Sustainability Reporting Trends: The Best for 2017

Our insights on today’s best practices in CSR reporting are backed by extensive analytical research and an intimate understanding of what it takes to build a report worth reading.

TREND
A comprehensive look at emerging practices from around the world

OBSERVATION
Ideas and observations from bona fide sustainability experts

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A Word About Trends

On behalf of The Works, I’m delighted to share the fifth edition of our annual Sustainability Reporting Trends research, which looks at the evolution of reporting: design, content, overall strategy and other key factors that highlight the best Corporate Social Reporting practices of the past year.

Over the years, we’ve seen some significant changes to the reporting landscape, and we’ve adjusted our methodology to take those changes into account. For example, the scope of reports has grown along with the range of channels used to amplify messaging, so we added questions on social media, to see how the best reporters are getting the most out of Facebook, LinkedIn, Twitter and other social media platforms.

Another important change we made this year was to reach out to some top reporters in our 2017 pool of audited companies. We asked direct questions about creative and strategic reporting choices that intrigued us, and got great answers – honest, illuminating and compelling. We’ll be sharing these insights in our new blog, In Scope, another 2017 innovation.

The Works has been researching and presenting “Trends in...” corporate communications and reporting since 1998. Our focus has shifted over the years to reflect changes in our industry and business at large, but one thing has never changed. We started this work because we’re passionate about great design, great communications and great storytelling. Each year, our Trends research adds fuel to that passion and provides us with a better understanding of what we can do for our clients.

Sincerely,

Lorie Brière
Principal
The Works Design Communications
Why should people care about this research?

Our team at The Works is trying to help companies that want to tell the whole story. Companies can throw a bunch of data out in the world, but readers need context. In this research, we work to demonstrate creative strategies combined with technical approaches. Together, these better communicate a company’s purpose, and the expectations of its stakeholders. With our strong background in financials, we are also good at spotting honest reporting that’s engaging and intelligent. That’s why people should care about what we do here.

When did sustainability become important to you, personally?

During my studies, I went on an exchange to the Philippines. Culture shock aside, it was the first time that I had been exposed to mining as a livelihood. That’s a sector that faces great challenges and opportunities concerning sustainability. Seeing that mine, it became clear: in many cases, I could make the greatest ethical impact by helping most sectors improve, rather than wearing a boycott flag.

What impressed you most in this year’s batch of reports?

It’s encouraging to see the growing diversity of sectors and regions participating in sustainability (and integrated) reporting. Many companies are doing more to incorporate sustainability in their corporate and strategic messaging to the extent that they are shifting to smarter, more thoughtfully parcelled-out reporting.

Where do you see sustainability reporting going in the next five years?

Reporting will have an even greater day-to-day influence on how companies, investors and the general public choose to spend their money. Companies will use data and all tools available (social media, video,

“‘As a seasoned advisor, I believe sustainability reporting needs to be nimble – to support investor decisions, motivate ambitious employees to level-up, and gain the support of society-at-large through empathy. The days of tick-box disclosure are done.”’

— WESLEY GEE,
DIRECTOR OF SUSTAINABILITY
whatever’s next) to both evaluate themselves and connect to the maximum number of stakeholders. With help from organizations like SASB or the GRI, investors will increasingly assess companies based on both financial and non-financial metrics. And regular consumers – more ethically conscious than ever – will continue to demand corporate transparency, and use it to inform their purchasing decisions.

**Any other big predictions for the future of sustainability reporting?**

I expect there will be even more emphasis on radical transparency, to the extent that companies will integrate real-time data (AI) and interactive experiences (VR) into their reporting and communication.

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**Additional Contributors**

**KEVIN WARD,**
**SENIOR ART DIRECTOR**

Over the course of an award-winning career, Kevin has helped to organize and facilitate multiple AR and CSR trends surveys. He brings unmatched precision to his evaluation of effective communications and powerful design in this year’s reports. Kevin’s work has been recognized by the CICA Corporate Reporting Awards and ARC Annual Report Awards, and he has been a judge for the National Unisource Annual and Corporate Report Competition.

**SHU YI CHU,**
**SUSTAINABILITY MANAGER**

Shu Yi holds a Master’s degree in Environmental Change and Management from the University of Oxford and brings experience working for an international environmental consultancy to her guidance of this year’s research. Her role is to ensure the Trends project produces a technically robust and communication-focused resource that sustainability professionals at all levels can apply to their reporting. Shu Yi has experience in preparing reports according to the GRI Guidelines, the Dow Jones Sustainability Index, FTSE4Good Index and Bloomberg ESG Survey.

**SONAM MADAV,**
**CSR/SUSTAINABILITY INTERN**

Currently completing her Master’s degree in Environment and Sustainability at Western University, Sonam brings previous work experience in emerging market research to the analysis of every report in our survey. Her academic approach lays the foundation for identifying the trends in this year’s batch of leaders. Sonam has a Post Graduate Certificate in Sustainability from the University of Leeds in the UK, and previously performed ESG (Environmental, Social and Governance) Investing research for Morgan Stanley in Mumbai, India.
Our Methodology

As a communications studio that specializes in sustainability reporting, we are leading a Sustainability Trends research initiative for the fifth consecutive year. The aim of this project is to establish a set of best practices backed by quantitative trends that show effective ways to communicate corporate sustainability.

To accomplish this, we systematically review the most recent sustainability reports and associated collateral from 101 companies across 11 sectors. Our review includes both their primary sustainability publications (whether this is a static PDF report or a dynamic website) and supporting materials for the report or its promotion, such as annual and integrated reports, corporate websites, social media postings, blogs, videos and so forth.

All findings are assessed against a set of content and design related metrics and logged into a database. The scope of assessment covers topics such as materiality, engagement techniques and frameworks, as well as design techniques such as the use of illustration, interactivity and photography. Each report is rated on a Likert scale based on the number of reporting best practices employed and on a more subjective assessment of the quality of the reporting. The full data set allows The Works to identify specific trends and commonalities among reporting approaches over time.

TRANSPARENCY MATTERS

Our primary research goal is to identify and highlight the very best practices. The outcome is that we highlight a number of reports we did not design. It is not our intention to take credit for the work of others; rather we seek to draw attention to excellence on the part of reporting companies (and their suppliers, when that applies). Conversely, we on occasion highlight our own clients. In full transparency, projects we consulted on are marked with the following icon.
The sectors covered include consumer products, food, telecommunications and technology, real estate, health care, utilities, resources, transportation, financial, insurance, hospitality and entertainment and miscellaneous.

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INCLUDED IN OUR RESEARCH SET ARE

North America
Maple Leaf Foods
Bank of Montreal
Patagonia
Bloomberg

UK
The Crown Estate
Marks and Spencer
Centrica
BT Group

Europe
The BASF Group
DONG Energy
Maersk
Siemens

Asia & Oceania
Hong Kong Airport
LG Electronics
Mirvac
BHP Billiton

South America
Fibria
Natura

1 The sectors covered include consumer products, food, telecommunications and technology, real estate, health care, utilities, resources, transportation, financial, insurance, hospitality and entertainment and miscellaneous.
Smart Reporting

Companies that are “smart” recognize and act on the opportunity to inform and engage with different audiences using different tools – ever improving their approach by responding to what they learn.

By leveraging the right technologies and format choices, it’s possible to deliver key messages to audiences more effectively. And companies that choose to integrate CSR messaging into their ongoing communications strategy will have an easier time convincing stakeholders of their commitment.

**TREND**

- **28%** of companies produce both a PDF and a microsite version of their report.
- **76%** of companies leverage a YouTube platform.
- **38%** of companies are using blogs as part of their reporting strategy.

“As a CSR practitioner at The Works, I have seen how sustainability reporting helps clients discover ways to better meet the needs of their stakeholders and invigorate a company-wide commitment to purposeful business. Understanding the value added for both sides of the equation – that’s what I bring to my clients.”

— SHU YI CHU, SUSTAINABILITY MANAGER
OBSERVATION

BMW

To celebrate 101 years in business, BMW launched a Sustainability Factbook, which provides updates on the initiatives that are helping BMW meet its sustainability goals.

Many companies have a lot to say about their sustainability portfolio and do so by sharing easily digestible information year-round that complements and updates their reporting.

→ Fact 001

In its centenary year, the BMW Group unveiled four groundbreaking “Vision Next 100 vehicles”, which are redefining “Sheer Driving Pleasure” as flexible, sustainable and responsible mobility.

Overview of “Vision Next 100 vehicles” on pages 8 to 11
Fibria
Fibria offers readers several videos featuring members of its leadership talking about its priorities. A video index along the side of the video player makes it easy for users to skip easily to preferred topics. All the content is replicated on the Fibria YouTube Channel.

Siemens
Siemens’ “what’s trending” feature leads the user to details of top trending topics on its corporate website. It uses the metatitle of each web page within the report to generate a keyword while keeping track of visits to each page to determine the page’s popularity. Siemens is intelligently leading readers to what currently matters most.
Developed through a robust materiality assessment, Beyond the Mine features different priorities for internal and external stakeholders. A separate blog page is updated throughout the year and features regional filters to help users easily navigate and share the content that interests them most.

Newmont

Developed with The Works
Click here to visit report

BEST PRACTICE

1

KNOW YOUR AUDIENCE – TO BE SURE YOUR REPORT GOES THE DISTANCE, SHARE IT ON CHANNELS WHERE YOUR STAKEHOLDERS ARE FOUND.

2

EMploy interactive and innovative design techniques to keep users engaged with more complex content.

3

Use social media and other vehicles to spread report messages out over the year.
Integrated Reporting

True integration is about telling your story and sharing performance in ways that clearly align with your strategic goals and broad purpose.

Successful integrated reports use sustainability initiatives to give greater context to performance data and illustrate how sustainability priorities fit into the company’s business model and inform its decision making.

**TREND**

38% of companies included a combined financial and ESG scorecard

27% of companies produced an integrated report

16% of companies reported to the IIRC framework

“As an analyst, I believe that reporting should show how sustainability is integrated into mainstream business activities to create long-term value. I want to know how it is making an impact.”

— Sonam Madav, Sustainability Intern
A few companies are using the exact same cover and theme for their annual and sustainability reports. In our not-so-humble opinion, this is adding confusion rather than clarity.

Veolia

Veolia’s annual report identifies Climate Strategy as one of its strategic pillars and includes sustainability performance in the highlights, while its sustainability report focuses on describing the company’s multitude of initiatives and projects.
Crown Estate

Using six “capitals,” the Crown Estate does a particularly effective job of illustrating how its business activities create value, and quantifies the value created for each capital.

Marks and Spencer

Showing financial and non-financial performance on one scorecard demonstrates a clear commitment to long-term growth and prosperity. M&S illustrates financial KPIs by using completion bars to measure progress year-over-year, while non-financial KPIs are aligned with IIRC capitals and indicate only annual performance.
GTAA

For the GTAA, continued success means forging connections – not just with nearby communities, but connecting Canadians to the entire world. In this report, GTAA aligns its sustainability priorities to 20-year strategic goals, integrating financial and non-financial metrics in its performance appraisal.

BEST PRACTICE

1. SHOW YOUR SUSTAINABILITY COMMITMENTS ARE ALIGNED WITH – OR INCORPORATED INTO – YOUR CORPORATE VISION, STRATEGY AND BUSINESS PLAN.

2. EVALUATE YOUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PERFORMANCE ALONG WITH FINANCIAL IMPACTS.

3. WHETHER YOU PRODUCE ONE REPORT OR SEVERAL, THE KEY TO CREDIBILITY IS CONSISTENCY ACROSS PLATFORMS.

Developed with The Works
Click here to visit report
Effective Storytelling

Present the facts in ways that are supported with compelling themes and stories. That’s how to create a strong emotional connection with your audience.

Innovative design will breathe new life into formulaic reporting. The use of animation, iconography, illustration and photography add depth and interest to your corporate social impact.

**TREND**

87% OF COMPANIES USE PERSONAL TESTIMONIALS IN THEIR REPORTS

53% OF COMPANIES USE INFOGRAPHICS IN THEIR REPORTING

63% OF COMPANIES DESCRIBE THEIR VALUE CREATION PROCESS

“As an Art Director, I know it’s important to effectively align your CSR message with design and manage your audience’s expectations. Content should be layered in a way that ensures people will come away with your message regardless of how much time they’re willing to devote.”

– KEVIN WARD, SENIOR ART DIRECTOR
OBSERVATION

AXA

AXA used flat illustration successfully. The simple illustrations were consistently applied, enhanced the infographics and made it easy to see the process behind its business practices.

Flat-style illustration reached a fever pitch in 2017. Small, candy-coloured sprites were everywhere this year…whether it made sense or not.
Novartis

Access to health care is one of the strategic pillars of Novartis’ Corporate Responsibility plan. Novartis pairs captivating photography with emotional captions. This external stakeholder messaging helps give “bigger-picture” context, and facilitates human connection with this important material issue.

First Quantum

First Quantum highlights its theme of “balance” using raw and striking journalistic-style photography in its latest sustainability report.

Developed with The Works
Click here to visit report
Maple Leaf Foods

Maple Leaf’s value chain illustration relies on interactivity and playfulness to draw you into the story, as it details each stage of the journey from farm to plate. Performance highlights are provided along the way, revealing details on relevant programs and initiatives.

**BEST PRACTICE**

1. **CHOOSE A THEME THAT WILL CARRY YOUR UNIQUE MESSAGING THROUGHOUT YOUR REPORTING.**

2. **DON’T SELL YOUR STORY SHORT. CHOOSE A DESIGN STRATEGY THAT TAKES YOUR PHOTOGRAPHY BUDGET INTO ACCOUNT.**

3. **ADD INTERACTIVITY TO MAKE CONTENT DYNAMIC AND ENCOURAGE USERS TO ENGAGE WITH YOUR STORY.**
Ask an Expert: NEI’s Bob Walker

Bob Walker is Vice President, ESG Services, at NEI Investments, one of Canada’s leaders in responsible investing. With nearly 30 years of experience, he offers a pointed perspective on the value of sustainability.

What are some of today’s greatest ESG challenges?
I’ve been discouraged by the lack of sustainability disclosure from small- to mid-cap companies. I side with the Sustainable Stock Exchanges Initiative – they want to make ESG disclosure a listing requirement – a distant target in this financial landscape. Still, I’m optimistic. Take Exxon Mobil: an incredibly controversial company. However, because of activism from NEI and other peers, it has changed its position on climate science, declared support for the Paris Agreement and included a climate expert on its board of directors. These are significant steps, all in the right direction. And we have a mandate to engage companies like that to help them move forward.

What crucial information do you look for in sustainability reporting to support RI decision making?
More and more, we’re looking for strategies and business models where ESG issues are central to the mission, vision and operations. We want to see a focus not just on ESG risks, but also on opportunities for creating solutions to tough environmental and social challenges.

For example, Suncor has recently published its climate resiliency report describing in detail how it is going to thrive in a low-carbon world. The company has a multi-dimensional strategy that includes a renewable energy portfolio and low-carbon innovation technologies that are reducing the impacts of oil sands extraction. There are very few companies doing that kind of work in such high-impact sectors, and that makes Suncor a global leader in energy. Our hope is that one day, Suncor would be eligible for our Environmental Leaders Fund, which has resource efficiency at the centre of its investment thesis.

Are there any sustainability reporting trends that are making your job more difficult?
A lot of companies are publishing online reports that do not allow for a downloadable, searchable PDF. Ironically, it’s resulted in a younger generation of analysts calling for the publication of old-school documents. Keyword searches help us do our work. We’re looking forward to the day when base metrics can be downloaded onto our database, to reduce grunt work and increase time for analysis.

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1 Based on the 2015 Canadian Responsible Investment Trends Report, Responsible Investment Association (RIA). The subtotals throughout the report sum to a total that is greater than $1.01 trillion. RIA subtracted overlapped assets from the total to avoid double counting.

2 Based on Investor Economics data of responsible investment (RI) assets under management (AUM) as of January 2016, which totals $7.7B. NEI Investments manages in excess of 50% of the total RI assets within the Canadian retail mutual fund industry. Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Ethical Funds and NEI Investments are registered marks and trademarks owned by Northwest & Ethical Investments L.P.
Despite having access to massive amounts of data, tech companies consistently fail to be transparent on ESG issues. Will this change?

Some tech companies are doing great. But others lag badly and surprisingly. Why aren’t they embracing their Corporate Social Responsibility? I think that because these companies are winning big-time in terms of business success, a culture of arrogance and complacency has taken hold. They know everything. And that can lead to an attitude of entitlement. Our sustainability colleagues in San Francisco face great hurdles when dealing with companies based in Silicon Valley. It may take a scandal to trigger greater disclosure. Or perhaps the U.S. government will seek to dismantle the power of the tech sector, like it did the railroad companies back in the 19th century. I do think current practices among some tech companies are unsustainable. Change here is inevitable.

Can you identify companies that lead or reflect best practices in corporate reporting?

Among the top companies, we’re seeing some cutting-edge programs and policies. In addition to Suncor, I think of Goldcorp and how far they’ve come as leaders in an industry with great challenges. They do a lot of great work concerning human rights and community engagement. This may surprise you, but McDonald’s is also a worthy candidate. They’re trying to move forward on a wide variety of issues: healthier food, supply chain issues, fibre-based packaging, etc.

Which companies have the greatest opportunity to enhance their standing by improving their accountability?

There are many companies across sectors that can benefit from tackling material ESG issues. Openness and collaboration welcomes investment. Back in the day, a lot of companies had no idea what we were talking about in terms of ESG or sustainability. Now we see an emerging consensus around the need to define a company’s purpose beyond providing returns to shareholders. More and more companies are acknowledging their broader social responsibilities and accepting the idea at the core of our responsible investing thesis, which sees the purpose of the corporation as providing a return to all its stakeholders – including shareholders, but also customers, suppliers, employees, communities and future generations. The growing acceptance of stakeholder theory gives me great hope for the future.
We’d like to make this personal.

This document reflects just a small percentage of our sustainability insights and ideas. Let’s meet and discuss some that might work for you. We can tailor a working session to your industry – it’s a great way to jumpstart your annual sustainability reporting process, or simply to shake things up and get fresh ideas flowing.

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The Works Design Communications, established in 1986, is an integrated communications studio specializing in stakeholder communications, branding and collateral development. Our team is made up of experts in sustainability, investor relations and strategic communications – with all the behind-the-scenes skills that allow us to deliver on our promises: design, development, writing, research, strategy, production, project management, analytics and quality.

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