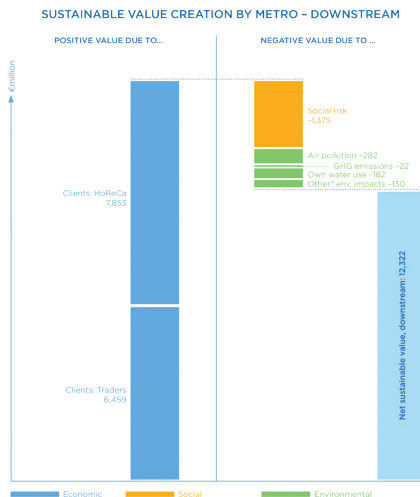


Figure 4: Downstream results broken down by impact category.

- Shares value creation model and value created for Upstream (sources), Own operations and DownStream (sales) operations.
- Discloses Outcomes for Upstream, Own, and Downstream operations.



Source: https://responsibility.metroag.de/~assets/responsibility-mag/documents/responsibility/2018o8-white-paper-sustainable-value-creation_en.pdf?dl=1, p. 8, 14, 13, 16, 18, 20, 28, 29, 30, 31

STAKEHOLDER ENGAGEMENT WITH MATERIAL TOPICS



Food Processors



Türkiye



Communication Platforms with Key Stakeholders

Stakeholder Groups	Dialog Platform	Frequency of Engagement	Key Topics
Employees	Employee Engagement and Satisfaction Survey, Workplace, CokePort, Digital Info Boards, Townhall Meetings, CCIdea Platform and Innovation Day, CCI training programs, leadership development trainings, sales incentive programs, reputation surveys, press reports, volunteer programs	Regular	Business results, environmental performance, community projects, awards and recognitions, compensation and benefits topics
Distributors/Sellers	Distributor meetings, process improvement studies, regular visits, training programs, plant visits, distributor satisfaction questionnaire, distributor portal, CCI Call Center	Periodic	Business performance, commercial plans, satisfaction scores
Shareholders	General Assemblies, CCI website, Public Disclosure Platform (PDP)	Regular	Financial and operational performance and reporting
Customers	Coca-Cola Customer Road Show, Customer Satisfaction Survey, CCI Call Center, trainings, support programs, regular visits, plant visits, focus group studies, business planning meetings	Periodic	Business performance, commercial plans, products, marketing plans
Suppliers	Training programs, improvement audits, plant visits, supplier days, Supplier performance scores, supplier surveys, cooperation portal, industrial development and pilot activities	Regular	Quality of materials and services, future plans, strategic initiatives, Business performance, sustainability, workplace rights, innovation in cooling equipment
Investors	Annual reports, investor conferences, analyst meetings, investor presentations, sustainability reports, social media accounts, webcast, e-mail distributions, special case announcements, Public Disclosure Platform, direct feedback forms through CCI's corporate website, CDP Climate Change Report, CDP Water Report, BIST Sustainability Index Assessment	Every year	CCI's financial, operational and sustainability performance and future investment plans
Public Institutions and Organizations	Reputation surveys, conferences, industry meetings, stakeholder days, plant visits	Regular	CCI's operational, environmental, quality and community-related performance; compliance with regulations
NGOs	Project partnerships, corporate and individual employee memberships, participation in conferences and presentations, reputation surveys, Stakeholder Day	Regular	CCI's operational, environmental, quality and community-related performance; transparency and reporting
Union	Union representation, collective labor agreements, representative meetings, plant visits	Regular	Human and workplace right
Media	Periodical information, regular updated statements, support programs, regular visits, website, plant visits, reputation surveys	Regular	Products, marketing and promotion campaigns, product ingredients, sustainability performance, community development projects
Consumers	Coca-Cola Call Center, Coca-Cola Open to Curiosity Platform, Coca-Cola Social Interaction Center, website, informative publications, plant visits, product labels	Regular	Product quality, consumer satisfaction, low-and-no-calorie product alternatives, nutritional labeling, product ingredients
Sector Groups	Corporate memberships, joint projects, participation in meetings and conferences.	Regular	Industry-wide issues, regulations, legal compliance, speaking engagements at conferences, benchmark-visits to plants
Society	Coca-Cola Open to Curiosity Platform, donations, website, plant visits, support programs, voluntary practices, Coca-Cola Call Center, information through mass communication, product labels, advertisement and marketing activities, environmental training sessions, social engagement projects, field studies, meetings, survey and eliciting opinions, reputation surveys, annual reports, sustainability reports	Regular	Product quality, product ingredients, marketing and promotion campaigns, sports tournaments

Highlights of Stakeholder Engagement Activities in 2019

Material Topics Supported	Programs / Activities	Primary Stakeholders Involved	Engagement Agenda
Product Safety and Quality	"Sustainable Beet Sugar Production" Project	Leading FMCG & beverage companies and Suppliers	Acting with the industry to understand and implement effectively the best practices for the sustainable production of beet sugar in Turkey.
Superior Execution	Women Distributors' Empowerment Program	Women distributors of CCI	Developing leadership and institutional capacities of 17 female distributors of CCI and enhancing our commercial relations.
Human Rights Along the Value Chain	"CCIm Human" Program	Employees	Training of CCI employees provided in 7500 hours. The International Human Rights Day celebration at CCI on December 10th
Talent Management	Leadership Capability Development Programs	Employees	Women Empowerment via "Women in Leadership" Program (22 women from CCI operations) Leadership Development via "Accelerate" Program (78 participants) Young Leaders Development via "USO" Program (47 participants under the age of 30 from CCI operations)
Talent Management	Talent Acquisition Programs	Universities	Meeting with university students through CCI at Campus Program designing series of events to present CCI and attract young talents. CCI Next Talent Program
Water Stewardship	Pakistan Water Workshop	NGOs, private sector, media and Chairman Water Commission	Focus was on highlighting CCI's crucial role in Pakistan's economy and CCI's commitment towards water efficiency via water conservation projects as well as water saving initiatives.
Energy Management and Climate Protection	Conferences and Forums	Sector Groups	Representation at CEVKO "Turkey's Fight against Climate Change" Conference Representation at the 11th Global Warming Council Hosted by Economic Journalists Association.
Sustainable Packaging	Conferences and Forums	Sector Groups	Representation at Zero Waste Forum Representation at the panel as part of 6th International Plastic Packaging Congress hosted by PAGEV (Turkish Plastic Industry Foundation)
Sustainable Packaging	Kollekt App	Nature Conservation Centre and UNDP and TCCC, Consumers, Public, Kemser Municipality	Raising consumer awareness through an app and improving recycling rates in the region. Kemser district was chosen as the pilot region. Based on learning points from the pilot phase, the app is planning to be rolled out to Antalya and other cities in the medium term.
CCI's Value Creation Communication	Stakeholder Day in Izmir	Local stakeholders including municipality and relevant local NGOs	Information sharing on the operations in Izmir region, CSR efforts and the sustainability vision and feedback collection from local stakeholders on improvement areas.
CCI's Value Creation Communication	ESG Investor Roadshow	Investors	Briefing to Investors in Europe on CCI's ESG related achievements and performance via a roadshow. Feedbacks were shared with relevant departments accordingly.
CCI's Value Creation Communication	Conferences and Forums	Sector Groups	Representation at Turkey-Kazakhstan Business Forum to present CCI's investments and economic and social contributions in Kazakhstan. CCI's investments in Kazakhstan and the economic and social contributions these investments brought along.

GRI 102-43

- Discloses stakeholder engagement frequency and fundamental issues.
- Links engagement activities with material topics.
- Shares engagement agenda in a data-based manner.



Source: https://uploads-ssl.webflow.com/5ed4f78fa2501fa8989fa382/5eff3a26d6c3b341fa084603_CocaCola_2019_report.pdf, p. 46-47

RECOMMENDATIONS

1. Assume responsibility for sustainability across the value chain.
2. Develop and monitor Code of Conduct for supply chain.
3. Develop a comprehensive assurance process.
4. Set KPIs and targets to measure progress against goals and report more details about suppliers to assess and improve performance.
5. Invest in supply chain developments.
6. Develop standards for audit and assessing sustainability performance.

SUPPLY CHAIN SUSTAINABILITY

Supply chains are critical links that connect an organization’s inputs to its outputs. Many companies’ **greatest sustainability risks and opportunities are in the supply chain**. However, sustainability efforts of many companies are limited to measuring the sustainability of their own business operations and they do not extend these efforts to their suppliers and customers.

Leading companies in sustainability **accept responsibility throughout their value chains and work with their suppliers** to implement sustainability initiatives on a wider playfield. This may involve utilizing their purchasing power to encourage, audit, collaborate with, and provide benchmarking and learning opportunities with their suppliers on key sustainability issues.

Key Findings

Companies recognize supply chain as critical stakeholders. 90% of GSLs defined their supply chain as their stakeholders and 79% of them shared objectives for their supply chain. The percentage of companies that listed the supply chain as a stakeholder increased in SGS 2021 in comparison to SGS 2020 (+7% for the stakeholder list, and +11% for the stakeholder objective).



Supply Chain Assurance

Table 25: Supplier Code of Conduct

	Environmental	Social	Governance
Shares supplier code of conduct	94%	94%	94%
Shares supply chain assurance process	80%	82%	82%
Shares supply chain assurance results	40%	43%	37%

- 94% of the supplier code of conduct covers E, S, G issues.
- All German and South African, all SASB reporting, and all Automotive companies share supplier code of conduct with sub-components of E, S, and G:
- Supply chain assurance process covers ESG issues (80%, 82%, and 82% respectively). All German companies, all Consumer Goods, and all Food Processors share their supply chain assurance process.
- However, less than half of those that do, share their supply chain assurance results across ESG issues (40%, 43%, and 37% respectively).

**Table 26: Supply Chain Assurance Approach
by Countries, Industries, and Initiatives**

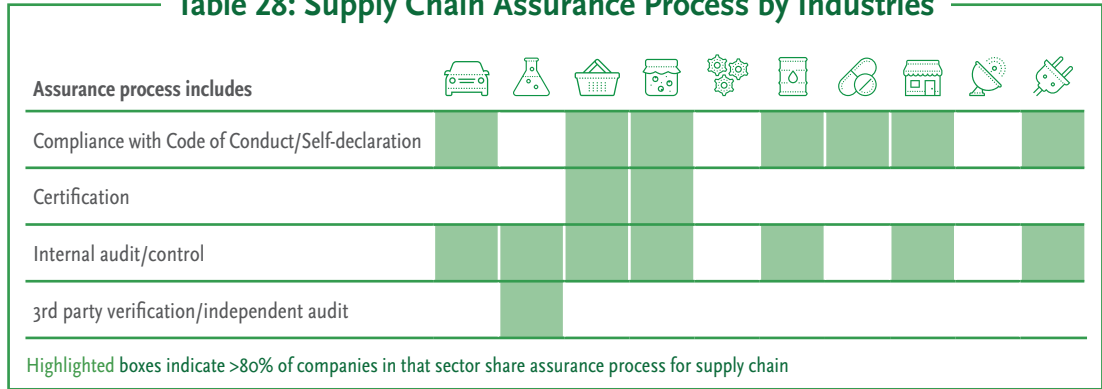
	Supplier Code of Conduct	E	S	G	Supply Chain Assurance Process	E	S	G	Supply Chain Assurance Results
All Companies	95%	94%	94%	94%	87%	80%	82%	82%	58%
BY COUNTRY									
China	77%	77%	69%	77%	85%	85%	77%	85%	54%
Germany	100%	100%	100%	100%	100%	100%	92%	100%	64%
India	89%	86%	86%	89%	96%	82%	86%	82%	61%
South Africa	100%	100%	100%	100%	96%	88%	92%	85%	73%
Türkiye	79%	79%	79%	79%	71%	64%	71%	64%	64%
UK	100%	95%	100%	98%	98%	80%	90%	98%	49%
US	100%	100%	100%	96%	69%	67%	69%	65%	53%
BY INDUSTRY									
Automotive	100%	100%	100%	100%	85%	85%	77%	77%	77%
Chemicals	94%	94%	94%	94%	72%	72%	72%	72%	50%
Consumer Goods	92%	92%	92%	92%	100%	92%	92%	92%	62%
Food Processors	100%	95%	95%	100%	100%	86%	86%	100%	41%
Machine & Equipment	96%	96%	96%	93%	78%	74%	78%	74%	48%
Natural Resources	97%	93%	93%	97%	93%	87%	90%	83%	60%
Pharmaceuticals	100%	100%	100%	92%	75%	58%	67%	67%	58%
Retail	96%	92%	96%	92%	92%	72%	84%	80%	72%
Telecommunications	77%	77%	77%	77%	69%	62%	62%	69%	69%
Utilities	96%	96%	96%	96%	96%	96%	96%	96%	56%
BY INITIATIVE									
 GRI	97%	96%	97%	95%	87%	80%	83%	84%	59%
 IR	100%	97%	97%	100%	97%	84%	87%	87%	61%
 SASB	100%	100%	100%	100%	90%	87%	87%	82%	54%
 UNCG	97%	97%	97%	96%	91%	86%	88%	89%	68%
Other Companies	89%	87%	87%	87%	83%	72%	78%	72%	48%

- 96% of the companies share assurance processes for supply chain; 85% cover Code of Conduct or Self-Declaration, 84% Internal Audit and 62% third party verification. 63% of the companies rely on certifications. There is an increase in sharing the supply chain assurance process for all assurance methods.
- 69% of the companies share assurance results for supply chain; 58% share compliance results, 24% share certification, and 18% share results for third party verification.
- 60% invest in capability building for their supply chain, 53% include remedial action for high-risk suppliers, and 44% mention a channel for reporting violations and grievances.

Table 27: Supply Chain Assurance Process

	SGS 2021	SGS 2020
Shares assurance process for supply chain	96%	84%
Compliance with code of conduct/self-declaration	85%	74%
Internal audit/control	84%	63%
3rd party verification/independent audit	62%	45%
Certification	63%	38%
Shares supply chain assurance results by different methods	69%	56%
Compliance	58%	50%
Certification	24%	18%
3rd party verification/audit	18%	11%
Supply chain development	68%	58%
Capability building/training	60%	49%
Remedial action for high-risk suppliers	53%	43%
Channel for reporting violations/grievances	44%	32%

Table 28: Supply Chain Assurance Process by Industries



- Compliance with the Code of Conduct or Self Declaration is used by Automotive, Consumer Goods, Food Processors, Natural Resources, Pharma, Retail, and Utilities (more than 80%).
- Certification process for assurance selected by Consumer Goods and Food Processors.
- Third party verification is used mostly by Chemicals.
- Machine & Equipment and Telecommunications are lagging in all supply chain verification processes.
- Pharma companies outperform only in Compliance with Code of Conduct or Self Declaration.

Audit for Sustainability

Table 29: Internal Audit for Sustainability



Table 30: Independent Audit for Sustainability

	SGS 2021	SGS 2020
Independent audit covers financial issues	99%	100%
Independent audit covers sustainability issues	83%	80%
Independent audit covers environmental issues	75%	73%
Independent audit covers social issues	71%	67%
Independent audit covers governance issues	69%	58%
Independent audit covers supply chain	60%	47%

- Almost all of the companies conduct internal audit for sustainability and they report to the Board (more than 98%). Internal audit is highest for governance issues, whereas lowest for environmental issues.
- Independent audit for sustainability issues is conducted less often than internal audit. 83% of the companies conduct independent audit covering sustainability issues; mostly focusing on environmental issues (75%).
- Only 60% of the companies perform independent audit for their supply chain, with an increase of 13% in comparison to SGS 2020.
- Sharing the results of a third party audit for the supply chain is as low as 18%. Room for improvement is obvious.

Good Practice Examples

SEDEX AUDIT ON SOCIAL ISSUES



Retail



Türkiye

MİGROS

The ethical and social performance of our suppliers is measured through SEDEX audits.



Product Safety Audits

Our suppliers, who successfully pass our first-day audit that we carry out in accordance with 'BRC Global Market' or 'IFS Global Market' audit checklist, are listed in *BRC (British Retail Consortium)* or *IFS (International Featured Standards)* portal depending on the evaluation standard which they were subjected to, and their level of achievement is announced to the world.



Ethical Audit

In the second-day audit, the impact of the suppliers on people and environment, and their sensitivity to ethical and social issues throughout their operations are audited. Accordingly, the practices of the suppliers are checked in accordance with SEDEX criteria, which include the requirements for occupational health and safety, ethical and social compliance, and the full scope of SA 8000 standard.



Environmental Audit

We also evaluate all of our suppliers in terms of environmental issues such as water consumption and waste management as part of SEDEX audits in order to offer products derived from sustainable sources. Our suppliers, who successfully pass such audits that play an important role in sustainability activities, are entitled to get a GC-SEDEX certificate.

Supplier Audit Results for 2019

Type of Audit	Number of suppliers audited	Number of audits	Success rate	Number of suppliers subjected to follow-up audit	Number of follow-up audits	Success rate of follow-up audit
Product Safety-BRC/IFS Global Market	448	538	80.5%	89	113	81%
Environmental and Ethical-GC-SEDEX	449	537	87.9%	80	102	83%

- Conducts SEDEX audit to suppliers and shares audit results.
- Covers product safety, ethical, and environmental audit in SEDEX audits.

Source: <https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2019.pdf>, p. 61, 62

LONG TERM TARGETS FOR SCOPE 3



Automotive



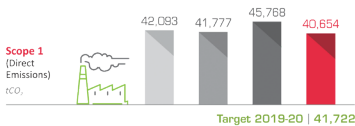
India



Mahindra

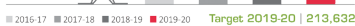
GREENHOUSE GASES

Total Absolute GHG Emissions



In line with our SBT emission reduction roadmap, we have decided an emission intensity reduction target of 4.1% year-on-year for the next 15 years. This was used to derive the Scope 1 absolute emission reduction target for F20. For Scope 3, we reported only for 6 categories till 2018-19. From 2019-20, we have improved our reporting of Scope 3 to 11 categories, and hence the increase.

Scope 2 (Indirect Emissions) tCO₂e



We achieved our targeted emission reduction with a clear focus on increasing the energy efficiency and the transition to renewable energy in our operations.

M&M Ltd. has reduced its total Scope 1 & 2 emissions by 14% as compared to previous year.

GHG Emissions - Division-Wise Composition

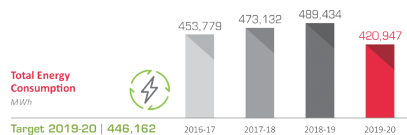
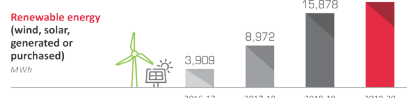
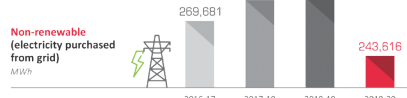
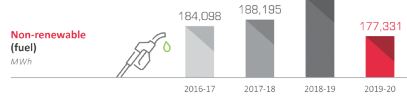
Sector	2016-17		2017-18		2018-19		2019-20	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
AD	20,024	87,465	17,943	94,897	20,466	102,596	14,840	82,247
FD+SD	15,819	70,720	12,609	75,421	12,843	72,795	16,086	61,720
SBU	77	1,611	155	1,919	154	1,826	182	2,566
SFD	1,119	25,427	1,081	27,884	1,184	28,641	946	22,000
NPD	27	2,432	29	2,250	29	2,085	41	1,424
MRV	5,026	21,844	4,959	22,177	5,794	23,159	7,382	23,928
CC	DNA	2,460	0.25	2,403	111	2,232	19	2,162
MTWD	344	843	286	1,146	189	1,017	1,159	3,721

DNA - Data Not Available

11 categories considered for Scope 3 this year

Sr. No.	Category No.	Category Name	Emission (tCO ₂ e)	% share
1	Category 1	Purchased goods and services	4,372,542	7.48%
2	Category 3	Fuel and energy related activities	111,338	0.19%
3	Category 4	Upstream transportation and distribution	56,528	0.10%
4	Category 5	Waste generated in operations	51,127	0.09%
5	Category 6	Business travel	12,762	0.02%
6	Category 7	Employee commute	2,017	0.00%
7	Category 9	Downstream transportation and distribution	91,786	0.16%
8	Category 11	Use of sold products	53,67,130	91.87%
9	Category 12	End-of-life treatment of sold products	38,938	0.07%
10	Category 13	Downstream leased assets	8,960	0.02%
11	Category 14	Franchises	2,403	0.004%
		Total	58,425,531	100%

Total Energy Consumption



M&M Ltd. has reduced its total energy consumption by 13% as compared to previous year.

- Shares its expansion of Scope 3 in 11 categories.
- Shares its long term target about emission in a data based manner.



Source: <https://www.mahindra.com/resources/pdf/sustainability/Mahindra-Sustainability-Report-2019-20.pdf>, p. 48, 49, 54

LOCAL SUPPLIERS



Automotive



India



Local supply not only vitalises the local industry and provides jobs to the local community, but also reduces our carbon footprint. It reinforces our commitment to Make in India as well.

An analysis of the top 10 suppliers as per monetary value for each business shows that on an aggregate basis, **100% of our requirement was sourced locally.**

	Total Purchases (INR million)	Purchases from Top 10 Suppliers (INR million)	Purchases from Local Suppliers (within Top 10) (INR million)	Percentage of Local Suppliers (within Top 10)
Auto Division	235,196.4	57,320	57,320	100%
Swaraj	24,008.1	12,480.5	12,480.5	100%
Farm Division	65,966.8	13,932.8	-13,932.8	100%

- Measures and discloses the percentage of local suppliers in comparison to total purchases.
- Shares top 10 suppliers and local suppliers as a percentage to the whole.



Source: <https://www.mahindra.com/resources/pdf/sustainability/Mahindra-Sustainability-Report-2019-20.pdf>, p. 19

SCOPE 3 EMISSIONS FOR DIFFERENT REGIONS



Natural Resources



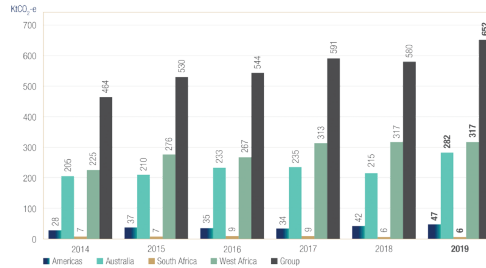
South Africa



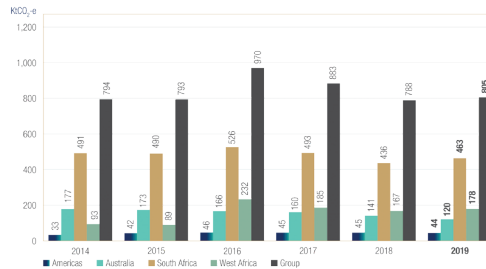
GOLD FIELDS

Group and regional carbon emissions

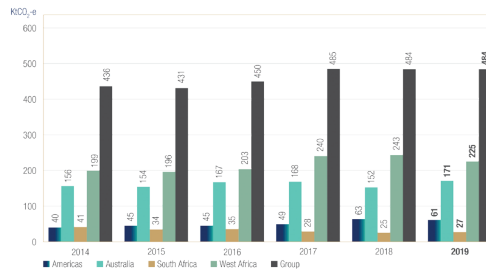
Scope 1 emissions



Scope 2 emissions



Scope 3 emissions



Scope 1 emissions are those arising directly from sources managed by the Company; scope 2 emissions are indirect emissions generated in the production of electricity used by the Company; scope 3 emissions arise as a consequence of the activities of the Company.

- Measures and shares Scope 1, 2, and 3 emissions.
- Shares comparison for different years and geographies for Scope 3 emissions which arise as a consequence of the activities of the company.



Source: <https://www.goldfields.com/pdf/sustainability/sustainability-reporting/carbon-submissions/cdp-submission/climate-change-report-2019.pdf>, p. 7

LOCAL PROCUREMENT



Food Processors



Türkiye



Economic Impacts of Local Procurement

Local procurement is a significant means for us to contribute to the economies of the countries we operate. For CCI, local means "within the same country". The proportion of our spending on raw materials from local suppliers is provided in the table below. Although our aim is to keep our local procurement rates as high as possible towards 100%, we are unable to reach these rates considering the market dynamics.

Our major constraint is that the industry footprint on materials we buy is quite limited in markets like Kazakhstan, Kyrgyzstan and Tajikistan. Nevertheless, as CCI our objective is to supply our needs first from the local markets provided that the materials are available and/or with the required quality features.

Local Procurement (%)	2015	2016	2017	2018	2019
Turkey*	95	95	99	99	95
Jordan	55	95	95	94	95
Kazakhstan**	n/a	n/a	n/a	n/a	37
Azerbaijan**	47	47	49	35	53
Pakistan	95	97	97	90	81
Kyrgyzstan**	n/a	n/a	n/a	n/a	36
Tajikistan**	n/a	n/a	n/a	n/a	23

* Concentrate is not included.

** There are no approved suppliers in these local markets for some product and service categories.

** There are also no local suppliers available for some of the product categories with high spend. Suppliers are selected and approved by TCCC.

- Shares measurement for economic impact created by local suppliers.
- Compares economic impact created by geographies and years.



Source: https://www.cci.com.tr/Portals/3/CCI_Sustainability%20Report_2019.pdf, p. 87

RECOMMENDATIONS

1. Adopt a learning mindset, sustainability is a continuous journey.
2. Train your workforce in sustainability.
3. Report results by geography; cover management, and the employees.
4. Think of building capacity in your ecosystem.
5. Establish a learning loop for continuous improvement by disclosing remedial action to address gaps.
6. Provide board leadership and oversight for deployment.
7. Incorporate lessons learned into the organization's processes and culture.

CONTINUOUS LEARNING AND DEVELOPMENT

Integrating sustainability into the organization's processes and culture requires a **continuous learning climate**. Lessons learned should be utilized to improve decision-making processes, skill gaps and required mindset changes need to be addressed through training, sustainability practices need to be integrated into the company's culture. To assess whether the learning culture is sustained throughout the cycle, we seek evidence of any learning or improvement in performance of sustainability efforts.

Training programs should include sustainability (e.g. compliance, unconscious bias) to address the skill and mindset gaps. **Developments** can include organizational development –incorporating lessons learned into orientation, education, promotion, and compensation processes—to address organizational processes, changes in incentive mechanisms, reporting allocated resources for improvements, improving stakeholder engagement, or mobilizing collective action in areas where the company's resources would fall short –especially with respect to the SDGs.

Key Findings

Gap analysis and Resource Allocation for Development

Achieving sustainability goals require mobilizing the workforce and ensuring a continuous learning mindset is embedded in the company's processes. A successful deployment program requires establishing a framework for effective communication and continuous learning for the employees as well as members of the supply chain, and also clear guidelines and remedies for those who fail to follow the corporation's sustainability standards. The organization must incorporate sustainability issues into hiring and remuneration policies as well as supplier identification processes and make sure that the management information systems provide adequate, appropriate, and verifiable data on key sustainability priorities.

Awareness of the responsibility for sustainability can not be delegated to one segment of the organization. It must be firmly established at the top, and inculcated throughout all levels and aspects of the company. And then, it needs to be practiced as an integral part of doing business; internal control systems, external reviews, and stakeholder engagement processes. Compliance requirements should all be utilized for continuous learning opportunities, rather than as tick-the-box compliance requirements.

Table 31: Coverage of Developments

	SGS 2021	SGS 2020	Performs Gap Analysis	Shares Resources Allocated for Development	Takes Action Based on Sustainability Lessons Learned
Shares for Organization	47%	49%	91%	74%	87%
	7%	9%	69%	48%	82%
Environmental	43%	42%	82%	72%	83%
	11%	14%	15%	7%	37%
Social	36%	41%	81%	69%	75%
	8%	7%	78%	67%	72%
Governance	7%	7%	44%	40%	62%
	3%	1%	24%	20%	22%
Shares by Stakeholder Group	31%	36%	51%	37%	59%
	8%	7%	78%	67%	72%
For Communities	7%	7%	44%	40%	62%
	3%	1%	24%	20%	22%
For Supply Chain	31%	36%	51%	37%	59%
	8%	7%	78%	67%	72%
By Geography	7%	7%	44%	40%	62%
	3%	1%	24%	20%	22%
For Employees	31%	36%	51%	37%	59%
	8%	7%	78%	67%	72%

- 87% of the GSLs take action based on learnings, 91% share resources allocated for development, but only 47% report gap analysis on sustainability issues; even lower for governance (11%) and environmental (7%) topics, highest for social issues (43%).
- Gap analysis is mostly done for employees; less than 10% of the companies disclose gap analysis by geography, for the supply chain, and communities.
- Very low results for disclosure by geography; less than a quarter of the GSLs disclose results for actions and resources allocated, only 3% disclose gap analysis.

Table 32: Gap Analysis by Countries, Industries, and Initiatives

	Performs Gap Analysis	Environmental	Social	Governance
All Companies	47%	7%	43%	11%
BY COUNTRY				
China	23%	8%	15%	0%
Germany	48%	16%	40%	12%
India	50%	7%	50%	18%
South Africa	54%	12%	46%	35%
Türkiye	29%	7%	21%	0%
UK	88%	2%	85%	5%
US	20%	2%	18%	4%
BY INDUSTRY				
Automotive	62%	15%	54%	15%
Chemicals	28%	6%	28%	6%
Consumer Goods	38%	0%	38%	8%
Food Processors	50%	9%	41%	5%
Machine & Equipment	33%	0%	33%	4%
Natural Resources	50%	17%	43%	20%
Pharmaceuticals	58%	8%	50%	25%
Retail	48%	4%	48%	0%
Telecommunications	54%	0%	54%	23%
Utilities	56%	4%	48%	12%
BY INITIATIVE				
 GRI	46%	10%	40%	13%
 IR	61%	13%	55%	35%
 SASB	44%	5%	41%	5%
 UNGC	58%	8%	53%	18%
Other Companies	37%	6%	33%	2%

- Gap analysis is highest in UK and Automotive companies, whereas it is lowest for US and Chemical companies.
- More than half of the <IR> and UNGC companies perform gap analysis. Adopting an initiative makes a difference in performing gap analysis.

Trainings

Managing sustainability calls for corporations to implement their sustainability agenda through a continuous learning process is a complex task. Such a process needs to involve all the stakeholders to integrate sustainability into the culture of an organization. Only when all stakeholders are acting together in an ecosystem, goals such as human rights, non-discrimination, environmental or product stewardship can be truly achieved.

For example, it is not sufficient to have the correct way of sourcing, unless you make sure your suppliers adopt the same standards of responsibility. This might require expanding training programs across the supply chain and/or customers. Therefore, we also evaluate whether coverage of the improvement initiatives encompass all relevant stakeholders including all levels of the organization, all geographies in the company's jurisdiction, supply chain, and communities.

Table 33: Sustainability Trainings

	Environmental	Social	Governance
SGS 2021			
SGS 2020			
Reports training	52%	95%	78%
	48%	92%	71%
Reports metrics for training	40%	88%	57%
	40%	84%	55%
For community	22%	47%	1%
	21%	50%	1%
For supply chain	18%	29%	15%
	16%	33%	21%
By stakeholders in various location/geography	6%	17%	4%
	6%	13%	3%
For employees	22%	84%	54%
	19%	81%	51%
For management	3%	32%	17%
	1%	29%	17%

- 95% of the companies report that they conduct training on social sustainability issues, while 78% report governance (compliance) and only 52% report environmental training. The majority of the social sustainability training focuses on employees; 88% on talent development and employee wellbeing, and 82% on occupational health & safety training.
- There is room for improvement in reporting training metrics and outcomes. We find that 88% of the companies report metrics for social training, while 57% report governance training results, and only 40% report environmental training results.
- Social training results are shared mostly for employees (84%), but also for communities (47%), and management (32%).
- There is significant room for improvement in reporting training results for communities and the supply chain, especially in terms of governance training. To establish trust between the institutions in their ecosystems, companies must take responsibility to improve transparency and governance in the environments in which they operate.
- There are very limited results sharing for environmental sustainability training for all stakeholders (less than 25%).

Table 34: Coverage of Sustainability Trainings

	SGS 2021	SGS 2020
Reports environmental sustainability training	52%	48%
Climate change	23%	14%
Water stewardship	18%	18%
Energy efficiency	15%	14%
Waste & packaging	18%	15%
Responsible sourcing	29%	34%
Reports social sustainability training	95%	92%
Occupational health and safety	82%	80%
Diversity and inclusion	53%	64%
Talent development & employee wellbeing	88%	72%
Reports compliance training	78%	71%
Anti-corruption	57%	48%
Ethics	68%	63%
Supply chain	32%	35%

- Almost all the companies report social sustainability training (95%); highest for employee wellbeing and talent development (88%), followed by health & safety (82%). There is room for improvement in diversity & inclusion training (53%).
- Only 52% of GSLs report environmental sustainability training; highest for responsible sourcing (29%), below 25% for managing natural resource use and efficiency. Companies must invest in training their workforce, management, and supply chain on climate change, energy efficiency, waste & packaging, and water stewardship.
- 78% of the companies report compliance training, only 32% include compliance training for supply chain.

Good Practice Examples

CAPACITY BUILDING OF STAKEHOLDERS



Automotive



India



MARUTI SUZUKI

Triple Bottom-line Performance

SOCIAL PERFORMANCE

[MT] - Occupational Health and Safety, Product Safety and Quality, People Development, Industrial Labour Relations, Business Continuity, Economic Performance

COLLABORATION WITH BUSINESS PARTNERS



IMPROVING OVERALL CAPABILITY OF BUSINESS PARTNERS

The Company extends extensive support to its business partners to help improve their capabilities.

Support Provided by the Company in 2019-20



IMPROVING FIRE SAFETY AT TIER-1 (T-1) SUPPLIERS

The Company collaborates with T-1 suppliers to improve their fire safety practices. 100% of T-1 supplier partners were audited to identify the gap areas and necessary countermeasures were implemented. The Company also conducts periodic audits to ensure the implementation of the improvement points.

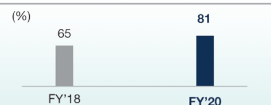
Trend of Fire Accidents at T-1 Suppliers



OCCUPATIONAL HEALTH AND SAFETY

The Company collaborates with suppliers to improve their occupational health and safety practices.

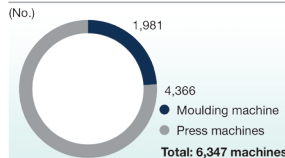
Proportion of T-1 Suppliers Implemented OHSAS 18001



IMPROVING SAFETY AT TIER-2 (T-2) SUPPLIER PLANTS

The Company accords utmost importance to the safety of its personnel. In order to improve the occupational safety in the plants of indirect supplier partners (T-2), the Company had undertaken a multi-stakeholder initiative programme, along with T-1 suppliers and an NGO. ~300 T-2 supplier partners supplying sheet metal and moulded parts were audited to identify the gap areas and necessary countermeasures were implemented.

Machines Improved

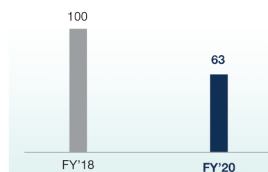


QUALITY OF PARTS

The Company collaborates with supplier partners to improve the parts quality.

20 Quality Communication meets conducted with supplier partners in 2019-20

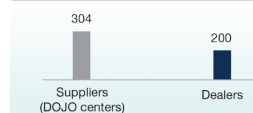
Reduction in Quality Defects in the Components Provided by Suppliers (Quality Defects Indexed to 2017-18)



WORKFORCE TRAINING

To improving the workforce capability of supplier and dealer partners, the Company has set up dedicated training infrastructure.

Number of Training centres



CREATING A TALENT POOL OF TOOL AND DIE ENGINEERING PERSONNEL

Understanding the lack of skilled personnel in the country in tool and die maintenance engineering, the Company undertook a multi-stakeholder initiative programme and signed an MoU with Haryana's State Board Technical education and Government Polytechnic Educational Society (GPES), Manesar, to start a new academic course in Tool and Die Engineering at GPES, Manesar. The supplier partners will immensely benefit from this arrangement.



SUCCESSION PLANNING

20+ second-generation dealer partners participated in the capability development forum, 'Junoon' and undertook a six-month long training programme at the Company, to understand the systems, processes and the organisational culture.

- Performs capacity building training for stakeholders' performance on social topics.
- Conducts audit and gap analysis for its Tier 1 suppliers especially including fire safety and Occupational Health & Safety.

Source: <https://marutistoragenew.blob.core.windows.net/msilintiwebpdf/Maruti-Suzuki-Annual-Integrated-Report-2019-20-Low-res.pdf>, p. 36

TRAINING METRICS



Chemicals



Germany



EVONIK
INDUSTRIES

Overview of sustainability indicators for the Evonik Group

The following overview contains the main indicators for our six sustainability areas of action. You can find more detailed information in the relevant chapters.

Sustainability indicators 2019 201-1, 103-2

T22

	2016	2017	2018	2019
STRATEGY AND GROWTH				
Value added in € million	4,616	4,684*	4,740	5,994
Women at the first management level below the executive board in %	16.7	25.0	27.3	26.1
Women at the second management level below the executive board in %	9.5	15.4	20.0	24.1
Training rate ^h anti-trust law in %	937	59	74	82
Training rate ^h fighting corruption in %	828	84	83	91
Training rate ^h code of conduct in %	12,025	71	77	89
Internal investigations	33	27	90 ^f	109
Disciplinary measures	17	12	106 ^d	60
GOVERNANCE AND COMPLIANCE				
Procurement volume in € billion	7.6	9.1	9.9	9.4
Production output in million metric tons	10.58	10.98	11.03	9.16
Use of renewable resources in production in %	9.2	10.4	9.7	7.9
Raw material suppliers covered by TFS assessments [*]	--	--	--	66
No. of sustainability audits (TFS)	241	441	358	309
No. of sustainability audits (Evonik)	29	28	22	26
No. of sustainability assessments (TFS)	1,773	1,794	1,491	1,043
No. of sustainability assessments (Evonik)	145	149	130	117
R&D expenses in € million	438	476 ⁱ	459	428
Scope 1 greenhouse gas emissions in million metric tons ^g	5.4	5.6	5.7	4.9
Scope 2 greenhouse gas emissions in million metric tons ^h	1.0	0.9	0.9	0.6
Scope 3 greenhouse gas emissions in million metric tons ⁱ	19.5	20.4	21.0	↓
Reduction in greenhouse gas emissions (scope 1 / 2) in million metric tons	--	--	-31	-42
VALUE CHAIN AND PRODUCTS				
Early employee turnover in %	1.2	1.4	0.9	0.9
Continuing professional development per employee in hours ^k	16	12	16	16
Female managers in % ^l	22.0	23.2	24.3	25.2
Occupational health performance index ^m	5.5	5.4	5.5	5.5
THE ENVIRONMENT				
Accident frequency ⁿ	1.24	1.16	0.87	1.18
Incident frequency ^o	43	1.11 ^p	1.08	1.10
EMPLOYEES				
SAFETY				

^a Prior-year figures adjusted in some cases due to IFRS 15.
^b From 2017, the training rates are given as a percentage; the figure for 2016 is an absolute figure and is therefore not comparable. The training rate is defined as the number of training candidates with a valid certificate relative to the total number of training candidates as of December 31, 2019.
^c From 2018, reporting extended to include all internal investigations in the Evonik Group.
^d In some cases, more than one measure was taken as a result of an investigation.
^e Annual procurement volume >€100 thousand.
^f The costs of Corporate Innovation are included from 2017; 2017 figure restated.
^g CO₂ equivalents.
^h CO₂ equivalents, net (market-based).
ⁱ In some cases, calculation is based on assumptions and estimates. The figure for 2019 is expected to be published in mid-2020.
^j From 2016, excluding apprentices in Germany.
^k Management circles 1–3; prior-year figure restated, excluding the methacrylates business.
^l This indicator contains all work-related accidents (excluding traffic accidents) resulting in absences of at least one full shift per 1 million working hours.
^m Number of incidents per 1 million working hours.
ⁿ From 2017, the indicator is shown as an absolute amount defined as the number of incidents per 1 million working hours (previous years in percent).

- Covers a wide range of compliance training including anti-trust law, anti-corruption, and compliance with Code of Conduct.
- Shares training results including number of people trained and share by region, management, and function.



Source: https://corporate.evonik.com/Downloads/Corporate/BPK/Evonik_Sustainability_Report_2019.pdf, p. 80

APPENDIX 1 - LIST OF COMPANIES

Company	SGS 2021	Guidance	Implementation	Oversight	Learning	Initiatives
3M Co US, Chemicals	TIER 2	TIER 1	TIER 2	TIER 3	TIER 3	GRI <IR>  
AB InBev DE, Food Processors	TIER 2	TIER 1	TIER 2	TIER 2	TIER 1	GRI <IR>  
AbbVie Inc US, Pharmaceuticals	TIER 4	TIER 3	TIER 4	TIER 4	TIER 3	GRI <IR>  
Adidas DE, Consumer Goods	TIER 2	TIER 2	TIER 2	TIER 2	TIER 1	GRI <IR>  
AES Corp. US, Utilities	TIER 3	TIER 3	TIER 3	TIER 1	TIER 5	GRI <IR>  
Air Products & Chemcom US, Chemicals	TIER 4	TIER 3	TIER 4	TIER 4	TIER 4	GRI <IR>  
Alcoa Corp US, Natural Resources	TIER 1	TIER 1	TIER 1	TIER 1	TIER 5	GRI <IR>  
American Water Works US, Utilities	TIER 5	TIER 5	TIER 5	TIER 4	TIER 5	GRI <IR>  
Anadolu Efes TR, Food Processors	TIER 3	TIER 3	TIER 3	TIER 4	TIER 1	GRI <IR>  
Anglo American ZA, Natural Resources	TIER 1	TIER 1	TIER 2	TIER 1	TIER 3	GRI <IR>  
Anglo American Platinum ZA, Natural Resources	TIER 1	TIER 1	TIER 1	TIER 1	TIER 1	GRI <IR>  
Anglogold Ashanti ZA, Natural Resources	TIER 2	TIER 3	TIER 2	TIER 1	TIER 1	GRI <IR>  
Antofagasta UK, Natural Resources	TIER 1	TIER 2	TIER 2	TIER 1	TIER 1	GRI <IR>  
Aptiv US, Automotive	TIER 5	TIER 4	TIER 5	TIER 4	TIER 5	GRI <IR>  
Archer-Daniels-Midland US, Food Processors	TIER 3	TIER 2	TIER 5	TIER 2	TIER 5	GRI <IR>  
Ashok Leyland IN, Automotive	TIER 2	TIER 4	TIER 2	TIER 1	TIER 3	GRI <IR>  
Aspen Pharmacare ZA, Pharmaceuticals	TIER 2	TIER 3	TIER 3	TIER 2	TIER 1	GRI <IR>  

Highlighted companies and tiers indicate “top performers”

SUSTAINABILITY GOVERNANCE SCORECARD 2021

Company	SGS 2021	Guidance	Implementation	Oversight	Learning	Initiatives
Associated British Foods UK, Food Processors	TIER 3	TIER 3	TIER 3	TIER 2	TIER 2	GRI <IR>  
AstraZeneca UK, Pharmaceuticals	TIER 1	TIER 1	TIER 1	TIER 2	TIER 1	GRI <IR>  
Avenue Supermarts IN, Retail	TIER 5	TIER 5	TIER 5	TIER 5	TIER 5	GRI <IR>  
Aygaz TR, Natural Resources	TIER 4	TIER 5	TIER 2	TIER 4	TIER 2	GRI <IR>  
B&M UK, Retail	TIER 5	TIER 5	TIER 5	TIER 5	TIER 4	GRI <IR>  
B+T Group UK, Telecommunications	TIER 1	TIER 2	TIER 1	TIER 1	TIER 1	GRI <IR>  
Bayer DE, Pharmaceuticals	TIER 1	TIER 1	TIER 2	TIER 4	TIER 1	GRI <IR>  
Beiersdorf DE, Consumer Goods	TIER 2	TIER 2	TIER 4	TIER 2	TIER 3	GRI <IR>  
Best Buy US, Retail	TIER 1	TIER 1	TIER 1	TIER 1	TIER 3	GRI <IR>  
Bharti Airtel IN, Telecommunications	TIER 3	TIER 3	TIER 2	TIER 3	TIER 3	GRI <IR>  
BHP Billiton ZA, Natural Resources	TIER 1	TIER 1	TIER 2	TIER 1	TIER 2	GRI <IR>  
BMW DE, Automotive	TIER 1	TIER 1	TIER 1	TIER 3	TIER 1	GRI <IR>  
Brenntag DE, Chemicals	TIER 3	TIER 4	TIER 4	TIER 3	TIER 1	GRI <IR>  
Bristol-Myers Squibb US, Pharmaceuticals	TIER 4	TIER 2	TIER 3	TIER 5	TIER 5	GRI <IR>  
Britannia Industries IN, Food Processors	TIER 5	TIER 5	TIER 5	TIER 5	TIER 5	GRI <IR>  
Britvic UK, Food Processors	TIER 5	TIER 5	TIER 4	TIER 4	TIER 5	GRI <IR>  
Burberry Group UK, Consumer Goods	TIER 3	TIER 2	TIER 3	TIER 4	TIER 1	GRI <IR>  
Campbell Soup US, Food Processors	TIER 1	TIER 1	TIER 1	TIER 1	TIER 2	GRI <IR>  

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SUSTAINABILITY GOVERNANCE SCORECARD 2021

Company	SGS 2021	Guidance	Implementation	Oversight	Learning	Initiatives
Caterpillar US, Machine & Equipment	TIER 5	TIER 4	TIER 5	TIER 4	TIER 5	GRI <IR>  
Centrica UK, Utilities	TIER 1	TIER 1	TIER 1	TIER 1	TIER 4	GRI <IR>  
China Gas Holdings CN, Utilities	TIER 3	TIER 4	TIER 2	TIER 2	TIER 3	GRI <IR>  
China Mobile CN, Telecommunications	TIER 1	TIER 2	TIER 1	TIER 1	TIER 2	GRI <IR>  
China Resources Gas Grp CN, Utilities	TIER 4	TIER 5	TIER 4	TIER 2	TIER 3	GRI <IR>  
China Unicom CN, Telecommunications	TIER 5	TIER 5	TIER 5	TIER 5	TIER 5	GRI <IR>  
China Yangtze Power CN, Utilities	TIER 5	TIER 5	TIER 2	TIER 5	TIER 4	GRI <IR>  
Cigna Corp US, Pharmaceuticals	TIER 5	TIER 4	TIER 4	TIER 5	TIER 4	GRI <IR>  
Cipla IN, Pharmaceuticals	TIER 2	TIER 2	TIER 2	TIER 1	TIER 1	GRI <IR>  
Clicks Group ZA, Retail	TIER 2	TIER 3	TIER 1	TIER 3	TIER 2	GRI <IR>  
CLP Holdings CN, Utilities	TIER 1	TIER 1	TIER 2	TIER 1	TIER 1	GRI <IR>  
Coca-Cola European Partners UK, Food Processors	TIER 1	TIER 3	TIER 2	TIER 1	TIER 1	GRI <IR>  
Coca-Cola HBC UK, Food Processors	TIER 1	TIER 1	TIER 1	TIER 1	TIER 1	GRI <IR>  
Coca-Cola İçecek TR, Food Processors	TIER 1	TIER 1	TIER 1	TIER 1	TIER 1	GRI <IR>  
Colgate-Palmolive US, Consumer Goods	TIER 2	TIER 2	TIER 2	TIER 2	TIER 3	GRI <IR>  
Compagnie Financiere Richemont ZA, Consumer Goods	TIER 5	TIER 4	TIER 4	TIER 4	TIER 5	GRI <IR>  
ConocoPhillips US, Natural Resources	TIER 3	TIER 2	TIER 2	TIER 5	TIER 4	GRI <IR>  
Continental DE, Automotive	TIER 3	TIER 3	TIER 2	TIER 2	TIER 5	GRI <IR>  

Highlighted companies and tiers indicate “top performers”

SUSTAINABILITY GOVERNANCE SCORECARD 2021





































Company	SGS 2021	Guidance	Implementation	Oversight	Learning	Initiatives
Corteva US, Chemicals	TIER 5	TIER 5	TIER 5	TIER 5	TIER 5	GRI <IR>  
Covestro DE, Chemicals	TIER 3	TIER 2	TIER 4	TIER 3	TIER 3	GRI <IR>  
Cranswick UK, Food Processors	TIER 5	TIER 3	TIER 5	TIER 5	TIER 5	GRI <IR>  
Croda International UK, Chemicals	TIER 2	TIER 2	TIER 1	TIER 2	TIER 3	GRI <IR>  
Cummins US, Machine & Equipment	TIER 1	TIER 1	TIER 1	TIER 2	TIER 2	GRI <IR>  
Dabur India IN, Consumer Goods	TIER 4	TIER 4	TIER 4	TIER 3	TIER 2	GRI <IR>  
DCC UK, Natural Resources	TIER 5	TIER 5	TIER 5	TIER 5	TIER 5	GRI <IR>  
Deere & Co US, Machine & Equipment	TIER 5	TIER 3	TIER 5	TIER 5	TIER 5	GRI <IR>  
Deutsche Telekom DE, Telecommunications	TIER 2	TIER 1	TIER 3	TIER 4	TIER 1	GRI <IR>  
Diageo UK, Food Processors	TIER 2	TIER 2	TIER 2	TIER 4	TIER 2	GRI <IR>  
Dongfang Electric Corp CN, Machine & Equipment	TIER 5	TIER 5	TIER 5	TIER 5	TIER 5	GRI <IR>  
Dover Corp US, Machine & Equipment	TIER 5	TIER 5	TIER 5	TIER 5	TIER 5	GRI <IR>  
DowDuPont US, Chemicals	TIER 3	TIER 1	TIER 4	TIER 2	TIER 5	GRI <IR>  
Dr Reddy's Laboratories IN, Pharmaceuticals	TIER 1	TIER 3	TIER 2	TIER 1	TIER 1	GRI <IR>  
E.ON SE DE, Utilities	TIER 2	TIER 2	TIER 4	TIER 1	TIER 3	GRI <IR>  
Eaton Corp US, Machine & Equipment	TIER 4	TIER 2	TIER 5	TIER 5	TIER 5	GRI <IR>  
eBay Inc. US, Retail	TIER 5	TIER 5	TIER 5	TIER 5	TIER 5	GRI <IR>  
Ecolab US, Chemicals	TIER 4	TIER 3	TIER 3	TIER 4	TIER 4	GRI <IR>  

Highlighted companies and tiers indicate “top performers”

Company	SGS 2021	Guidance	Implementation	Oversight	Learning	Initiatives
Edison International US, Utilities	TIER 4	TIER 3	TIER 4	TIER 4	TIER 5	GRI <IR>  
Emerson Electric US, Machine & Equipment	TIER 5	TIER 5	TIER 5	TIER 5	TIER 1	GRI <IR>  
Enerjisa TR, Utilities	TIER 4	TIER 4	TIER 4	TIER 4	TIER 5	GRI <IR>  
ENN Energy Holdings CN, Utilities	TIER 2	TIER 3	TIER 1	TIER 3	TIER 1	GRI <IR>  
Evonik Industries DE, Chemicals	TIER 1	TIER 1	TIER 1	TIER 1	TIER 1	GRI <IR>  
Exelon Corp US, Utilities	TIER 4	TIER 5	TIER 2	TIER 4	TIER 2	GRI <IR>  
Exxaro Resources ZA, Natural Resources	TIER 1	TIER 2	TIER 2	TIER 1	TIER 1	GRI <IR>  
Ford Otosan TR, Automotive	TIER 3	TIER 4	TIER 2	TIER 3	TIER 1	GRI <IR>  
Freenet Group DE, Telecommunications	TIER 5	TIER 5	TIER 5	TIER 5	TIER 3	GRI <IR>  
Gail India IN, Utilities	TIER 3	TIER 4	TIER 3	TIER 2	TIER 1	GRI <IR>  
Gap Inc US, Retail	TIER 1	TIER 1	TIER 1	TIER 1	TIER 1	GRI <IR>  
GEA Group DE, Machine & Equipment	TIER 4	TIER 4	TIER 3	TIER 3	TIER 5	GRI <IR>  
General Mills US, Food Processors	TIER 2	TIER 1	TIER 3	TIER 1	TIER 4	GRI <IR>  
General Motors US, Automotive	TIER 1	TIER 1	TIER 1	TIER 1	TIER 3	GRI <IR>  
GlaxoSmithKline UK, Pharmaceuticals	TIER 1	TIER 2	TIER 1	TIER 1	TIER 1	GRI <IR>  
Glencore ZA, Natural Resources	TIER 2	TIER 2	TIER 3	TIER 1	TIER 3	GRI <IR>  
Godrej Consumer Products IN, Consumer Goods	TIER 1	TIER 2	TIER 1	TIER 2	TIER 3	GRI <IR>  
Gold Fields ZA, Natural Resources	TIER 2	TIER 1	TIER 2	TIER 3	TIER 4	GRI <IR>  

Highlighted companies and tiers indicate “top performers”

SUSTAINABILITY GOVERNANCE SCORECARD 2021

Company	SGS 2021	Guidance	Implementation	Oversight	Learning	Initiatives
Guangdong Investment (Red Chip) CN, Utilities	TIER 5	TIER 4	TIER 5	TIER 3	TIER 2	GRI <IR>  
Harmony ZA, Natural Resources	TIER 1	TIER 3	TIER 1	TIER 2	TIER 1	GRI <IR>  
Havells India IN, Machine & Equipment	TIER 2	TIER 1	TIER 2	TIER 1	TIER 3	GRI <IR>  
Henkel DE, Consumer Goods	TIER 2	TIER 2	TIER 3	TIER 2	TIER 1	GRI <IR>  
Hero MotoCorp IN, Automotive	TIER 1	TIER 2	TIER 2	TIER 2	TIER 1	GRI <IR>  
Hershey's US, Food Processors	TIER 1	TIER 1	TIER 3	TIER 2	TIER 1	GRI <IR>  
Hess Corp US, Natural Resources	TIER 4	TIER 3	TIER 5	TIER 2	TIER 3	GRI <IR>  
Hikma Pharmaceuticals UK, Pharmaceuticals	TIER 4	TIER 2	TIER 3	TIER 5	TIER 4	GRI <IR>  
Hindalco Industries IN, Natural Resources	TIER 1	TIER 1	TIER 1	TIER 2	TIER 2	GRI <IR>  
Hindustan Petroleum Corp IN, Natural Resources	TIER 4	TIER 5	TIER 4	TIER 2	TIER 3	GRI <IR>  
Hindustan Zinc IN, Natural Resources	TIER 1	TIER 2	TIER 2	TIER 1	TIER 1	GRI <IR>  
HK & China Gas CN, Utilities	TIER 2	TIER 2	TIER 1	TIER 4	TIER 2	GRI <IR>  
Honeywell International US, Machine & Equipment	TIER 5	TIER 4	TIER 5	TIER 3	TIER 5	GRI <IR>  
Hugo Boss DE, Retail	TIER 1	TIER 1	TIER 1	TIER 3	TIER 1	GRI <IR>  
IDEX Corp US, Machine & Equipment	TIER 5	TIER 4	TIER 5	TIER 5	TIER 5	GRI <IR>  
IMI UK, Machine & Equipment	TIER 4	TIER 5	TIER 2	TIER 5	TIER 2	GRI <IR>  
Impala Platinum ZA, Natural Resources	TIER 2	TIER 2	TIER 1	TIER 1	TIER 4	GRI <IR>  
Ingersoll-Rand US, Machine & Equipment	TIER 4	TIER 3	TIER 2	TIER 4	TIER 3	GRI <IR>  

Highlighted companies and tiers indicate “top performers”

Company	SGS 2021	Guidance	Implementation	Oversight	Learning	Initiatives
Intl Flavors & Fragrances US, Chemicals	TIER 2	TIER 2	TIER 1	TIER 1	TIER 5	GRI <IR>  
Johnson Controls Intl US, Machine & Equipment	TIER 4	TIER 1	TIER 4	TIER 4	TIER 5	GRI <IR>  
Johnson Matthey UK, Chemicals	TIER 4	TIER 2	TIER 4	TIER 3	TIER 5	GRI <IR>  
Kellogg's US, Food Processors	TIER 3	TIER 2	TIER 3	TIER 3	TIER 4	GRI <IR>  
Kingfisher UK, Retail	TIER 1	TIER 1	TIER 1	TIER 2	TIER 1	GRI <IR>  
KION Group DE, Machine & Equipment	TIER 5	TIER 4	TIER 5	TIER 3	TIER 5	GRI <IR>  
Kumba Iron Ore ZA, Natural Resources	TIER 4	TIER 1	TIER 4	TIER 2	TIER 5	GRI <IR>  
Lanxess DE, Chemicals	TIER 1	TIER 2	TIER 3	TIER 1	TIER 1	GRI <IR>  
Liberty Global US, Machine & Equipment	TIER 5	TIER 4	TIER 5	TIER 3	TIER 5	GRI <IR>  
Linde plc US, Chemicals	TIER 1	TIER 1	TIER 1	TIER 1	TIER 1	GRI <IR>  
LONGI Green Energy CN, Natural Resources	TIER 5	TIER 5	TIER 3	TIER 5	TIER 3	GRI <IR>  
Mahindra & Mahindra IN, Automotive	TIER 1	TIER 3	TIER 2	TIER 1	TIER 1	GRI <IR>  
Marico IN, Consumer Goods	TIER 1	TIER 1	TIER 2	TIER 1	TIER 2	GRI <IR>  
Marks & Spencer Group UK, Retail	TIER 3	TIER 1	TIER 3	TIER 5	TIER 4	GRI <IR>  
Maruti Suzuki IN, Automotive	TIER 1	TIER 3	TIER 1	TIER 1	TIER 1	GRI <IR>  
Metro DE, Retail	TIER 1	TIER 1	TIER 2	TIER 2	TIER 1	GRI <IR>  
Migros Ticaret TR, Retail	TIER 2	TIER 3	TIER 2	TIER 3	TIER 1	GRI <IR>  
MNT Group ZA, Telecommunications	TIER 2	TIER 2	TIER 1	TIER 3	TIER 3	GRI <IR>  

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SUSTAINABILITY GOVERNANCE SCORECARD 2021

Company	SGS 2021	Guidance	Implementation	Oversight	Learning	Initiatives
Mondelez International US, Food Processors	TIER 3	TIER 2	TIER 3	TIER 4	TIER 4	GRI <IR> 
Morrisons UK, Retail	TIER 3	TIER 4	TIER 2	TIER 4	TIER 4	GRI <IR> 
Motherhood Sumi Systems IN, Automotive	TIER 5	TIER 5	TIER 5	TIER 4	TIER 5	GRI <IR> 
Mr Price Group ZA, Retail	TIER 2	TIER 4	TIER 1	TIER 3	TIER 1	GRI <IR> 
National Grid UK, Utilities	TIER 2	TIER 2	TIER 1	TIER 4	TIER 3	GRI <IR> 
Nestle India IN, Food Processors	TIER 4	TIER 5	TIER 4	TIER 3	TIER 3	GRI <IR> 
Newmont Mining US, Natural Resources	TIER 2	TIER 1	TIER 2	TIER 2	TIER 4	GRI <IR> 
NEXT UK, Retail	TIER 3	TIER 2	TIER 1	TIER 4	TIER 3	GRI <IR> 
NTPC IN, Utilities	TIER 1	TIER 1	TIER 1	TIER 1	TIER 1	GRI <IR> 
Ocado UK, Retail	TIER 4	TIER 5	TIER 4	TIER 5	TIER 3	GRI <IR> 
Oshkosh Corp US, Machine & Equipment	TIER 3	TIER 3	TIER 3	TIER 5	TIER 1	GRI <IR> 
Parker-Hannifin US, Machine & Equipment	TIER 5	TIER 5	TIER 5	TIER 5	TIER 5	GRI <IR> 
Pennon Group UK, Utilities	TIER 2	TIER 1	TIER 3	TIER 3	TIER 3	GRI <IR> 
Petkim TR, Chemicals	TIER 5	TIER 5	TIER 5	TIER 5	TIER 5	GRI <IR> 
Pick n Pay Stores ZA, Retail	TIER 2	TIER 1	TIER 1	TIER 1	TIER 4	GRI <IR> 
Pioneer Foods ZA, Food Processors	TIER 3	TIER 5	TIER 2	TIER 1	TIER 3	GRI <IR> 
Puma DE, Consumer Goods	TIER 1	TIER 1	TIER 1	TIER 2	TIER 3	GRI <IR> 
Randgold Resources UK, Natural Resources	TIER 3	TIER 5	TIER 2	TIER 4	TIER 1	GRI <IR> 

Highlighted companies and tiers indicate “top performers”

Company	SGS 2021	Guidance	Implementation	Oversight	Learning	Initiatives
Reckitt Benckiser Group UK, Consumer Goods	TIER 1	TIER 1	TIER 1	TIER 2	TIER 2	
Reliance Industries IN, Natural Resources	TIER 2	TIER 4	TIER 1	TIER 3	TIER 1	
Rio Tinto UK, Natural Resources	TIER 2	TIER 2	TIER 3	TIER 4	TIER 1	
Rotork UK, Machine & Equipment	TIER 5	TIER 5	TIER 5	TIER 4	TIER 5	
Royal Dutch Shell UK, Natural Resources	TIER 2	TIER 2	TIER 3	TIER 2	TIER 4	
RWE DE, Utilities	TIER 2	TIER 4	TIER 2	TIER 3	TIER 1	
Sainsbury's UK, Retail	TIER 3	TIER 2	TIER 3	TIER 4	TIER 5	
Sasol ZA, Chemicals	TIER 2	TIER 3	TIER 1	TIER 1	TIER 4	
Schlumberger US, Natural Resources	TIER 2	TIER 2	TIER 1	TIER 2	TIER 5	
Sempra Energy US, Utilities	TIER 3	TIER 2	TIER 4	TIER 2	TIER 5	
Severn Trent UK, Utilities	TIER 3	TIER 4	TIER 1	TIER 2	TIER 3	
Shanghai Electric Group CN, Machine & Equipment	TIER 4	TIER 4	TIER 4	TIER 5	TIER 2	
Sibahne Stillwater ZA, Natural Resources	TIER 1	TIER 4	TIER 2	TIER 1	TIER 1	
Siemens Germany DE, Machine & Equipment	TIER 2	TIER 4	TIER 2	TIER 1	TIER 1	
Siemens India IN, Machine & Equipment	TIER 2	TIER 3	TIER 2	TIER 1	TIER 3	
Smiths Group UK, Machine & Equipment	TIER 3	TIER 3	TIER 4	TIER 3	TIER 3	
Şok Marketler Grubu TR, Retail	TIER 5	TIER 5	TIER 4	TIER 5	TIER 5	
Spirax Sarco UK, Machine & Equipment	TIER 2	TIER 3	TIER 2	TIER 1	TIER 3	

Highlighted companies and tiers indicate “top performers”

SUSTAINABILITY GOVERNANCE SCORECARD 2021

Company	SGS 2021	Guidance	Implementation	Oversight	Learning	Initiatives
SSE UK, Utilities	TIER 2	TIER 3	TIER 3	TIER 2	TIER 1	GRI <IR>   
Stanley Black & Decker US, Machine & Equipment	TIER 5	TIER 4	TIER 5	TIER 5	TIER 5	GRI <IR>   
Sun Pharma IN, Pharmaceuticals	TIER 5	TIER 5	TIER 4	TIER 3	TIER 5	GRI <IR>   
Symrise DE, Chemicals	TIER 2	TIER 1	TIER 2	TIER 1	TIER 5	GRI <IR>   
Tata Global Beverages IN, Food Processors	TIER 4	TIER 5	TIER 2	TIER 3	TIER 5	GRI <IR>   
Tata Motors IN, Automotive	TIER 1	TIER 2	TIER 1	TIER 1	<u>TIER 1</u>	GRI <IR>   
Tate & Lyle UK, Food Processors	TIER 5	TIER 4	TIER 5	TIER 5	TIER 5	GRI <IR>   
TE Connectivity US, Natural Resources	TIER 3	TIER 3	TIER 1	TIER 3	TIER 5	GRI <IR>   
Telefonica Deutschland DE, Telecommunications	TIER 1	TIER 1	TIER 1	TIER 2	TIER 1	GRI <IR>   
Telkom SA SOC ZA, Telecommunications	TIER 2	TIER 4	TIER 2	TIER 2	TIER 1	GRI <IR>   
Tesco UK, Retail	TIER 1	TIER 1	TIER 1	TIER 2	TIER 2	GRI <IR>   
Tesla US, Automotive	TIER 5	TIER 5	TIER 5	TIER 5	TIER 5	GRI <IR>   
The Foschini Group ZA, Retail	TIER 3	TIER 1	TIER 3	TIER 2	TIER 4	GRI <IR>   
The Spar Group ZA, Retail	TIER 5	TIER 5	TIER 3	TIER 4	TIER 5	GRI <IR>   
Tiger Brands ZA, Food Processors	TIER 2	TIER 1	TIER 3	TIER 1	TIER 2	GRI <IR>   
Titan Company IN, Consumer Goods	TIER 5	TIER 4	TIER 5	TIER 5	TIER 4	GRI <IR>   
Tofaş TR, Automotive	TIER 3	TIER 4	TIER 3	TIER 1	TIER 2	GRI <IR>   
Truworths International ZA, Retail	TIER 3	TIER 2	TIER 4	TIER 2	TIER 3	GRI <IR>   

Highlighted companies and tiers indicate “top performers”

Company	SGS 2021	Guidance	Implementation	Oversight	Learning	Initiatives
Tüpraş TR, Natural Resources	TIER 2	TIER 2	TIER 3	TIER 4	TIER 1	GRI <IR>  
Türk Telekom TR, Telecommunications	TIER 5	TIER 5	TIER 5	TIER 5	TIER 4	GRI <IR>  
Turkcell TR, Telecommunications	TIER 5	TIER 4	TIER 3	TIER 5	TIER 4	GRI <IR>  
Ülker Bisküvi TR, Food Processors	TIER 3	TIER 2	TIER 3	TIER 4	TIER 3	GRI <IR>  
Unilever UK, Consumer Goods	TIER 1	TIER 1	TIER 1	TIER 1	TIER 1	GRI <IR>  
United Utilities Group UK, Utilities	TIER 2	TIER 1	TIER 3	TIER 4	TIER 2	GRI <IR>  
UPL IN, Chemicals	TIER 1	TIER 2	TIER 1	TIER 1	TIER 3	GRI <IR>  
Vedanta IN, Natural Resources	TIER 2	TIER 1	TIER 3	TIER 2	TIER 3	GRI <IR>  
Vipshop Holdings CN, Retail	TIER 3	TIER 4	TIER 1	TIER 3	TIER 1	GRI <IR>  
Vodacom Group ZA, Telecommunications	TIER 2	TIER 4	TIER 1	TIER 1	TIER 1	GRI <IR>  
Vodafone Group UK, Telecommunications	TIER 2	TIER 2	TIER 3	TIER 1	TIER 1	GRI <IR>  
Waste Management Inc US, Utilities	TIER 2	TIER 2	TIER 2	TIER 2	TIER 5	GRI <IR>  
Weir Group UK, Machine & Equipment	TIER 3	TIER 2	TIER 3	TIER 3	TIER 3	GRI <IR>  
Woolworths Holdings ZA, Retail	TIER 1	TIER 1	TIER 2	TIER 1	TIER 3	GRI <IR>  
Xylem Inc US, Machine & Equipment	TIER 2	TIER 1	TIER 3	TIER 2	TIER 5	GRI <IR>  
Zalando DE, Retail	TIER 3	TIER 3	TIER 4	TIER 3	TIER 2	GRI <IR>  
Zoetis US, Pharmaceuticals	TIER 5	TIER 5	TIER 5	TIER 5	TIER 5	GRI <IR>  
Zorlu Enerji TR, Utilities	TIER 4	TIER 3	TIER 4	TIER 3	TIER 5	GRI <IR>  

Highlighted companies and tiers indicate “top performers”

APPENDIX 2 - METHODOLOGY

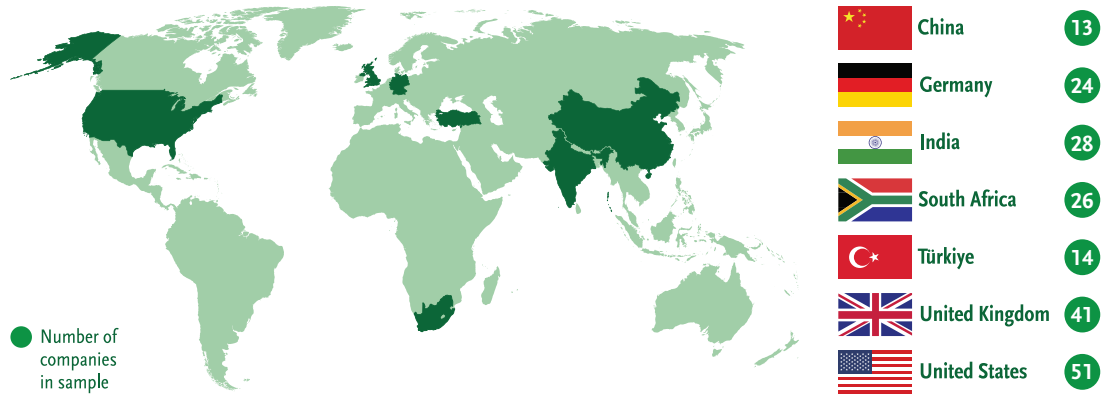
The Sustainability Governance Scorecard is an impact-research with a motivation to help improve the state of the world by measuring and learning from the peers. It is designed as an improvement tool for the companies to have a more sustainable future.

Sampling

The research mainly focuses on quality of decision making and governance of sustainability issues. The scope encompassed 197 different companies from 10 industries in 7 countries. The companies are trading at key sustainability stock exchanges which are signatories of Sustainable Stock Exchanges Initiative. The companies which have asset size higher than

1 Billion Dollar are selected and diversified by different initiatives and reporting schemes. Selected 10 industries are comparable across countries. Financial and technology companies are not selected due to their regulatory standards may vary by country.

197 Companies Evaluated from 7 Countries & 10 Sectors



Distribution of Companies by Initiatives

	 GRI	 UNGC	 SASB	 IR
China	5	2	0	0
Germany	20	17	3	2
India	9	6	1	3
South Africa	16	10	3	22
Türkiye	7	3	1	0
United Kingdom	17	17	6	4
United States	29	18	24	0
TOTAL	103	73	38	31

Evaluation Criteria:

¹This research was inspired by the publication of Dr. Yılmaz Argüden, which includes “The sustainability checklist for responsible boards”. The short version of checklist is listed in Appendix 3. For the full version of the checklist, please refer to “Responsible Boards - Action Plan for a Sustainable Future” article of Dr. Yılmaz Argüden published in IFC Private Sector Opinion 36, 2015.

The SG Scorecard[®] identifies and utilizes 421 measurable criteria for sustainability governance. The criteria are either met or not met (o/1). The criteria are defined to assess the governance quality of companies’ sustainability efforts under four main areas:

- providing guidance,
- implementation,
- oversight of the board,
- continuous learning throughout the cycle.¹

Each of these areas are assessed with objective criteria, designed through a lens of governance.

The key areas SG Scorecard identifies are listed in the following table:

Key Areas Identified in the Model

Guidance	Implementation	Oversight	Learning
Board Composition and Diversity (Skill Matrix)	ESG Results	Board Oversight Responsibilities	Resource allocations for improvement
Comprehensive board guidance on ESG (Policy, KPI, Target)	ESG Results Evaluation (Trend, benchmark)	Sustainability Governance Structure	ESG training
Stakeholder Map and Engagement	Supply Chain Coverage and Audit	Internal Control and Independent Audit	ESG developments (performance management, process change, resources allocated for improvement)
Materiality and board review	Community/Ecosystem /Partnership Results	Link to Executive Compensation	Scope of training and developments
Link to Executive Compensation	Results Alignment with SDGs	Board Evaluation	
Value Creation Model	Stakeholder consultation		
Strategy Alignment with SDGs	Risk mitigation		
Target Setting in SDGs			
<ul style="list-style-type: none"> Coverage: Across all employee groups, geographies, supply chain and impact of product throughout the life-cycle (ecosystem view) Depth: Depth of ESG reporting 			

Data Collection

The analysis is limited only with the publicly available data. The research utilizes;

- 2019 Annual Reports,
- 2019 Sustainability Reports,
- Governance and Sustainability section of the companies' Websites.

After the data collection process was finalized, we shared our evaluation of the data with the investment relations departments of Global Sustainability Leaders to provide them an opportunity to review the way we have interpreted their disclosures with respect to the 421 criteria (APPENDIX 4) for this research.

In SGS 2021, we have sharpened our data collection approach in various areas, such as targets to be SMART. In that respect, we have updated some results in SGS 2020 in case of need with this approach.

Evaluation Method

Measurement is conducted by weighted average method. The evaluation includes two dimensions;

- Breadth of sustainability approach: Criteria which all the company should adopt in order to ensure the sustainability climate in the company are named as breadth criteria. Breadth criteria give clue the question "What?". It provides information about the approach company adopted in terms of sustainability governance.
- Depth of sustainability approach: Criteria which show the internalization of the essence of sustainability governance culture are listed as depth criteria. Depth criteria give clue the question "How?". It provides the detailed information about how the company deploy sustainability governance throughout its impact span.

The scorecard is evaluated based on the combination of breadth and depth score and shared by 5 tiers to provide better granularity in order to identify good examples. The list in each tier is distributed alphabetically.

The SG Scorecard does not aim to measure the sustainability performance but seeks the presence of an environment and a climate of sustainability governance where sustainability efforts can flourish. In line with this perspective, the Report is distinguished by sharing best in class examples of various sustainability governance steps which fosters the learning pace among peers.

The research is expected to provide an opportunity for benchmarking and serve as a guideline for creating effective sustainability governance mechanisms, learning from peers, and thereby contributing to deployment of good practices on sustainability.

APPENDIX 3 - THE SUSTAINABILITY CHECKLIST FOR RESPONSIBLE BOARDS

Board Skills and Diversity

1. Does the board have **the right skills** to provide **guidance and oversight** to the sustainability plans of the corporation?
 - a. Does the Board have **sufficient expertise** to understand the decision-making processes of key stakeholders?
 - b. Does the Board have members who are familiar with the **evolving sustainability standards and benchmarks**?
 - c. Does the Board have enough **diversity to adequately evaluate the different dimensions** (industry experience diversity, age diversity, ethnic diversity, gender diversity, geographical diversity, stakeholder experience diversity) perspectives, and risks of the sustainability issues?
 - d. Is there a **board skills matrix** detailing the skills and experiences of board members across multiple dimensions, including **sustainability as skill** across ESG areas relevant for the company?

Materiality and Stakeholder Engagement

2. Have the **material issues** that would substantially affect the company's strategy, business model, capital or performance been properly identified?
 - a. Has the Board been involved in **setting the materiality thresholds** in each sustainability area? (economic, environmental, social, governance)?
 - b. Have the **trends, current and future impacts** been considered?
 - c. Has the management **prioritized** the key sustainability issues?
 - d. Has the management considered **resource requirements** to deal with the prioritized issues in its mitigation plans?
3. Has an adequate **stakeholder engagement process** been conducted?
 - a. Has the management comprehensively identified its relevant stakeholders and prepared a **stakeholder map**?
 - b. Has the management identified **material ESG issues for each stakeholder group** through **2-way communication** (including how the company can impact the issue and how the stakeholders can add value)?

- c. Has the management **identified sustainability initiatives** targeting each stakeholder group and communicated results to the company's stakeholders?
 - d. Does the Board have access to the **key issues raised** by this process?
 - e. Does the Board have a **process to evaluate** the management's sustainability **plans** to address the key issues?
4. Has the board reviewed the **materiality matrix** to include:
- a. Material ESG issues **for the company** in the **short-term and the long-term**?
 - b. Material effects of ESG issues on **all stakeholders including the planet, employees, and communities** in which the company operates in for the short-term and the long-term?

Comprehensive Scope and Deployment

5. Comprehensive Scope: Does the board have a **Sustainability Charter** with appropriate scope?
- a. Does it include **all areas of sustainability**, such as safety, health, environmental and community impact, human rights, labor rights, anti-corruption, and business ethics?
 - b. Does it include the responsibilities throughout the **value chain**?
 - c. Does it include product responsibilities throughout the **life cycle** of the corporation's full product portfolio?
 - d. Does it include **highest standards of conduct in all the jurisdictions** that the corporation operates in?
6. Leadership: Has the Board reviewed and approved the **company's sustainability mission**?
- a. Are the **key sustainability issues identified** and approved by the Board incorporated into the Corporation's strategies, policies, objectives, and associated management systems (value creation opportunities)?
 - b. Has the Corporation **allocated sufficient resources** to address the key sustainability issues? (sustainability of the efforts)
7. **Deployment**: Are all the executives and key employees of the corporation in different geographies familiar with the sustainability priorities of the corporation?
- a. **Incentives**: Does the Board link sustainability performance metrics with the remuneration policy for top management?
 - b. **Remedies**: Does the Board have an explicit policy for those who fail to follow the sustainability standards of the corporation?

Right Process and Information

8. Does the Board have the **right processes** to provide guidance and oversight to the sustainability plans of the corporation?
 - a. Has the Board established a special **Sustainability Committee** to review the sustainability risks and plans to highlight the key issues for the full Board to consider?
 - b. Does the Board understand the **sustainability risks and impacts** across the corporation's value chain and how this might impact the competitive positioning of the Corporation?
 - c. Does the Board provide **guidance** on incorporation of sustainability issues to **corporate strategy** and focus on sustainability **driven innovation**, value creation opportunities?
 - d. Does the Board provide **sufficient oversight** to the management's identification of **risks and opportunities** of sustainability issues, including those related to strategy, regulatory and legal liability, product development and pricing, disclosure, and reputation, as well as the management's action plans?
 - e. Does the Board have access to **outside experts** on various dimensions of sustainability to receive second opinion on management reports on sustainability issues?
 - f. Has the Board **allocated specific and sufficient time** during its annual time budget to adequately review sustainability issues for the corporation?
 - g. Does the Board conduct a **regular self-evaluation** exercise that incorporates the Board's approach and effectiveness in providing guidance and oversight on sustainability issues?
9. Does the Board receive **timely and adequate information** to **evaluate the performance** of the Corporation's sustainability plans?
 - a. **Oversight of the quality of implementation:** Does the Board regularly receive sufficient information about the sustainability performance of the corporation, including comparisons with past performance and budget targets?
 - b. **Continuous learning:** How about lead indicators, current trends, emerging issues, emerging benchmarks, compliance with applicable laws and regulations, and the key upcoming regulations and standards?
 - c. Is information about the level of **intellectual capital** and **reputation** of the Corporation measured and made available to the Board?
 - d. Does the board receive **findings** and **recommendations from any investigation or audit** by the internal audit department, external auditors, regulatory agencies, corporation's insurance companies, or third-party consultants concerning the corporation's sustainability matters on a timely basis?

Global Goals, Disclosure, and Learning

10. Partnership for Goals

- a. Has the company incorporated **SDGs into their sustainability strategy** process and prioritized relevant SDGs?
- b. Does the Board **set targets, measure impact and monitor progress** across relevant SDG categories?
- c. Does the Board **evaluate potential partnership** opportunities for progress against goals and **measure the combined impact** of cooperative initiatives?

11. Reporting and Communication

- a. Has the Board adopted a **disclosure policy** for the Corporation's sustainability program, and does it review the Disclosure on management approach to sustainability?
- b. How does the board ensure itself that the **sustainability reporting** by the company is adequate, appropriate, and **verifiable**?

12. Continuous Learning: How does the Board ensure continuous learning both within the organization, and throughout the supply chain regarding developing sustainability issues?

APPENDIX 4 - LIST OF CRITERIA

GUIDANCE			
MAIN TITLE	SUBTITLE	B/D	CRITERIA
Policy	Environmental policy	B	The company shares its environmental policies.
		D	Environmental policy includes water .
		D	Environmental policy includes climate change .
		D	Environmental policy includes energy .
		D	Environmental policy includes biodiversity .
		D	Environmental policy includes waste management .
		D	Environmental policy includes hazardous materials .
		D	Environmental policy includes responsible sourcing .
	Social policy	B	The company shares its social policies.
		D	Social policy includes human rights issues.
		D	Social policy includes labor rights issues.
		D	Social policy includes occupational health and safety .
		D	Social policy includes diversity and inclusion .
		D	Social policy includes talent development & employee wellbeing .
		D	Social policy includes product safety .
		D	Social policy includes data security & customer privacy .
	Governance policy	B	The company shares its governance policies.
		D	Governance policy includes board diversity issues.
		D	Governance policy includes risk management .
		D	Governance policy includes Supplier Code of Conduct .
		D	Governance policy includes business ethics .
		D	Governance policy includes anti-corruption .
		D	Governance policy includes executive compensation .
		D	Governance policy includes donations .
		D	Governance policy includes related party transactions .
		D	Governance policy includes succession planning .
	Supply chain policy	B	The company shares its Supplier Code of Conduct.
		D	Supplier Code of Conduct includes environmental issues
		D	Supplier Code of Conduct includes social issues.
	Stakeholder Engagement	Stakeholder map	D
D			The shared stakeholder map includes Public/Media .
D			The shared stakeholder map includes Community .
D			The shared stakeholder map includes NGOs .

SUSTAINABILITY GOVERNANCE SCORECARD 2021

MAIN TITLE	SUBTITLE	B/D	CRITERIA
Stakeholder Engagement	Stakeholder map	D	The shared stakeholder map includes Government .
		D	The shared stakeholder map includes Customers .
		D	The shared stakeholder map includes Supply Chain .
		D	The shared stakeholder map includes Employees .
		D	The shared stakeholder map includes Shareholders .
	Stakeholder objectives	B	The company shares objectives for its stakeholders.
		D	The company shares objectives for Environment .
		D	The company shares objectives for Public/Media .
		D	The company shares objectives for NGOs .
		D	The company shares objectives for Community .
		D	The company shares objectives for Government .
		D	The company shares objectives for Customers .
		D	The company shares objectives for Supply Chain .
		D	The company shares objectives for Employees .
		D	The company shares objectives for Shareholders .
		Materiality	Material issues
B	The company shares list of material issues.		
B	The company shares its environmental material issues.		
D	Environmental material issues includes water .		
D	Environmental material issues includes climate change .		
D	Environmental material issues includes energy .		
D	Environmental material issues includes biodiversity .		
D	Environmental material issues includes waste management .		
D	Environmental material issues includes hazardous materials .		
D	Environmental material issues includes responsible sourcing .		
B	The company shares its social material issues.		
D	Social material issues includes human rights issues .		
D	Social material issues includes labor rights issues .		
D	Social material issues includes occupational health and safety .		
D	Social material issues includes diversity and inclusion .		
D	Social material issues includes talent development & employee wellbeing .		
D	Social material issues includes product safety .		
D	Social material issues includes data security & customer privacy .		
D	Social material issues includes social responsibility & local communities .		
B	The company shares its material issues related to governance.		
D	Governance policy includes board diversity issues.		
D	Governance policy includes executive compensation .		
D	Governance policy includes compliance .		
D	Governance policy includes ethics .		
D	Governance policy includes anti-corruption .		

MAIN TITLE	SUBTITLE	B/D	CRITERIA
Materiality	Material issues	D	Governance policy includes supplier code of conduct .
		B	The company shares its economic material issues .
		D	Economic material issues includes customer experience & satisfaction .
		D	Economic material issues includes profitability & economic performance .
		D	Economic material issues includes technology & innovation .
		D	Economic material issues includes supply chain management .
		B	The company shares its assessment for material issues .
		D	The company shares assessment of material issues for company .
		D	The company shares assessment of material issues for stakeholders .
	Materiality matrix	B	The company shares its materiality matrix .
Sustainability Targets	Environmental Targets	B	The company shares its environmental targets .
		D	The company shares its targets related to water .
		D	The company shares its targets related to climate change/emissions .
		D	The company shares its targets related to energy .
		D	The company shares its targets related to waste management .
		D	The company shares its targets related to biodiversity .
		D	The company shares its targets related to hazardous materials .
		D	The company shares its targets related to responsible sourcing .
	Social Targets	B	The company shares its social targets .
		D	The company shares its targets related to human rights issues .
		D	The company shares its targets related to labor rights issues .
		D	The company shares its targets related to occupational health and safety .
		D	The company shares its targets related to diversity and inclusion .
		D	The company shares its targets related to talent development & employee wellbeing .
		D	The company shares its targets related to product design and portfolio .
		D	The company shares its targets related to data security & customer privacy .
	Governance Targets	B	The company shares its governance targets .
		D	The company shares its targets related to board diversity .
		D	The company shares its targets related to executive compensation .
		D	The company shares its targets related to compliance .
	Targets for Value Chain	B	The company shares sustainability targets for value chain .
		D	The company shares its environmental targets for value chain.
		D	The company shares its social targets for value chain.
	Targets for Ecosystem	D	The company shares its governance targets for value chain.
		B	The company shares sustainability targets for ecosystem (sustainability stewardship) .
		D	The company shares its targets for environmental stewardship .
		D	The company shares its targets for community empowerment .
		D	The company shares its targets for partnership for goals .

SUSTAINABILITY GOVERNANCE SCORECARD 2021

MAIN TITLE	SUBTITLE	B/D	CRITERIA	
Strategy - Business Model	Business model	B	The company shares its value creation process.	
		D	Value creation process of the company includes environmental issues.	
		D	Value creation process of the company includes social issues.	
		D	Value creation process of the company includes governance issues.	
Board - Charter and Responsibilities	Board charter	B	The company shares its Board Charter.	
		D	The company defines and shares issues related to appointment and remuneration in its board charter.	
		D	The company defines and shares issues related to succession planning in its board charter.	
		D	The company defines and shares issues related to board independence in its board charter.	
		D	The company defines and shares issues related to access to information/independent advice in its board charter.	
		D	The company defines and shares issues related to training/orientation in its board charter.	
		D	The company defines and shares issues related to board evaluation in its board charter.	
		D	The company defines and shares issues related to role of the chair in its board charter.	
		D	The company defines and shares issues related to duties of the members in its board charter.	
		D	The company defines and shares issues related to committees in its board charter.	
		D	The company defines and shares issues related to conflict of interest and related party transactions in its board charter.	
		D	The company defines and shares its code of conduct in the board charter.	
	Board responsibilities	Board responsibilities	B	The company shares the role of the board in its Charter.
			D	The company defines and shares that strategy is one of the board's responsibilities.
			D	The company defines and shares that audit is one of the board's responsibilities.
			D	The company defines and shares that risk management is one of the board's responsibilities.
			D	The company defines and shares that sustainability is one of the board's responsibilities.
			D	The company defines and shares that internal control is one of the board's responsibilities.
KPIs	Governance KPIs	B	The company shares its governance KPIs .	
		B	The company shares its board diversity KPIs .	
		D	The company shares its KPIs related to age diversity .	
		D	The company shares its KPIs related to tenure diversity .	
		D	The company shares its KPIs related to experience diversity .	
		D	The company shares its KPIs related to gender diversity .	
		D	The company shares its KPIs related to geographical diversity .	
		D	The company shares its KPIs related to race diversity .	
		D	The company shares its KPIs related to background/education diversity .	
		B	The company shares its executive compensation KPIs .	
		D	The company shares its financial KPIs related to executive compensation.	
		D	The company shares its non-financial KPIs related to executive compensation.	
		D	The company shares its environmental KPIs related to executive compensation.	
		D	The company shares its social KPIs related to executive compensation.	
D	The company shares its governance KPIs related to executive compensation.			

MAIN TITLE	SUBTITLE	B/D	CRITERIA	
Board - Composition	Skills Matrix	B	The company shares a board skills matrix	
		D	The company shares sustainability as skill in skills matrix.	
		D	The company shares human resources as skill in skills matrix	
		D	The company shares stakeholder engagement as skill in skills matrix.	
		D	The company shares risk management as skill in skills matrix.	
SDGs	Strategy link with SDGs	B	The company aligns its strategy with SDGs.	
		D	The company aligns its strategy with SDG 1: No Poverty and shares it.	
		D	The company aligns its strategy with SDG 2: No Hunger and shares it.	
		D	The company aligns its strategy with SDG 3: Good Health and Well Being and shares it.	
		D	The company aligns its strategy with SDG 4: Quality Education and shares it.	
		D	The company aligns its strategy with SDG 5: Gender Equality and shares it.	
		D	The company aligns its strategy with SDG 6: Clean Water and Sanitation and shares it.	
		D	The company aligns its strategy with SDG 7: Affordable and Clean Energy and shares it.	
		D	The company aligns its strategy with SDG 8: Decent Work and Economic Growth and shares it.	
		D	The company aligns its strategy with SDG 9: Industry Innovation and Infrastructure and shares it.	
		D	The company aligns its strategy with SDG 10: Reduced Inequality and shares it.	
		D	The company aligns its strategy with SDG 11: Sustainable Cities and Communities and shares it.	
		D	The company aligns its strategy with SDG 12: Responsible Consumption and Production and shares it.	
		D	The company aligns its strategy with SDG 13: Climate Action and shares it.	
		D	The company aligns its strategy with SDG 14: Life Below Water and shares it.	
		D	The company aligns its strategy with SDG 15: Life on Land and shares it.	
		D	The company aligns its strategy with SDG 16: Peace and Justice Strong Institutions and shares it.	
	D	The company aligns its strategy with SDG 17: Partnerships for the Goals and shares it.		
	Targets for SDGs		B	The company aligns its targets with SDGs.
			D	The company aligns its targets with SDG 1: No Poverty and shares it.
			D	The company aligns its targets with SDG 2: No Hunger and shares it.
			D	The company aligns its targets with SDG 3: Good Health and Well Being and shares it.
			D	The company aligns its targets with SDG 4: Quality Education and shares it.
			D	The company aligns its targets with SDG 5: Gender Equality and shares it.
			D	The company aligns its targets with SDG 6: Clean Water and Sanitation and shares it.
D			The company aligns its targets with SDG 7: Affordable and Clean Energy and shares it.	
D			The company aligns its targets with SDG 8: Decent Work and Economic Growth and shares it.	
D			The company aligns its targets with SDG 9: Industry Innovation and Infrastructure and shares it.	
D			The company aligns its targets with SDG 10: Reduced Inequality and shares it.	

SUSTAINABILITY GOVERNANCE SCORECARD 2021

MAIN TITLE	SUBTITLE	B/D	CRITERIA
SDGs	Targets for SDGs	D	The company aligns its targets with SDG 13: Climate Action and shares it.
		D	The company aligns its targets with SDG 14: Life Below Water and shares it.
		D	The company aligns its targets with SDG 15: Life on Land and shares it.
		D	The company aligns its targets with SDG 16: Peace and Justice Strong Institutions and shares it.
		D	The company aligns its targets with SDG 17: Partnerships for the Goals and shares it.

IMPLEMENTATION				
MAIN TITLE	SUBTITLE	B/D	CRITERIA	
Sustainability Results	Environmental outcomes	B	The company shares its environmental performance results.	
		D	The company shares its performance results related to water .	
		D	The company shares its performance results related to climate change/emissions .	
		D	The company shares its performance results related to energy .	
		D	The company shares its performance results related to waste management .	
		D	The company shares its performance results related to biodiversity .	
		D	The company shares its performance results related to hazardous materials .	
		D	The company shares its performance results related to responsible sourcing .	
	Env. outcomes coverage	B	The company shares its environmental performance results by geography .	
	Social outcomes	B	The company shares its social performance results.	
		D	The company shares its performance results related to human rights issues .	
		D	The company shares its performance results related to labor rights issues .	
		D	The company shares its performance results related to occupational health and safety .	
		D	The company shares its performance results related to diversity and inclusion .	
		D	The company shares its performance results related to talent development & employee wellbeing .	
		D	The company shares its performance results related to product design and portfolio .	
		D	The company shares its performance results related to data security & customer privacy .	
	Social outcomes coverage	D	The company shares its social performance results by employee group .	
		D	The company shares its social performance results by geography .	
	Governance outcomes	B	The company shares its governance performance results.	
		D	The company measures and shares its board diversity .	
		D	The company measures and shares its executive compensation .	
	Governance outcomes coverage	D	The company measures and shares its compliance data .	
		D	The company shares its governance performance results by employee group .	
	Shares outcomes for supply chain	D	The company shares its governance performance results by geography .	
		B	The company shares sustainability results for supply chain .	
		D	The company shares its environmental performance results for supply chain .	
		D	The company shares its social performance results for supply chain .	
			D	The company shares its governance performance results for supply chain .

MAIN TITLE	SUBTITLE	B/D	CRITERIA
Sustainability Results	Shares outcomes for ecosystem	B	The company shares sustainability results for ecosystem (sustainability stewardship).
		D	The company shares its performance results for environmental stewardship.
		D	The company shares its performance results for community empowerment
		D	The company shares its performance results for partnership for goals.
Supply Chain Assurance	Supply chain assurance coverage	B	The company shares its supply chain assurance results.
		D	The company shares its supply chain assurance results for environmental issues .
		D	The company shares its supply chain assurance results for social issues.
		D	The company shares its supply chain assurance results for governance issues .
	Supply chain assurance approach	B	The company shares its assurance result for supply chain.
		D	The company shares its compliance assurance result for supply chain.
		D	The company shares its certification assurance result for supply chain.
		D	The company shares its 3rd party verification/audit assurance result for supply chain.
Value Creation	Value creation for stakeholders	B	The company measures and shares its value creation for external stakeholders.
		D	The company measures and shares its value creation for environment.
		D	The company measures and shares its value creation for community.
		D	The company measures and shares its value creation for supply chain.
		D	The company measures and shares its value creation for customers.
		D	The company measures and shares its value creation for employees.
Stakeholder Engagement	Stakeholder engagement methods	B	The company shares its stakeholder engagement methods.
		D	The company measures and shares its stakeholder engagement methods for environment.
		D	The company measures and shares its stakeholder engagement methods for community.
		D	The company measures and shares its stakeholder engagement methods for supply chain.
		D	The company measures and shares its stakeholder engagement methods for customers.
		D	The company measures and shares its stakeholder engagement methods for employees.
Risk Management	Risk mitigation coverage	B	The company shares its risk mitigation approach.
		D	The company shares its financial risk mitigation approach.
		D	The company shares its environmental risk mitigation approach.
		D	The company shares its social risk mitigation approach.
		D	The company shares its reputation risk mitigation approach.
SDGs	Results linked with SDGs	B	The company links its results with SDGs.
		D	The company shares its results linked with SDG 1: No Poverty.
		D	The company shares its results linked with SDG 2: No Hunger.
		D	The company shares its results linked with SDG 3: Good Health and Well Being.
		D	The company shares its results linked with SDG 4: Quality Education.
		D	The company shares its results linked with SDG 5: Gender Equality.
		D	The company shares its results linked with SDG 6: Clean Water and Sanitation.
		D	The company shares its results linked with SDG 7: Affordable and Clean Energy.
		D	The company shares its results linked with SDG 8: Decent Work and Economic Growth.
		D	The company shares its results linked with SDG 9: Industry Innovation and Infrastructure.
D	The company shares its results linked with SDG 10: Reduced Inequality.		

SUSTAINABILITY GOVERNANCE SCORECARD 2021

MAIN TITLE	SUBTITLE	B/D	CRITERIA
SDGs	Results linked with SDGs	D	The company shares its results linked with SDG 11: Sustainable Cities and Communities.
		D	The company shares its results linked with SDG 12: Responsible Consumption and Production.
		D	The company shares its results linked with SDG 13: Climate Action.
		D	The company shares its results linked with SDG 14: Life Below Water.
		D	The company shares its results linked with SDG 15: Life on Land.
		D	The company shares its results linked with SDG 16: Peace and Justice Strong Institutions.
		D	The company shares its results linked with SDG 17: Partnerships for the Goals.

OVERSIGHT			
MAIN TITLE	SUBTITLE	B/D	CRITERIA
Results Evaluation	Environmental results evaluation	B	The company shares its evaluation of environmental results.
		D	The company shares its evaluation of results related to water.
		D	The company shares its evaluation of results related to climate change/emissions.
		D	The company shares its evaluation of results related to energy.
		D	The company shares its evaluation of results related to waste management.
		D	The company shares its evaluation of results related to biodiversity.
		D	The company shares its evaluation of results related to hazardous materials.
		D	The company shares its evaluation of results related to responsible sourcing.
	Social results evaluation	B	The company shares its evaluation of social results.
		D	The company shares its evaluation of results related to human rights issues.
		D	The company shares its evaluation of results related to labor rights issues.
		D	The company shares its evaluation of results related to occupational health and safety.
		D	The company shares its evaluation of results related to diversity and inclusion.
		D	The company shares its evaluation of results related to talent development & employee wellbeing.
		D	The company shares its evaluation of results related to product design and portfolio.
		D	The company shares its evaluation of results related to data security & customer privacy.
	Governance results evaluation	B	The company shares its evaluation of governance results.
		D	The company shares its evaluation of results related to board diversity.
		D	The company shares its evaluation of results related to executive compensation.
		D	The company shares its evaluation of results related to compliance.
	Evaluation methods	B	The company evaluates and shares lost time related to the incidents.
		B	The company shares its evaluation of the regulatory environment.
		B	The company shares its evaluation of emerging standards.
		B	The company shares its ex-post evaluation.

MAIN TITLE	SUBTITLE	B/D	CRITERIA
Audit/Assurance	Internal audit coverage	B	The company shares that the internal audit covers financials.
		B	The company shares that the internal audit covers processes.
		B	The company defines and shares the role of the board in its audit committee charter.
		B	The shared audit committee charter includes sustainability issues..
		D	The shared audit committee charter includes environmental issues..
		D	The shared audit committee charter includes social issues..
		D	The shared audit committee charter includes governance issues..
		B	The company shares that the internal audit directly reports to the board.
	Independent audit coverage	B	Independent audit covers financial issues.
		B	Independent audit covers sustainability issues.
		D	The independent audit covers environmental issues.
		D	The independent audit covers governance issues.
	Supply chain assurance coverage	D	The independent audit covers social issues.
		B	The supply chain assurance process covers ESG issues.
		D	The supply chain assurance process covers environmental issues.
	Supply chain assurance process	D	The supply chain assurance process covers social issues.
		D	The supply chain assurance process covers governance issues.
		B	The company shares its supply chain assurance process.
		D	The supply chain assurance process includes compliance with Code of Conduct/Self-declaration .
		D	The supply chain assurance process includes certification .
		D	The supply chain assurance process includes internal audit/control .
		D	The supply chain assurance process includes 3rd party verification/independent audit .
		D	The supply chain assurance process includes environmental issues in 3rd party verification/independent audit
		D	The supply chain assurance process includes social issues in 3rd party verification/independent audit .
		D	The supply chain assurance process includes governance issues in 3rd party verification/independent audit .
		B	The company shares its supply chain development approach.
		D	The supply chain Assurance process includes capability building/training .
		D	The supply chain Assurance process mentions channel for reporting violations/grievances .
		D	The supply chain Assurance process includes remedial action for high-risk suppliers .
	B	Independent audit covers supply chain.	
Board	Board's oversight responsibilities	B	The company shares its board's oversight role.
		D	The company defines and shares that business strategy is one of the board's oversight responsibilities.
		D	The company defines and shares that environmental issues are listed in the board's oversight responsibilities.
		D	The company defines and shares that human rights are listed in the board's oversight responsibilities.
		D	The company defines and shares that labor rights are listed in the board's oversight responsibilities.
		D	The company defines and shares that customer/community related issues are listed in the board's oversight responsibilities.

SUSTAINABILITY GOVERNANCE SCORECARD 2021

MAIN TITLE	SUBTITLE	B/D	CRITERIA
Board	Board's oversight responsibilities	D	The company defines and shares that involvement in setting materiality levels is one of the board's oversight responsibilities.
		D	The company defines and shares that risk management is one of the board's oversight responsibilities.
		D	The company defines and shares that supplier code of conduct is one of the board's oversight responsibilities.
		D	The company defines and shares that executive compensation is one of the board's oversight responsibilities.
		D	The company defines and shares that succession planning is one of the board's oversight responsibilities.
		D	The company defines and shares that business ethics are listed in the board's oversight responsibilities.
		D	The company defines and shares that anti-corruption is one of the board's oversight responsibilities.
		D	The company defines and shares that related party transactions are listed in the board's oversight responsibilities.
		D	The company defines and shares that donations are listed in the board's oversight responsibilities.
		D	The company defines and shares that regulatory compliance is one of the board's oversight responsibilities.
	Board committees	B	The company has an audit committee.
		D	The company shares its audit committee charter .
		D	The company shares that its audit committee has an independent chair .
		B	The company has a governance committee.
		D	The company shares its governance committee charter .
		D	The company shares that its governance committee has an independent chair .
		B	The company has a remuneration and nomination committee.
		D	The company shares its remuneration and nomination committee charter .
		D	The company shares that its remuneration and nomination committee has an independent chair .
		B	The company has a risk committee.
		D	The company shares its risk committee charter
		D	The company shares that its risk committee has an independent chair .
		B	The company has a sustainability committee.
D	The company shares its sustainability committee charter .		
D	The company shares that its sustainability committee has an independent chair .		

LEARNING			
MAIN TITLE	SUBTITLE	B/D	CRITERIA
Developments	Gap analysis	B	The company performs and shares its gap analysis to determine development opportunities.
		D	Gap analysis and development opportunities include environmental issues.
		D	Gap analysis and development opportunities include social issues.
		D	Gap analysis and development opportunities include governance issues.
		B	The company performs and shares its sustainability gap analysis by stakeholder group.

MAIN TITLE	SUBTITLE	B/D	CRITERIA
Developments	Gap analysis	D	The company performs and shares its sustainability gap analysis for employees .
		D	The company performs and shares its sustainability gap analysis by geography .
		D	The company performs and shares its sustainability gap analysis for supply chain .
		D	The company performs and shares its sustainability gap analysis for community .
	Resources	B	The company shares its resource allocation for development opportunities.
		D	The company shares its resource allocation for environmental issues.
		D	The company shares its resource allocation for social issues.
		D	The company shares its resource allocation for governance issues.
		B	The company shares its resource allocation for sustainability by stakeholder group.
		D	The company shares its resource allocation for sustainability for employees .
		D	The company shares its resource allocation for sustainability by geography .
		D	The company shares its resource allocation for sustainability for supply chain .
	Actions	B	The company takes action based on sustainability lessons learned.
		D	The company takes action based on sustainability lessons learned for environmental issues
		D	The company takes action based on sustainability lessons learned for social issues
		D	The company takes action based on sustainability lessons learned for governance issues
		B	The company takes action based on sustainability lessons learned by stakeholder group.
		D	The company takes action based on sustainability lessons learned for employees
		D	The company takes action based on sustainability lessons learned by geography
		D	The company takes action based on sustainability lessons learned for supply chain
D		The company takes action based on sustainability lessons learned by communities	
Training		Environmental sustainability training	B
	D		The company organizes and shares training for Climate change .
	D		The company organizes and shares training for Water stewardship .
	D		The company organizes and shares training for Energy efficiency .
	D		The company organizes and shares training for Waste & packaging .
	D		The company organizes and shares training for Responsible sourcing .
	B		The company shares metrics for environmental sustainability trainings.
	D		The company shares environmental sustainability training metrics for employees .
	D		The company shares environmental sustainability training metrics for management .
	D		The company shares environmental sustainability training metrics by geography .
	D		The company shares environmental sustainability training metrics for supply chain .
	D		The company shares environmental sustainability training metrics for community .
	Social sustainability training	B	The company conducts social sustainability trainings.
		D	The company organizes and shares training for human rights .
		D	The company organizes and shares training for labor rights .
		D	The company organizes and shares training for occupational health and safety .
		D	The company organizes and shares training for diversity and inclusion .

SUSTAINABILITY GOVERNANCE SCORECARD 2021

MAIN TITLE	SUBTITLE	B/D	CRITERIA
Training	Social sustainability training	D	The company organizes and shares training for talent development & employee wellbeing.
		D	The company organizes and shares training for product design & safety.
		D	The company organizes and shares training for data security & customer privacy
		D	The company organizes and shares training for social responsibility & local communities.
		B	The company shares metrics for social sustainability trainings.
		D	The company shares social sustainability training metrics for employees.
		D	The company shares social sustainability training metrics for management.
		D	The company shares social sustainability training metrics by geography.
		D	The company shares social sustainability training metrics for supply chain.
		D	The company shares social sustainability training metrics for community.
	Governance sustainability training	B	The company conducts compliance sustainability trainings.
		D	The company organizes and shares training for anti-corruption.
		D	The company organizes and shares training for ethics.
		D	The company organizes and shares training for supply chain.
		B	The company shares metrics for governance sustainability trainings.
		D	The company shares governance sustainability training metrics for employees.
		D	The company shares governance sustainability training metrics for management.
		D	The company shares governance sustainability training metrics by geography.
		D	The company shares governance sustainability training metrics for supply chain.
D	The company shares governance sustainability training metrics for community.		

ARGÜDEN GOVERNANCE ACADEMY

Argüden Governance Academy is a foundation dedicated to improve the quality of “**Governance**” by **increasing trust** for the institutions to build a **better quality of life** and a **sustainable future**.

The Academy conducts education, research, and communication activities to disseminate **the good governance culture** at all levels of the society (public, civil society, private sector, and global actors), including children and the young leaders.

The Academy’s vision is to create a knowledge and **experience platform** on governance at the national and international level as “**a center of excellence in governance**” and “**a reference institution**”.

Argüden Governance Academy is committed to play a pioneering role by adopting “**Integrated Thinking**” and “**Good Governance Principles**” (**consistency, responsibility, accountability, fairness, transparency, effectiveness, and deployment**) to all its work and stakeholder relationships.

The Academy aims to:

- Ensure that good governance is adopted as a culture,
- Raise the understanding of “the key role of good governance in improving quality of life and sustainability of the planet”,
- Guide the institutions by developing methods to ease the implementation of good governance principles,
- Inspire future leaders by promoting “Best Practices” of good governance,
- Increase the next generation leaders’ experience of good governance,
- Disseminate global knowledge and experience at all levels of the society with a holistic approach,
- Become “the right cooperation partner” for the leading institutions in the world by creating common solutions for global issues.

The Academy advocated “Integrated Thinking” during Türkiye’s presidency of the G20 and adopts this culture in all its activities.

Argüden Governance Academy became **the first non-governmental institution in the world** to report its work as an Integrated Report **since its founding**.

Good governance for quality of life

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Argüden Governance Academy is a Foundation dedicated to improve quality of governance.

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ISBN: 978-605-2288-16-0