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FOREVER
SUSTAINABLE BUSINESS

Sustainability Reporting Benchmark 2024

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About this report

This report is conducted by Forever Sustainable to identify best practices and trends observed in sustainability reporting across Europe. The information presented is derived from an analysis of the top 43 companies in Europe, listed in the 2024 Corporate Knights Global 100 Index. The aim with the report is to provide insights into how these companies are approaching sustainability, highlighting areas of excellence and opportunities for improvement. By examining these practices, we strive to set a benchmark that other organisations can follow to enhance their sustainability reporting.

The report is divided into three overarching categories; Structural, Scope and Engagement, which in turn encompasses a total of 15 topics. Each section of the report offers a thorough analysis of how businesses can enhance their practices, supported by real-world examples from leading organisations in sustainability reporting.

In addition to the topics covered in last year’s report, this year's report has a new focus on the implementation of the new EU directive - Corporate Sustainability Reporting Directive (CSRD), reflecting the significant regulatory change brought about. This addition addresses the new sustainability reporting standards and provides companies with important insights on compliance and best practices.

For each of the 15 topics, the report provides an analysis of their frequency in analysing reports and the level of difficulty to implement them. Also describing the topics, trends, best practices and what to avoid when disclosing the topics, as well as comparing the findings to those in the 2023 benchmark report. Furthermore, the report includes visual examples to showcase best practices and room for improvements. This comprehensive assessment serves as a valuable resource for companies looking to improve their sustainability efforts and align with emerging standards and expectations. An overview of the categories and topics can be found on the following page.

Overview of topics

STRUCTURAL	SCOPE	ENGAGEMENT
Materiality Analysis	Progress Tracking	Stakeholder Engagement
Double Materiality Analysis	Shared Value	Testimonials
Sustainability Governance Structure	Circular Economy	Risk Management
Supply Chain Management	Biodiversity	External Assurance
Frameworks		
Ethics		
CSRD Implementation		

Executive summary

This year's report is particularly notable for its focus on the implementation of the Corporate Sustainability Reporting Directive (CSRD), a new and critical regulatory framework that is reshaping the landscape of corporate sustainability disclosures across Europe.

A key finding in this year's report is the significant decrease in companies conducting a materiality analysis, which dropped from 82% (37/45) in 2023 to only 37% (16/43) this year. This decline is likely influenced by the introduction of CSRD, which has shifted corporate focus towards the more comprehensive double materiality analysis, as required by the new directive. The shift underscores the evolving expectations for transparency and accountability in sustainability reporting.

Another critical observation is the decrease in biodiversity reporting, dropping from 93% (42/45) to 72% (31/43). In contrast, shared value reporting has increased from 31% (14/45) to 49% (21/43), demonstrating an enhanced focus on, and understanding of the link between business profitability and societal benefits.

The major event for this year is the introduction of the CSRD legislation, which has influenced how companies report. The analysis of the reports reveals that companies are at various stages of implementation and adaptation to the new EU Directive. What the different companies report on so far in line with CSRD varies. Some companies have come further and e.g. published a full double materiality analysis using ESRS topics, while others have just started their journey in aligning with the new reporting standards.

This disparity in reporting maturity highlights the challenges companies face in meeting the new requirements. It also underscores the need for clear guidance and support to ensure consistency and compliance across the board. As the CSRD becomes more embedded, it will be crucial to monitor how these variations evolve and what impact they have on overall transparency and sustainability reporting. Finally, the table below offers an overview of the frequency of topics in the analysed reports with a comparison to the last two years. Increases are marked in green and decreases in red.

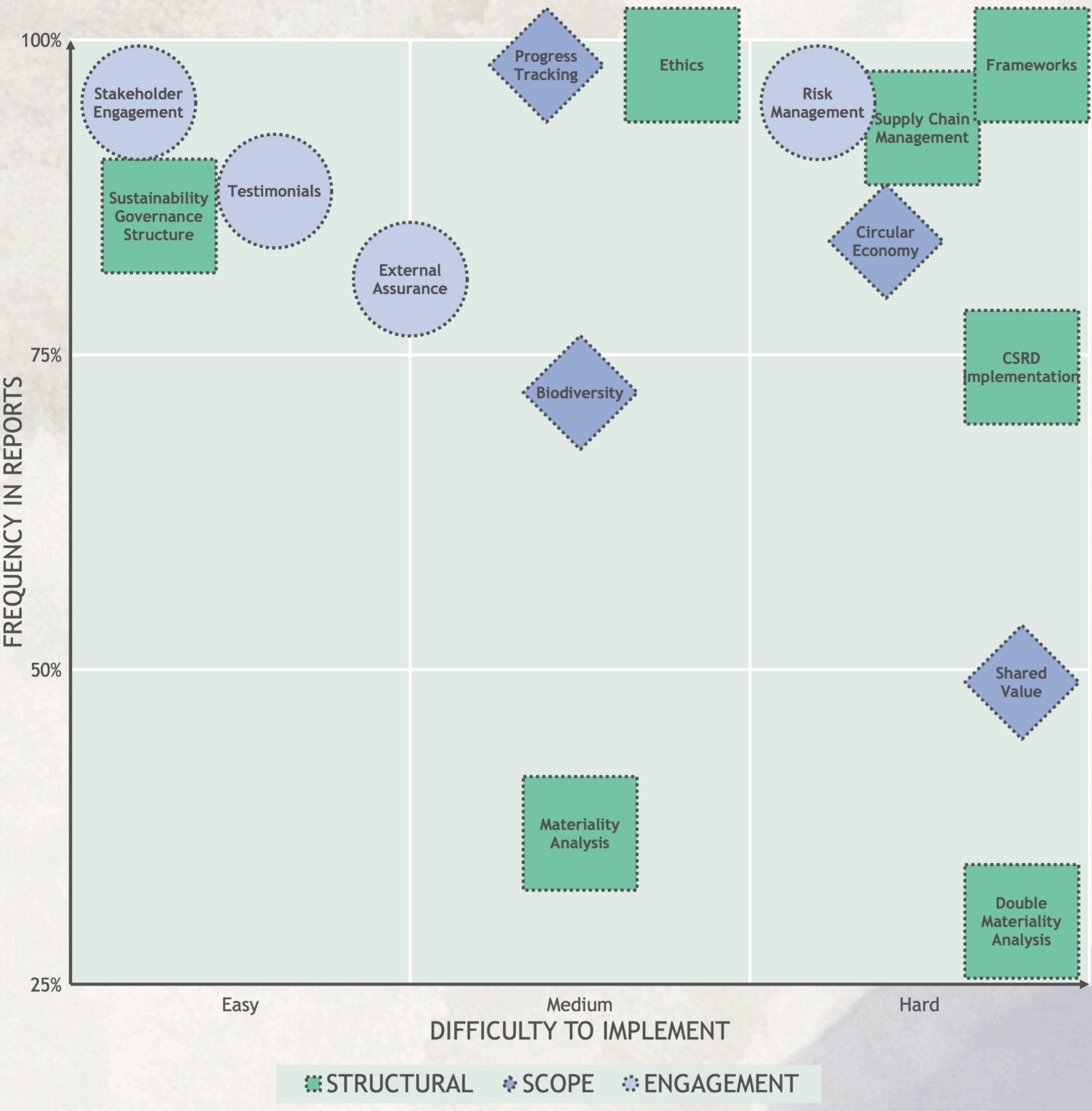
Topic	2024		2023		2022	
Materiality Analysis	16/43	37%	37/45	82%	34/42	81%
Double Materiality Analysis	12/43	28%	10/45	22%	N/A	N/A
Sustainability Governance Structure	37/43	86%	37/45	82%	32/42	76%
Supply Chain Management	40/43	93%	43/45	96%	36/42	86%
Frameworks	42/43	98%	45/45	100%	37/42	88%
Ethics	42/43	98%	45/45	100%	37/42	88%
CSRD Implementation*	32/43	74%	N/A	N/A	N/A	N/A
Progress Tracking	42/43	98%	42/45	93%	38/42	90%
Shared Value	21/43	49%	14/45	31%	23/42	55%
Circular Economy	36/43	84%	37/45	82%	27/42	64%
Biodiversity	31/43	72%	42/45	93%	32/42	76%
Stakeholder Engagement	41/43	95%	40/45	89%	38/42	90%
Testimonials	38/43	88%	34/45	76%	32/42	76%
Risk Management	41/43	95%	44/45	98%	38/42	90%
External Assurance	35/43	81%	36/45	80%	31/42	74%

*Indicates a new topic

Matrix of Sustainability Reporting

Forever Sustainable has developed a matrix that demonstrates the implementation difficulty and frequency of sustainability topics, with difficulty plotted on the x-axis and frequency of mention in reports on the y-axis. This matrix includes all the topics analysed in this report, providing valuable insight for those looking to expand their sustainability efforts and reporting. This assessment is based on Forever Sustainable's own analysis and perceptions. The evaluation reflects an internal interpretation of difficulty and frequency, rather than an objective standard.

Based on the matrix, e.g. stakeholder engagement or testimonials might not be as resource intensive as other topics, while still providing legitimacy and being excellent ways of improving a sustainability report. While topics as double materiality analysis or shared value can prove more complex to implement. Frequency can provide an indication of which topics may be more mainstream in sustainability reports (e.g. risk management) and which are more niche (e.g. shared value). The matrix can offer direction both for those wishing to bring their sustainability up to a high standard and those wanting to specialise and stand out more.



1. Materiality Analysis

Frequency: 37%, 16/43

Difficulty: Medium. Mapping the most relevant topics for a company involves surveying key stakeholders, reviewing the company's risks, and measuring the company's impact on each of the topics. The process includes both easier steps such as basic data collection and use of analytical tools, as well as more difficult steps such as engaging stakeholders, ensuring objectivity, prioritizing factors correctly and implementing measures consistently, especially in larger organizations.

Definition: The concept of materiality in sustainability arrives from reviewing which topics are the most relevant for the business itself as well as for the company's stakeholders. The possible impact is also considered in the assessment process. The most material topics for a specific company are the ones that are relevant to both the stakeholders and critical for the company's business.

Trends: Materiality analysis (MA) remains a relatively common practice, with about a third of the companies still reporting on it. However, there is a noticeable shift towards the implementation of the double materiality analysis (DMA). As organizations increasingly prioritize DMA, some companies have incorporated both MA and DMA in their reports. This reporting allows them to bridge the gap during the transition period and ensure no critical data is overlooked. Conversely, other companies have decided to phase out MA entirely in preparation for a full switch to DMA, aligning with regulatory expectations. This trend reflects the evolving landscape of corporate reporting, where the focus is shifting from static materiality assessments to more adaptable and detailed management disclosures.

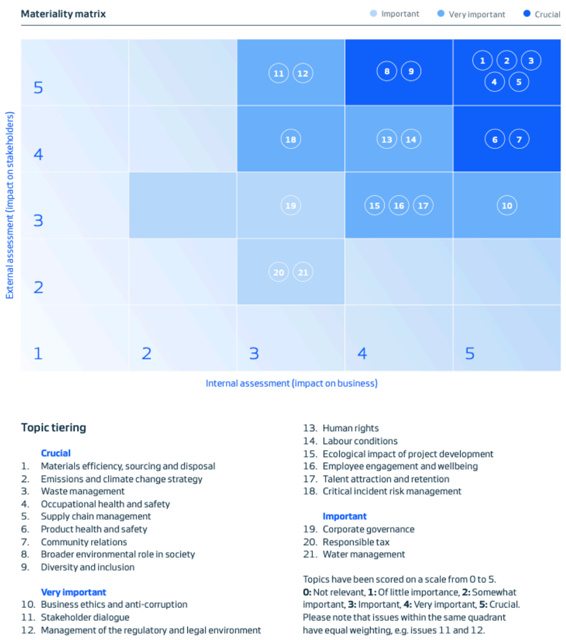
Best practice:
- A visualisation, such as a matrix, of material topics with clear x and y axes showing both business and stakeholder impact.
- Distinct categories and subcategories clarifying the material topics and their correlations to the matrix, enhancing comprehension.
- Incorporating material topics throughout the report, such as by embedding them into headlines and chapters or linking them to KPIs and goals.

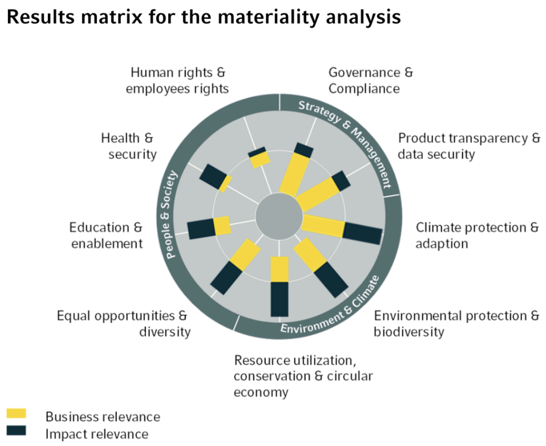
Avoid:
- Simply stating that a materiality analysis has been conducted without detailing the process or presenting the resulting material topics.
- Overloading the matrix with information that could be placed alongside it, resulting in a cluttered and unclear visualization due to too many material topics or ambiguous categories and subcategories.

Comparison to 2023: The significant decrease in companies reporting materiality analysis, from 82% in 2023 to 37%, is likely influenced by the introduction of the new legal requirement CSRD. This directive imposes updated standards and expectations for sustainability reporting, prompting many organisations to adopt the double materiality analysis instead.

1.1 Best practice & room for improvement

Best practice: Vestas Wind Systems
Vestas Wind Systems' matrix demonstrates a clearly illustrated tiered approach. The different colours highlight distinct thresholds between the different sustainability topics and make it easy for the reader to understand the level of importance of each topic.





Room for improvement:
Due to the lack of defined thresholds, it is difficult to determine which topics are material and which are not in this illustration. This company would benefit from presenting its results in a matrix with clearly defined levels where the topics are naturally placed in the matrix in relation to each other to get a more transparent and easy-to-understand overview.

2. Double Materiality Analysis

Frequency: 28%, 12/43

Difficulty: Hard. Double materiality requires not only assessing and mapping the company's impact on each topic but also the impact of the topics on the company, requiring an understanding of both company activities and risk assessment, as well as how they relate.

Definition: The concept of double materiality in sustainability takes the single materiality analysis a step further. By not only assessing and reporting the impacts of the organisation on topics such as e.g., climate but also those topic impact on the organisation and it's financials. Through both an outside-in (effects on organisations by the topics) and an inside-out (the organisations' impact on the topics) perspective. Only reports that have published a DMA are counted.

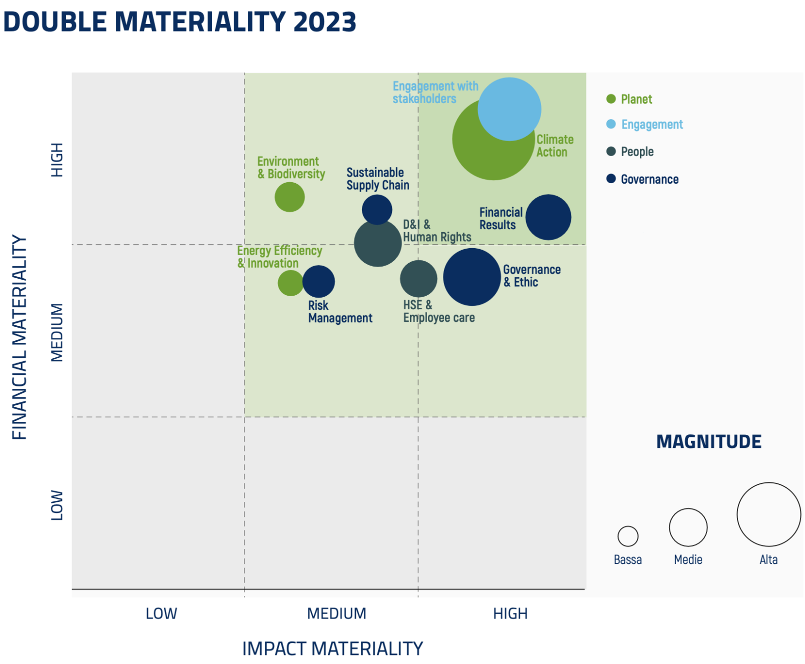
Trends: In preparation for CSRD that entered into force 2023, companies covered by the directive will be required to report a double materiality analysis (DMA). This year, an increasing number of companies claim to have begun the process of conducting a DMA. However, only a few companies demonstrate the performed activities in a matrix or other visualisation and instead refer to next year's report for the complete result. Companies that do illustrate a DMA matrix have not fully adopted the ESRS. Instead, GRI or own topics are commonly used, which derives from the single materiality analysis that has begun to be phased out. Including a DMA matrix with ESRS topics will become increasingly common as more companies become obligated to report according on CSRD. This will create common practices and standards to make reporting more transparent and comparable, which is the goal of ESRS. This year, companies' reporting differs, for example illustrating topics in tables, publishing separate materiality matrices of impact and financial dimensions or switching matrix axes.

Best practice:
- A visualisation of material topics such as a matrix, with clear x and y axes showing both inside-out and outside-in impact.
- Clear categories and subcategories clarifying the material topics and how they correlate to the matrix. Avoid including too much information in the matrix which can be included beside it instead.
- Integrating the material topics throughout the report for example through integrating topics into headlines and chapters or connecting them to KPIs and goals.
- Transition and implement ESRS topics within the matrix and throughout the report.

Avoid:
- Only mentioning a DMA have been conducted, without explaining the process or showing the resulting material topics.
- A cluttered and unclear visualisation e.g. by having too many topics, unclear categories/subcategories, not visualising or describing the most material topics.

Comparison to 2023: The publishing of a double materiality analysis has increased from 22% to 28% over the year, where companies have begun to align the reporting for 2025 in accordance with CSRD. Overall the CSRD reporting with DMA is still an ongoing process that is maturing with time.

2.1 Best practice & room for improvement



Best practice: ERG
The DMA has been conducted and presented in a matrix displaying magnitude with various sizes and categories with colour themes. Topics are of a manageable number and displayed in a way that highlights what is more or less material. Combining these practices results in the matrix being understandable for the reader.

Room for improvement:
The DMA below has been visualised in a table without a clear explanation of which topics that are more or less material in the financial or the impact dimension. Improvements would be a more detailed matrix with grading of the topics to increase the transparency.

Most Material:	Material:	Least Material:
Accessible & Affordable Medicines	Pharma waste & emissions	Local community engagement
Innovative treatments	GHG emissions	Animal welfare
Safe & qualitative treatments for patients	Resource consumption	
	Responsible supply chain practices	
	Health system strengthening	
	Ethical business practices	
	Responsible governance practices	
	Responsible use of patients' data, biotechnologies & AI	
	Employee health, safety & wellbeing	
	Talent development	
	Diverse & inclusive workforce	

3. Sustainability Governance Structure

Frequency: 86%, 37/43

Difficulty: Easy. While each company has a different governance structure, it is not difficult to provide a rundown of who is involved in sustainability at the company and provide a description of relevant job roles at the company.

Definition: A sustainability governance structure is a set of structural and organisational arrangements that control the company's sustainability performance. In the best-case scenario, sustainability governance includes a tree that provides a rundown of the structure. Best practice also includes a description of the role of responsibility for the assigned individuals.

Trends: Explaining the sustainability governance within a company is still a common element in reports. Frequently tied to the overall business governance, sustainability governance can often be confused. While reports often acknowledge the existence of a sustainability function, they less frequently elaborate on its practical role within the governance framework. Instead, it is more typical to see the overall governance structure depicted, often through visual hierarchies.

This means sustainability does not always take a prominent role when governance structures are detailed. Even when expanded upon, sustainability is often discussed in relation to the overall structure rather than in terms of its implementation throughout the company, particularly concerning the division of responsibilities for sustainability. Consequently, there is a reporting gap between detailed explanations of sustainability governance and broader descriptions of the governance structure that includes sustainability.

Best practice:
- Clearly describe and define the role and responsibilities of sustainability governance within the organisation, and explain how it fits into the overall governance structure.
- Provide a visualisation that clearly outlines the overall governance structure, emphasising the role of sustainability functions within the organisation.

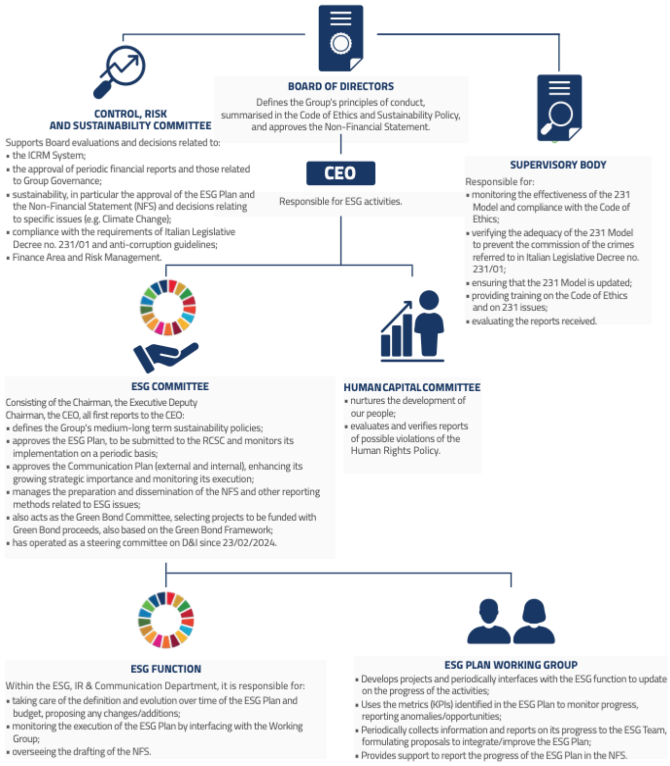
Avoid:
- Mentioning sustainability within the governance structure without elaborating on its specific role within the organisation.
- Providing a visualisation of the governance structure that omits the inclusion of sustainability.

Comparison to 2023: Reporting on sustainability governance rose from 82% to 86%, marking a slight growth from 2023. The increase may reflect a growing emphasis on sustainability governance. However, there are still gaps in detailing the specific roles and responsibilities of sustainability within the organisation.

3.1 Best practice & room for improvement

Best Practice: ERG

ERG demonstrates clear guidance on how sustainability governance is structured within the company. The illustration includes a hierarchy of functions that presents the responsibilities designated to each role, highlighting their work in bullet points connected to activities and incentives. This leads to a broad understanding of how sustainability efforts are organised.



In recent years, we have also integrated sustainability governance into the company. To strategically integrate and promote sustainability within the company, the Managing Board established a Sustainability Committee in 2021, which is chaired by the Chief Executive Officer. The committee makes decisions on sustainability issues and reviews the degree to which the sustainability objectives have been achieved on a quarterly basis.

Sustainability management is coordinated globally within the Group. A Global Sustainability Meeting at which all major group companies of the Group are represented has been initiated for this purpose in 2021. The goal is to communicate sustainability initiatives and coordinate standards and key figures.

The high importance of sustainability for the Group and corporate management is also reflected in the remuneration system for the Managing Board. It provides for the integration of non-financial performance indicators in the remuneration-related targets of the Managing Board as part of both the one-year bonus and the long-term bonus. The targets are approved by the Supervisory Board and incorporated in corporate management. Since the 2022 fiscal year, the non-financial performance indicators "Proportion of women in the total workforce (excluding apprentices and trainees) with a target value of 26% in 2025" and "100% assessment of the sustainability performance of A and B suppliers by 2025" have been part of the Managing Board's remuneration-

Room for improvement:

This textbox demonstrates a rather weak declaration of the company's work with sustainability governance structure. While they mention their work with SGS, further elaboration is not included and they would need to give a greater view on how sustainability is implemented in the vast organisation to make it more clear and professional.

4. Supply Chain Management

Frequency: 93%, 40/43

Difficulty: Hard. The supply chain is often complex and takes an extensive deal of detail and effort to elaborate on areas that extend beyond raw materials and production, such as human rights. Monitoring suppliers and holding them to a certain standard requires a significant time investment.

Definition: A supply chain is a network between a company and its suppliers to produce and distribute a specific product or service. The supply chain may also represent the steps it takes to get the product or service from its original state to the customer – e.g., activities such as production, transformation, and transportation. This subcategory measures how companies address and mitigate the ethical, social, and environmental aspects of the supply chain which may or may not include a separate section of supply chain management.

Trends: Supply chain management is a critical aspect of sustainability reporting. Concerns about human rights and ensuring supplier adherence to company guidelines are frequently highlighted. These issues are often part of the company's material topics. It is common to see entire sections devoted to supply chain management in sustainability reports. The emphasis on supply chain management varies by industry, with some industries having more extensive supply chains, thus requiring more detailed management.

Supply chain management remains a key focus for most companies. Reports often provide detailed accounts of the issues being addressed, with human rights concerns being particularly prominent. However, it is less common to find concrete descriptions of how these issues are being tackled and even rarer to see explanations or visualisations showing where in the supply chain these problems are being addressed.

Best practice:
- Highlight the specific measures being taken to address supply chain concerns, providing clear descriptions of initiatives aimed at minimising potential issues within the supply chain.
- Explain the supplier selection process and the implementation of any codes of conduct or similar tools.
- Visualise the supply chain, indicating where various risks are located and their severity.

Avoid:
- Mentioning only guidelines and frameworks for supply chain management without detailing how the company actively mitigates issues.
- Identifying potential risks without explaining the strategies to address them and indicating where in the supply chain they are most prevalent.

Comparison to 2023: Supply chain management dropped from 96% to 93%, marking a slight decrease from last year. Describing risk remains a primary focus for many companies and is a frequent subject to work with.

4.1 Best practice & room for improvement

Best practice: Vestas Wind Systems
Vestas Wind Systems shows a clear demonstration of their work with supply chain management. The example describes how the company manages and works with its suppliers from start to finish. The processes are presented in an easy-to-understand way, making it convenient for the reader to get a holistic picture.

Room for improvement:
This assessment provides a basic overview of the company's supply chain management efforts but lacks detailed elaboration. To enhance the assessment, it should identify the areas of greatest focus within the supply chain management and highlight the primary targets of future initiatives. Additionally, including more data to support these observations would strengthen the evaluation.

Supplier ESG assessment
In continuation of the pilot self-assessments in 2021/22, has distributed a new supplier self-assessment questionnaire to our top-emitting suppliers as well as other key suppliers across direct and indirect categories. The questionnaire includes Supplier Code of Conduct and 27 questions covering environment, human rights, labour rights and ethics.

The response rate is satisfactory and provides with valuable supply chain insights. We are using these insights in our dialogue with suppliers as well as to map opportunities and gaps related to our climate ambitions and upcoming legislative requirements.

During 2023/24, we will distribute the questionnaire to more suppliers and use the insights to target our dialogue based on performance.

5. Frameworks

Frequency: 98%, 42/43

Year	TCFD	SBTi	EU Taxonomy	GRI	UNGP	OECD	SDGs	SASB
2024	77%	84%	74%	60%	44%	56%	77%	40%
	33/43	36/43	32/43	26/43	19/43	24/43	33/43	17/43
2023	82%	71%	67%	67%	40%	62%	84%	N/A
	37/45	32/45	30/45	30/45	18/45	28/45	38/45	N/A
2022	74%	60%	50%	74%	33%	45%	N/A	N/A
	31/32	25/42	21/42	31/42	14/42	19/52	N/A	N/A

Difficulty: Hard. Implementing new guidelines into a company's sustainability strategy or report can be difficult to accomplish. Although it is easy to mention a guideline and its principles in a report, the process of adopting and implementing new recommendations and guidelines could be considered difficult.

Definition: Frameworks appearing in the reports stem from several ones including TCFD, SBTi, SDGs and CSRD. The frameworks as a category means that the report mentions following, being committed to or aligning with the recommendations of either one of these guidelines. Reports that only mention supporting a framework are excluded.

Trends: Almost all companies report on their adaptation and implementation of frameworks. Most companies include frameworks in their sustainability reports, but some use separate reporting e.g. on the EU Taxonomy. Many companies disclose multiple frameworks, while others include a couple of frameworks. A decrease in usage of GRI and SDGs can be seen, which is a prediction due to new legislation such as CSRD. The American framework SASB has got a foothold within European reporting.

Best Practice:
- Describe how the framework is or will be implemented, what efforts are made to stay in line with framework guidelines, as well as the benefit of adopting the framework.
- Visualise data beyond presenting raw figures in tables to better provide insight into framework progress and implementation.
- Implement the framework inside the company and in the written report as a full core business practice.

Avoid:
- Only mentioning being in line with framework guidelines without explaining how or in what way it's used.
- Not disclosing the scope of guideline implementation e.g. only mentioning the use of SDGs but not integrating them into the report or disclosing which ones.

Comparison to 2023: SASB is a new framework included in this year's report. The reporting of frameworks has seen a minor decline from 100% (45/45) to 98% (42/43), potentially due to separate reporting.

5.1 Best practice & room for improvement

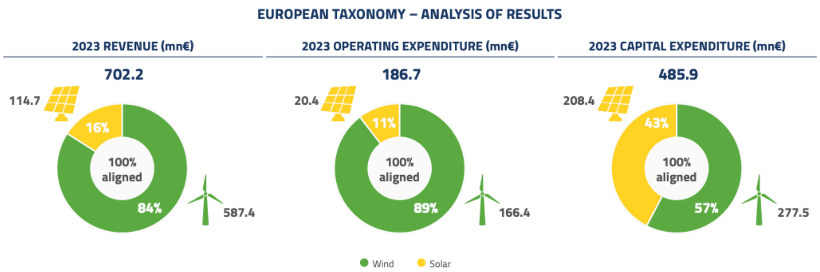
Best Practice - SDGs: Trane Technologies

The table to the right incorporates multiple practices and gives an overview with a summary. In this example, each SDG is connected to a company goal with targets and performance indicators with progress tracking for the year. Combined, these practices display how the framework is implemented inside the company and how it connects to different activities.

Sustainable Development Goal	2030 goal	Targets	Performance indicators	Progress through 2023
	Achieve workforce diversity reflective of our communities	Increase racial and ethnic diversity of our salaried population in the United States from 17% to 26% by 2030 — an increase of 50% from baseline.	Increased racially or ethnically diverse salaried employees from 17% in 2020 to 20.6%.	▲
	Advance gender parity in senior leadership positions	Increase women in management roles from 22% to 35% by 2030.	Increased women in management from 22% in 2020 to 25.2%.	▲
	Maintain world-class safety metrics	Lost Time Incident Rate (LTIR): 0.06.	LTIR: 0.10, which is equivalent to our 2019 baseline, world class performance compared to peers.	–
		Total Recordable Incident Rate (TRIR): 0.60.	TRIR: 0.83, which is equivalent to our 2019 baseline.	–
	Provide market-competitive wages and benefits and leading wellness offerings for global workforce	Targets are market specific.	All employee compensation is assessed for market competitiveness and gender/race parity. U.S. hourly starting wages are 200%+ above state minimum wages on average.	▲
	Invest $100 million in building sustainable futures for underrepresented communities	Enhance healthy learning environments and access to healthy foods.	Provided nearly a half million dollars to Carolina Farm Trust to increase community access to fresh, healthy food and agricultural jobs and education.	▲
		Expand access to science, technology, engineering and mathematics (STEM) education and pathways for green and STEM careers.	Provided STEM experiences in each of our global regions, expanding our non-profit network to approximately 35 partners.	▲
	Dedicate 500,000 employee volunteer hours in our communities	Mobilize employees in our communities around the world to volunteer with non-profit organizations.	Employees volunteered over 237,000 hours since 2019, bringing us to 47% of our goal.	▲+

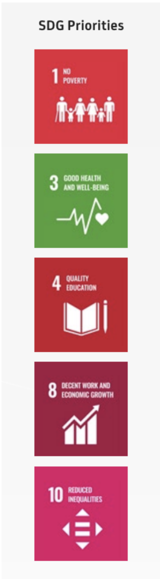
Best Practice - EU Taxonomy: ERG

The pie chart displays data for the most central aspect of the EU Taxonomy by showing and dividing activities that are aligned with the framework. This illustration makes it easier for the reader to understand and grasp the results of the conducted EU taxonomy analysis.



Room for improvement:

The illustration of the SDGs to the right only presents five priorities without giving context, which makes it hard to determine the support of the framework. Improvements would be to connect the chosen SDGs to sections or activities of the report and visualise related data to see progress of targets. This would improve the understanding of how the framework is used and how the company benefits from the implementation.



6. Ethics

Frequency: 98%, 42/43

Difficulty: Medium. If ethics are already considered as a part of a company's core strategy, the information is likely to be easily disclosed. Yet, for companies who must, from the very beginning, create ethical codes, define how diversity, inclusion and other topics are a part of their company, this subcategory is more difficult to accomplish.

Definition: This topic is the disclosure of how the company addresses and discloses diversity, equal opportunities, inclusion, anti-corruption, and human rights. To be counted, the report should address ethical issues as a considered topic (not to be associated with material topics). Thus, companies only disclosing business ethics as a phenomenon is not included.

Trends: Diversity and inclusion are the most common reported topics to be included and are often presented together. A common practice is to disclose gender diversity with data and KPIs in tables to track progress of employee and manager statistics. Additionally, several companies include incentives connected to hiring and including more women in the workforce and management positions. Human rights-related work is still frequently disclosed, which is often related to risk or supply chain management and therefore described in sections related to suppliers. Topics surrounding disabilities and LGBTQIA+ are not common to report on, if included depth is lacking about concrete activities and initiatives. The scope and method of disclosure varies within ethics, with almost all companies mentioning activities with set goals. Some include more concrete examples and cases to highlight initiatives.

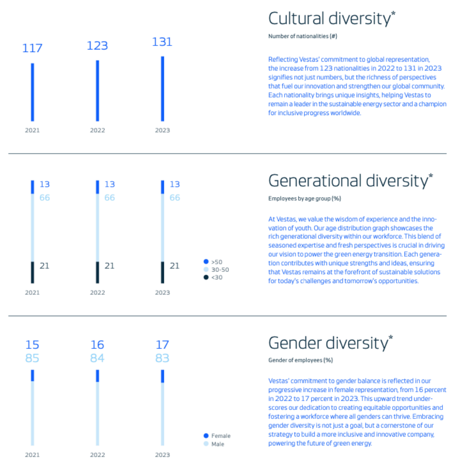
Best Practice:
- Include examples of activities and cases to better illustrate how specific topics are being implemented.
- Specify and highlight which groups are focused on in ethics initiatives regarding diversity and inclusion.
- Incorporate and explain how ethics are a part of core business practices and how the company benefits from ethical practices e.g. diversity, equity and inclusion.
- Display progress tracking for ethical initiatives to show progress and continuous work.

Avoid:
- Referring to ethics initiatives e.g. diversity without specifying what that entails and expanding on the way it is implemented in the company.
- Treating ethics initiatives as separate from core business.
- Not following initiatives and making isolated and disconnected activities.

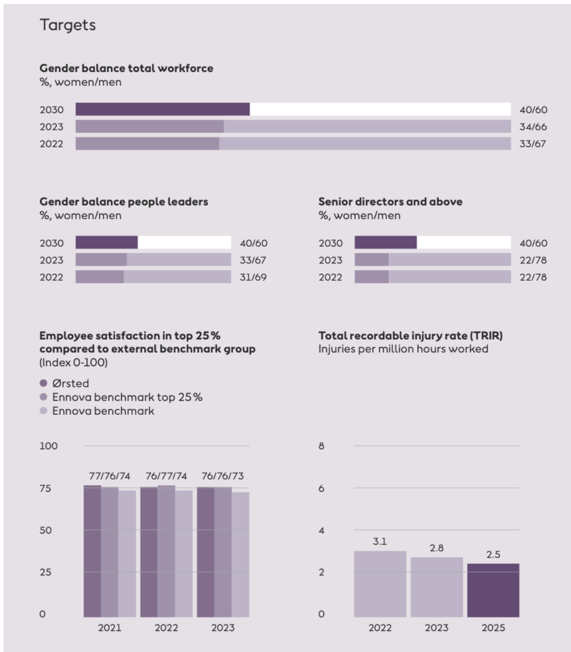
Comparison to 2023: The frequency of reporting decreased from 100% (45/45) to 98%, (42/43) with one company not disclosing ethics according to the definition. However, many companies continue to be transparent in their diversity reporting with figures.

6.1 Best practice & room for improvement

Best practice: Vestas Wind Systems
This bar chart highlights three different types of diversity; cultural, generational, and gender. The chart includes a short description of the company's commitments and the data has three years of progress tracking. Inside the bars there are categories of age ranges and gender with data points that specify the percentage of each type.



Best practice: Ørsted
This bar chart focuses on gender by displaying the percentage of women and men in the workforce and management. The data includes three years of progress tracking, which makes following the progression of gender balance in the company easy.



People with disabilities
Opportunities are provided to all for training, career development and succession, regardless of mental or physical health or disability, with adjustments being accommodated as appropriate. Where a provision, criterion or practice places a disabled person at a substantial disadvantage in comparison with someone who is not disabled, the Bank will make reasonable adjustments to mitigate the disadvantage.

As a people-orientated bank, our hybrid working guidelines empower managers and colleagues to find ways of working that take account of the individual's work and personal needs while supporting customer-oriented collaboration.

Room for improvement:
This initiative about disabilities is lacking transparency surrounding activities and progress, by only mentioning "adjustments" of workflow. The reporting feels isolated and disconnected from what the work entails. Improvements would be by expanding on the implementation and specifying what adjustments have been done to guarantee equal opportunities for all.

7. CSRD Implementation

Frequency: 74%, 32/43

Started CSRD alignment	Published a DMA	DMA process	Uses ESRS topics in DMA	Started reporting under ESRS
74% 32/43	28% 12/43	26% 11/43	5% 2/43	7% 3/43

Difficulty: Hard. Implementing a new directive with reporting requirements takes time to accomplish and to learn guidelines and principles. CSRD is still an ongoing process that is maturing.

Definition: Implementing the Corporate Sustainability Reporting Directive (CSRD) requires multiple steps by companies, which the definition takes into account. The definition has a focus on the reporting of CSRD implementation and alignment inside the report, which gives companies a pass in this topic. CSRD implementation can also include a conducted and published double materiality analysis (DMA) with a process description and the usage of topics from the European Sustainability Reporting Standards (ESRS).

Trends: Several companies claim to have begun CSRD implementation with the new legal requirements. About one fourth of the companies have conducted a DMA and published the results. Some claim to have conducted a DMA internally, but have not yet published or communicated the results externally.

A common trend is to describe and illustrate the steps taken in the process of conducting a DMA. However, only three companies have started reporting with ESRS topics and only two companies have adopted ESRS topics in their matrices, replacing the GRI standards. Lastly, a majority of the companies have external assurance to control the work.

Best Practice:
- Describe and illustrate the process of implementing CSRD and conducting the DMA.
- Include multiple stakeholders in the process to find material topics.
- Switch to the ESRS from the GRI standard.

Avoid:
- Mentioning a conducted DMA without a process description or the final results.

Comparison to 2023: New topic.

7.1 Best practice & room for improvement

Best practice: Essity

The infographic below contains a description of the implementation of CSRD and flowchart with aim and key activities. Inside the flowchart are four stages of the process; understanding, identification, assessment, and determination. Each stage includes activities that describe the work of the DMA process.

Double materiality assessment

The EU Corporate Sustainability Reporting Directive (CSRD) includes a new sustainability reporting standard ESRS, (European Sustainability Reporting Standards). The directive aims to ensure that companies report their operations' social and environmental impacts. The regulations require information about how companies affects its surroundings and how the environment affects the company from a sustainability perspective. The companies' business model and value chain are the starting point for the dual materiality analysis. For the areas companies identify as material, impacts, risks and opportunities shall be described. Essity's materiality analysis has since long been part of setting the company's strategic priorities and the direction of its sustainability work. During 2023, Essity has developed its materiality analysis work to also include the dual perspective. Essity's process has been based on ESRS, where Essity has identified several stakeholders, ESG experts in our organization who have provided different perspectives, such as input from our suppliers and customers. The stakeholder process includes workshops and interviews.

Understanding Essity's context

The aim of the first phase was to conduct a deep dive into Essity's business model and the respective activities in its value chain to identify key activities and relevant sustainability matters for further assessment. The previously identified stakeholders of the Group have been reviewed. In 2023, Essity consulted with internal and external experts to ensure that all stakeholder aspects were covered in the following steps.

Identifying potential material sustainability matters

The second phase included the identification, description and assessment of potential material sustainability matters and their related impacts, risks, and opportunities. Impacts were identified both from a positive as well as a negative perspective. We also decided on the scoring mechanism for assessing sustainability matters, considering Essity's existing risk and impact approach.

Double materiality assessment process

	1. Understanding	2. Identification	3. Assessment	4. Determination
Aim	**Understanding** of Essity's business model and value chain in order to identify key activities and relevant sustainability matters.	**Identification** of relevant impacts, risks and opportunities to be assessed.	**Scoring** of Essity's impact and financial materiality based on the knowledge gained in the preceding steps.	**Determination** of material sustainability matters and impacts, risks and opportunities based on a defined threshold.
Key activities	**1.1 Stakeholders** – Identifying stakeholders to be engaged in the assessment process. **1.2 Value chain analysis** – Mapping of Essity's activities along the value chain (i.e. upstream, own operations and downstream).	**2.1 Identification of impacts, risks and opportunities** – Identifying and describing potential material sustainability matters and their related impacts, risks and opportunities based on the ESRS, previously published reports, internal documents, external sources and the input from stakeholders.	**3.1 Impact and financial materiality assessment workshops** – Quantitative assessment of the identified impacts and financial effects with stakeholders.	**4.1 Consolidation of assessment results** – Setting of a materiality threshold and aggregation of results to determine Essity's final list of material matters and related impacts, risks, and opportunities along the value chain.
	1.3 Identification of entity-specific disclosures – Analysis of Essity's business model, previous reported topics and industry-specific topics to identify potential entity-specific sustainability matters.	**2.2 Definition of scoring mechanism** – Decision on scoring mechanism for assessing impacts, risks and opportunities considering Essity's existing risk and impact approach.		**4.2 Review of results by Board of Directors and Audit Committee** – Discussion and review of the aggregated double materiality results with Essity's Board of Directors and Audit Committee.

Stakeholder engagement and validation

Room for improvement:

The paragraph below only mentions stages in the process and does not expand on what the work entails. A deeper description and an illustration like a flowchart would expand the understanding for the reader.

double materiality assessment encompasses three fundamental stages. The first stage is to identify the material topic list. While identifying the material topic list, a literature review is conducted through the external sources such as GRI Standards, SDGs, ESG (environmental, social, and governance) rating agencies, the World Economic Forum's (WEF) Global Risks Report, the Value Reporting Foundation framework, and the World Business Council for Sustainable Development (WBCSD) membership criteria, along with industrial developments. In the study conducted in 2023, the material topic list was simplified, as compared to the previous year, and reduced from 35 topics to 20, in accordance with focus areas.

8. Progress Tracking

Frequency: 98%, 42/43

Difficulty: Medium. When a company has pre-existing short-term and long-term targets, progress should be simple to track and thus simple to display the relevant metrics and indicators. The difficulty level will rise in case the company does not have targets in place.

Definition: Progress towards goals involves assessing whether the company is on-track to reaching its specific targets. Also, this subcategory indicates how much progress has been made over the past years by comparing the fiscal year's performance with past years' performance. Progress tracking differs from the basic use of KPIs in the sense that companies provide a baseline to give a context of the targets – i.e., shows where they started and how it is going. Furthermore, tracking the progress will enhance the transparency of the company's practice and thus enhance the reliability of the report.

Trends: Progress tracking is commonly presented in the form of tables, charts and graphs with data and descriptions. Both qualitative and quantitative progress reporting can be found with measurements and metrics to present overall performance. The majority of the studied companies also connect goals and targets with results and follow-ups from previous years. Some companies also categorise or theme the reporting with focus areas or material topics. Overall progress tracking can be found as an own section or combined with other sections throughout the report.

Best Practice:

- Demonstrate quantitative progression by providing an indicator of progress by years (preferably tracking three years or more) in comparison to the target goal.
- Include a range of categories in which targets can be set and progress can be tracked, integrating the various components of a company's overall performance.
- If utilising KPIs to track progress, provide strong links between each metric, its target, and how it relates to the company's greater goals.
- Provide qualitative data and descriptions to supplement quantitative progress.

Avoid:

- Targets provided can't be measured with quantitative metrics therefore progress cannot be quantified concretely/no evidence to support claims of progress.
- Providing an infographic with various measurements without explicitly explaining how each compares to a target.
- Setting overly optimistic yearly targets that reduce the legitimacy of a company's sustainability efforts.

Comparison to 2023: All companies, except one with insufficient reporting, have progress tracking, which makes a slight decrease compared to last year in reporting from 100% to 98%. Most companies provide the basics with some quantitative data and limited progress reporting.

8.1 Best practice & room for improvement

Best practice: Kesko

The table below is presented with a theme of focus areas which gives a cohesive visual of goals. Each theme has its own target and indicators with additional information for the reader. The reported data has two years of tracking which demonstrates progress and indication of performance.

THEME	TARGET	INDICATORS	2022	2023	FURTHER INFORMATION
Climate	Achieve carbon neutrality in 2025 and make own operations emission-free by the end of 2030.	Carbon dioxide emissions (tCO_2e)	75,500 tCO_2e	77,900 tCO_2e	The carbon dioxide emissions from Kesko's own operations (Scope 1 and 2) in 2023 totalled 77,947 CO_2e. The increase in emissions mainly arises from the increase in district heat consumption and increased emissions from district heat consumption.
	Require 67% of our suppliers by spend to have science-based emissions reductions targets by the end of 2026.	% of suppliers	27.7%	32.0%	Kesko monitors the target primarily via the CDP Climate Change Questionnaire. In 2023, 32.0% of Kesko's suppliers (by spend) have set science-based emissions reductions targets.
Value chain	Ensure social responsibility in the production of directly imported goods from high-risk countries by assuring them 100% with appropriate audits by 2024.	% of audits	91.5%	97.0%	In 2023, 97.0% of the production facilities for Kesko's direct imports from high-risk countries were audited. Kesko's grocery trade and building and technical trade require all of their new direct suppliers in high-risk countries to have approved audits when cooperation is initiated.
Sustainable products	Increase the share of sustainable products in net sales by 2024.	% of sustainable products in net sales	39%* Grocery trade - Building and technical trade 21% Car trade	40% Grocery trade 18% Building and technical trade 31% Car trade	We have made our own classification of products in each division that are sustainable from a climate and/or biodiversity perspective. Our own classification of sustainable products complements the turnover reported in accordance with the EU Taxonomy. Building and technical trade has identified sustainable products from their ranges, receiving one or more of the labels: Energy efficiency, Water saving, Healthy building, More sustainably produced and Circular economy. *excl. Kespro's sales data
Our people	Conduct actions to support our people's health, wellbeing and capabilities by the end of 2024.	Wellbeing index	81*	81*	In addition to a personnel survey, we measure perceived personnel wellbeing with the 'Our People' sustainability survey. The next results for the Wellbeing index are obtained once the personnel survey is completed in spring 2024. In 2023, Kesko approved new DEI (Diversity, Equity and Inclusion) targets, which address management gender distribution, equal pay and the perceived realisation of equity among Kesko personnel. *on a scale of 0 to 100, 'Our People 2022' survey

Room for improvement:

The simplicity of the visual below does not present enough information to the reader. It can be viewed as three goals of the company, but without clear indicators or yearly progress with data the visual fails at providing progress. Therefore the visual is insufficient to fully grasp the extent of progression made within each goal.

ESG

Scope 1 & 2 GHG reduction of 70% by 2030. The scope 3 target is under revision

All food companies to create positive health impacts towards 2030.

shall have balance in gender representation in management teams by 2026.

9. Shared Value

Frequency: 49%, 21/43

Difficulty: Hard. Shared value can be created under many different approaches so difficulty can vary depending on the initiative, making it harder to implement from scratch.

Definition: The main premise behind Creating Shared Value (CSV) is that a company's competitiveness and the health of societies are dependent. The concept aims to address and solve issues by leveraging the resources and innovation of the private sector. Thus, enhancing both the financial value of the company and creating sustainability value at the same time. This should be done in a measurable way.

Trends: The term shared value is not commonly used in corporate reporting, with many companies instead focusing on value creation that benefits stakeholders. While companies often link activities or initiatives to value creation, this is frequently tied to their core business models. Reporting typically emphasises economic value and tends to overlook societal and environmental impacts. Only a few companies explain how their activities contribute to society in a broader context relative to their business. Around half of the companies studied to address how their practices align with value creation, but this topic remains challenging to define and report on effectively.

The rise in shared value reporting may indicate increasing stakeholder pressure and a growing recognition of societal and environmental considerations in business models. However, the complexity of the shared value concept, the absence of standard frameworks, and a predominant focus on economic value often result in unclear or fragmented metrics.

Best Practice:
- Demonstrate how shared value is being created by connecting the company's core business, sustainability strategy and added value.
- Utilise visual infographic form as a complement to text.
- Provide examples and case study results that demonstrate how shared value initiatives have had a positive impact on society and the environment.
- Create a more integrated shared value approach by linking initiatives' short and long term impact with various sustainability parameters.

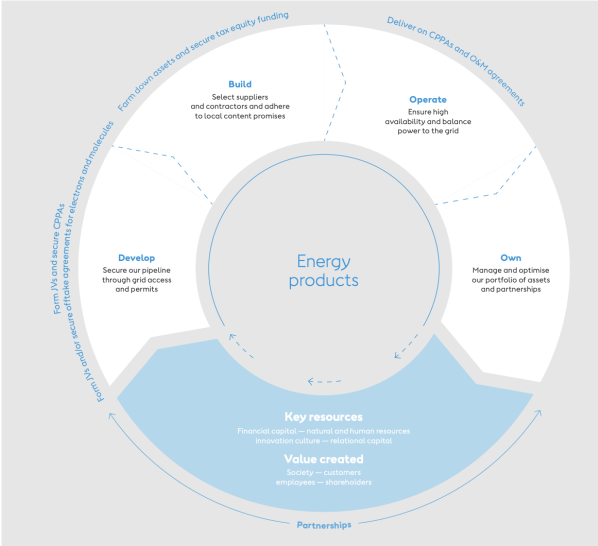
Avoid:
- Mentioning initiatives or activities that are meant to create value without elaborating on how and the type of value that is to be created.
- Mentioning value creation in text format without expanding on it or providing a visual/infographic that holistically ties everything together for the reader.
- Only focusing value creation for stakeholders without mentioning the society or the environment.

Comparison to 2023: The reporting frequency has increased since last year from 31% to 49%. The trend of neglecting shared value has continued, where the reporting is hidden under general terms of value in different sections of the reports. Shared value is hard to sufficiently report on due to the strict definition.

9.1 Best practice & room for improvement

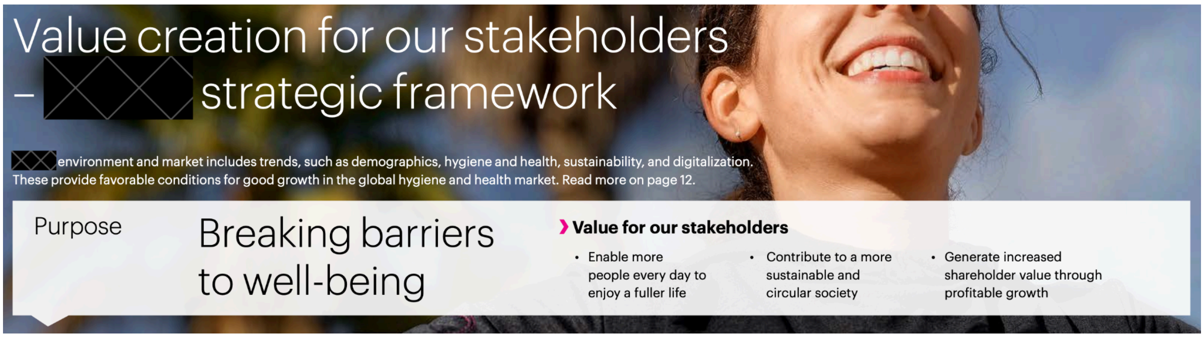
Best practice: Ørsted

The cycle diagram to the right describes the process of value creation for energy products. Inside the infographic are multiple stakeholders included such as society, customers, employees and shareholders. The process mentions activities that start with the input of key resources which are being used to develop and build products that get operated and owned to create the value of energy for the stakeholders.



Room for improvement:

Below is a short text that describes how value is being created for the company's stakeholders. However the infographic only includes three bullet points, one for each stakeholder, without elaborating on activities or initiatives.



10. Circular Economy

Frequency: 84%, 36/43

Difficulty: Hard. Many different methods and approaches can contribute to a circular economy and the process of doing so may be very complex.

Definition: Circular economy can be described as a concept of production and consumption with the aim of closing disposal and waste loops – i.e., an economic system that targets zero waste and pollution of material and product life cycles. The ultimate goal of a circular economy is to decouple the environmental pressure from economic growth. For a company to be counted in line with a circular economy the report must present activities related to the business' operations that contribute to a circular economy.

Trends: Circular economy takes shape in varied approaches by companies with different definitions and parameters, which differs depending on industries. Many companies have some activities or initiatives in place to promote a circular economy. However, the transparency and depth of the reporting tends to vary between different companies. Some companies disclose in more detail with progress tracking, goals and the added value. On the contrary, other companies thoroughly mention how the company works within the area, without further demonstration or elaborating on the topic. Therefore there's a great variation in the scale of contribution to circularity, but a common goal can be seen as focusing on closed loops.

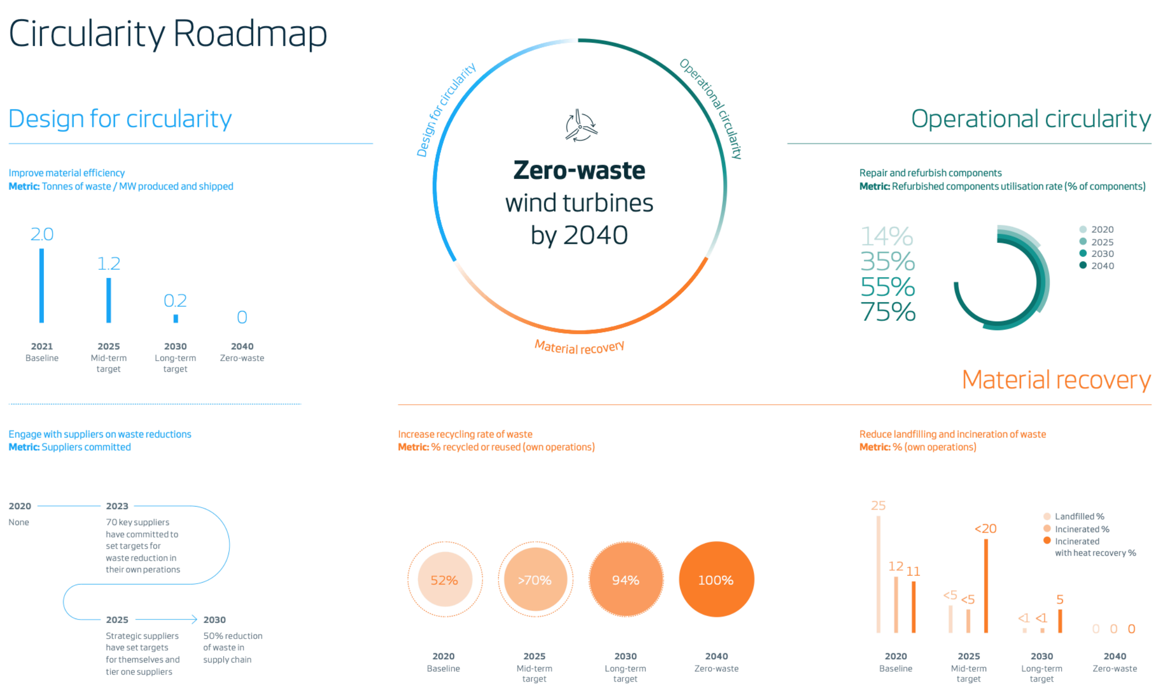
Best Practice:
- Provide information in a visual display or infographic that demonstrates circularity and processes that aim to close the loop.
- Explain company activities that contribute to material and product-related waste and pollution.
- Discuss current efforts to promote circularity, provide quantitative data to support claims.

Avoid:
- Mention or reference circular economy as a company goal or core value without any elaboration.
- Having activities, initiatives and goals without any explanation.

Comparison to 2023: A slight increase can be seen compared to last year's reporting of 82% to 84% frequency. The work surrounding the circular economy is still growing, where more companies recognize the importance and have continued expanding upon their own contributions. A focus on ECO-design and LCA-related work can be seen as a growing topic that's gaining momentum.

10.1 Best practice & room for improvement

Best practice: Vestas Wind Systems
The infographic below contains an overall goal of zero-waste wind turbines by 2024, with a focus on circularity within material, design, and operation. Each of these topics have subgoals for different years to demonstrate the roadmap to reach the goal.



Room for improvement:
The text to the left includes six principles of an ECO-design initiative. However, it lacks depth and elaboration of how the company contributes to the principles and would benefit from transparent goals to add legitimacy.

11. Biodiversity

Frequency: 72%, 31/43

Difficulty: Medium. Disclosing how the company's raw materials and waste affects biodiversity with a comment on the mitigation techniques is reflected as a first step considering the biodiversity and thus quite easy. However, incorporating these issues into the company's sustainability strategy might result in changes to business practices that could be significantly more challenging.

Definition: Biodiversity is one of the most urgent topics connected to planetary boundaries. Also, the health of biodiversity has a great influence on climate change. The subcategory includes the disclosure of the company's activities on biodiversity. It includes mitigation practices and what the company does to minimise potential negative impact on biodiversity moving forward. Only reports that provide a separate section dedicated to biodiversity and environmental protection, or are considering the risks of harming biodiversity for specific topics are counted in this section.

Trends: In recent years, biodiversity has gained increasing attention in sustainability reporting, yet the depth and quality of these reports often remain limited. Many companies include general, superficial statements about their commitment to biodiversity without providing substantial details or evidence to support their claims. This lack of elaboration undermines the credibility of their reported efforts.

Nevertheless, a number of forward-thinking companies have begun to implement specific initiatives aimed at protecting and enhancing biodiversity. These companies set clear Key Performance Indicators (KPIs) and actively track their progress, demonstrating a more structured and measurable approach to biodiversity conservation. Despite these positive steps, comprehensive biodiversity strategies in corporate sustainability reports are still relatively uncommon, much like initiatives related to the circular economy.

Best practice:
- Offer a thorough discussion and specific examples of company activities that affect biodiversity, as well as the measures taken to mitigate these negative impacts, both presently and in the future.
- Provide quantitative results of efforts made to reduce negative impacts on biodiversity and demonstrate their commitment to future initiatives.

Avoid:
- Merely identifying biodiversity as an issue without detailing which aspects of their business model directly impact it and without outlining specific future solutions.

Comparison to 2023: There is a noticeable decrease in biodiversity reporting, from 93% to 72%. This significant drop may be due to changing priorities, resource constraints or changing regulatory frameworks, underlining the need for a renewed focus and commitment to biodiversity in corporate sustainability efforts.

11.1 Best practice & room for improvement

Best practice: Severn Trent

In this example, Severn Trent presents biodiversity projects that it runs in partnership with other organisations. By disclosing both commitment and progress in quantitative format, the transparency and credibility of the reporting increases.

PROMOTING POLLINATORS

Our estate covers a wide range of habitat types, from urban areas to woodland and grassland, tenanted farmland, and forestry. The biodiversity audits we conducted helped us understand how to give wild pollinators the best possible chance to thrive on our land. These audits led to the development of projects to support our pollinators, including:

Pollinator pathways

In partnership with the Heart of England Forest, we are developing 30m-wide pathways across 68 hectares of the Forest, on a grassland network in a 1,000 hectares woodland, creating 'superhighways' for insects and making a positive contribution to our vital Nature Recovery Network.

Wildflower seeds will be sown, and the flowers will act as a natural seedbank for future growth.

Commitment: Improvement works will benefit 68 hectares of land over five years (2020-2025).

Progress: We have delivered all 68 hectares, two years ahead of schedule.

Butterfly mosaics

We partnered with the Butterfly Conservation Trust ('BCT') to enhance diverse habitats in the Midlands and improve connectivity and the environment for both people and wildlife. This project, delivered in partnership with the BCT, runs over three years and is forecast to deliver 120.5 hectares of habitat by 31 March 2024. We will improve the connectivity of a series of sites across the East and West Midlands, benefitting eight rare and threatened butterfly species, three priority moths and many common species.

The project focuses on creating and improving the breeding habitat needed by each species, allowing populations to recover and expand into new areas.

Find out more about these and other projects in Our Approach for Championing Pollinators.

Biodiversity

In 2023 published a thematic guideline on biodiversity, which recognises responsibility to contribute to societal goals and describes the current work to address biodiversity issues across the organisation and the commitments to action ahead. This guideline forms an important first step in the roadmap towards 2025 to integrate biodiversity dependency and impact as well as related risks and opportunities into sustainability strategy and sustainability governance. set practice targets in 2023, adopting a progressive approach towards setting impact targets where data availability and quality allow.

Room for improvement:

This section makes several claims without supporting evidence. The company would benefit from increased transparency by explaining their practical efforts in biodiversity, detailing specific goals they are working towards instead of vaguely mentioning that there are goals, and clearly defining terms like "thematic guideline."

12. Stakeholder Engagement

Frequency: 95%, 41/43

Difficulty: Easy. Companies engaged in sustainability practices should interact with their stakeholders to better understand the impact of their business activities. This involves clearly identifying the stakeholders and detailing the methods of engagement.

Definition: Stakeholder engagement is a set of practices that a company takes to involve and engage with stakeholders in corporate activities. Engaging with stakeholders, such as owners, employees, customers, or suppliers, is necessary to enhance both the company's and the stakeholders' understanding of sustainable business. Thus, stakeholder engagement can be considered a core activity of being a sustainable company.

Trends: Stakeholder engagement in sustainability reporting varies significantly among companies, with some providing comprehensive insights while others focus only on their most crucial stakeholders, irrespective of their materiality. A prevalent format for reporting includes tables that categorically present engagement details. Companies frequently describe the nature of these engagements, outlining stakeholder expectations and the corresponding actions taken by the company. This structured approach helps to enhance transparency and accountability, offering stakeholders a clearer view of how their input influences corporate decision-making processes.

As sustainability frameworks evolve, there is an increasing emphasis on not solely reporting engagement activities, but also on demonstrating meaningful interactions that drive positive outcomes for both businesses and their stakeholders.

Best practice:
- Provide a thorough overview of all primary stakeholders, delineating their interests and expectations, while emphasising the distinct engagement methods utilised for each stakeholder group.
- Utilizing a table format that presents stakeholder engagement related information in a clear and organized manner.
- Incorporate all stakeholder engagement strategies and amplify the depth and frequency of the engagement process.
- Illustrate real-life examples through short case studies that showcase engagement processes.

Avoid:
- Only mentioning the most critical stakeholders.
- Presenting information as paragraphs of text instead of providing a table.
- Merely touching upon stakeholder engagement in a superficial manner within the report.

Comparison to 2023: This year, 95% of companies reported on stakeholder engagement, compared to 89% in 2023, indicating a slight increase in reporting. This trend suggests growing recognition of the importance of stakeholder engagement in corporate sustainability practices over recent years.

12.1 Best practice & room for improvement

Best practice: Dassault Systemes

Dassault Systèmes has developed a matrix featuring two dimensions: one axis denotes the influence of stakeholders for the company, while the other axis outlines their expectations. The matrix categorises stakeholders into four levels based on their influence and expectations. Those positioned in the top right corner are prioritised for engagement. This presentation provides readers with a clear overview of the company's stakeholders, their significance, and their interrelationships, facilitating understanding of stakeholder dynamics.

Best practice: ERG

The table compiles details about stakeholder groups, their expectations, engagement strategies, and practical examples, offering a clear and comprehensive overview for easy understanding.

OUR STAKEHOLDERS: EXPECTATIONS AND ENGAGEMENT METHODS

Stakeholder	Stakeholder expectations	Engagement methods	Engagement activities 2023
Institutions European Union, Governments, Ministries, Regulatory bodies, Public Administration, Trade associations.	- Collaboration, technical support and sharing of information. - Participation in the territorial planning of activities. - Respect for the legislation in all countries where we operate.	- Dedicated meetings. - Work tables. - Conferences.	Active participation in: - Wind Europe – Copenhagen. - Wind Europe - Cascais. - Salon des maires - Paris. - Colloque National Eolien - Paris. - Forum Energie France-Italie – Paris. - Key Wind - Rimini. - Energia y Humanismo - Spain. - Events and round tables on the topics of energy and environment. - Observatories in the energy & environmental field (Polytechnic Institute of Milan, AGICI, Althesys, SUSDEF). - ERGLab think-- tank. - Accreditation from central and local institutions in countries where we operate. - Involvement of 18 institutions in the inaugural event for the first repowering in Partinico-Monreale.
Shareholders and the Financial Community	- Creation of value. - Representation of minorities. - Transparency and timeliness with regard to economic and financial information.	- Shareholders' Meeting. - Webcasts. - Press releases. - Roadshows. - Events related to the presentation of the Business Plan and the ESG Plan. - Continuous dialogue with shareholders and investors in general (Policy for the management of dialogue with stakeholders).	- Webcasts to present quarterly results. - Meetings with analysts and investors. -Ongoing information about the Group's activities (press releases and news). Italian Sustainability Week (digital). - Management of relations with ESG rating companies. - Participation in industry conferences.
People and trade union organisations Workers with employee contracts, workers without employee contracts, trade unions.	- Equal opportunities. - Workplace safety. - Professional development for all employee categories. - Participation in company life and all related initiatives. - Private life/work integration. - Stability. - Trade union agreements.	- Evaluation and internal communication activities and tools: Question time, group meetings, year-end parties, family days, corporate volunteering, team building, climate surveys. - Information and updating tools such as intranet and newsletters. - Wind & Solar trade union protocol.	- Training. - Internal communication events for employees and their families. - Protocol for industrial relations. - Corporate welfare projects.
Local Communities Cultural, religious and research associations, health service, NGOs, Committees of citizens, residents close to production plants.	- Consideration of their views. - Creation of shared value. - Contribution to and support for local initiatives and local communities. - Access to information. - Safeguarding of heritage and environment - Health and safety.	- Meetings with local communities in line with ERG's business. - Education projects for future generations on renewable energy and digitalisation.	- Financial and organisational support to social, cultural and health activities in the areas served. - Meetings with the local communities for development projects in the UK and in France.
Future generations Schools and Universities.	- Raising awareness of sustainability issues, combating climate change, respect for the environment and biodiversity. - Training and sharing know-how Business strategy aimed at reducing the consumption of natural resources.	- Information and education projects for future generations on renewable energy and digitalisation.	- Educational projects in web edition (Next Generation) or in person (Progetto Scuola_Impresa con ELIS). - Collaborations with universities (Energy and Sustainability UniGE Master's, SAFE Master's). - Partnership with Terre Avenir in France and Fundacion Yuhedi Menhuin in Spain, to bring content on sustainability, climate change, renewable sources, inclusion to schools. - Partnership with the Science Festival: stand, workshop and conference.
Media	- Transparency and clarity of information. - Timeliness in communication.	- Press releases and press notes interviews for the dissemination of periodic results, the objectives and contents of the business plan, the Group's business activities and extraordinary transactions (M&A).	Daily and extensive media relations activities carried out by the External Communication office for the consolidation of relations and follow-up after the dissemination of news. - Press conference organised for the inauguration of the first Repowering of Partinico-Monreale
Suppliers[c]	- Safety of on-site activities. - Transparency in competitive processes.	- Web platform. - Involvement and monitoring on workplace safety and sustainability issues (with focus on D&I, governance, carbon footprint, human rights and supply chain).	- Procurement methods on a competitive basis. - Sustainable Procurement, with ESG assessment of suppliers. - ESG Supplier's day. - 'Sustainability K' factor in all tenders above EUR 100,000. - HSE audits for suppliers carrying out activities at our plants. - ESG Audit Activities for monitoring supplier performance with related improvement plans.
Social partners	- Creation of value. - Acceptance of common values in the development of the strategy and business management. - Supporting local communities in the socio-economic sphere. - Supporting D&I policy development.	- Conferences. - Face-to-face meetings. - Digital meetings.	- Social Purpose for Solar Revamping Project (Sant'Egidio, Music for Peace, Boki Mamiko, Dynamo Camp). - Training and courses (ELIS).
Customers[d]	- Guarantee of electricity supply through the production of renewable energy from new investments and/or existing Wind & Solar assets in compliance with high quality standards.	- Analysis and sharing of requirements with customers and drafting of contracts (e.g. PPA - Power Purchase Agreement) and/or 'ad hoc' solutions.	- Receiving direct enquiries from potential counterparties or active scouting through direct contacts or via advisors.

Interacting with our stakeholders

In line with our company purpose, we have chosen to regularly engage with all of our stakeholders through an open and constructive dialogue. A dedicated information approach, structured dialogue, and mechanisms for sharing information and monitoring relationships are all forms of this interaction.
This listening and dialogue approach is key to anticipating changes in our businesses, improving the quality of our products and services, optimising risk management and designing innovative solutions that have a positive impact on society.

Room for improvement:

This example fails to identify stakeholder groups, their interests, and expectations. It also lacks specific strategies and details about practical interactions. Moreover, the information presented in textual form complicates understanding of the company's stakeholder engagement practices.

13. Testimonials

Frequency: 88%, 38/43

Difficulty: Easy. Testimonials are a cost-effective and straightforward way to enhance credibility. They can range from a brief interview focused on sustainability with the company's CEO to incorporating insights from employees or external collaborators, making them even more impactful. Integrating diverse perspectives enriches the narrative, reinforcing the authenticity and depth of the testimonials.

Definition: Testimonials refer to messages, quotes, and interviews gathered from individuals both within and outside the organisation. They serve as a narrative tool commonly used in corporate reporting to provide a more personal and authentic perspective of the business. Unlike conventional reporting methods, testimonials offer a "human side" of the company, showcasing real voices and experiences. This approach not only enhances the credibility of corporate communications but also possesses significant persuasive power by resonating with stakeholders on a more emotional level. Thus, testimonials play a crucial role in shaping perceptions and fostering trust in the organisation's values and achievements.

Trends: Many reports feature a CEO letter that sets the tone for the organisation's narrative. Testimonials typically appear at the beginning of the reports, highlighting their strategic importance in capturing reader attention. Some testimonials take the form of interviews, adding depth and personal insights. The content varies widely; while some testimonials delve deeply into sustainability efforts, others address broader corporate initiatives or financial achievements. This diversity reflects a growing recognition of testimonials as versatile tools that not only humanise the company but also communicate its values and accomplishments effectively to stakeholders.

Best practice:
- Integrating portraits and narratives to align with the statements.
- Promoting contributions from all employees to enhance the authenticity of sustainability integration throughout the organisation.
- Tackling critical company issues.
- Ensuring testimonials are impactful by addressing stakeholder concerns.

Avoid:
- Include testimonials that are overly technical or lack excitement.
- Incorporate testimonials that do not focus on sustainability issues.

Comparison to 2023: This year, 88% (38/43) included testimonials in their reporting, up from 76% (34/45) last year. The increase likely stems from companies recognizing testimonials' ability to engage stakeholders, enhance credibility, and humanise corporate communications.

13.1 Best practice & room for improvement

Best practice: Alstom
This testimonial features an interview with Alstom's Chairman and CEO, accompanied by a portrait of the interviewee. The discussion focuses on sustainability, highlighting the company's initiatives in this domain. The inclusion of quantitative data bolsters credibility and reinforces the points made. Incorporating quotes enriches the interview, adding depth and interest to the narrative.


4 QUESTIONS TO HENRI POUPART-LAFARGE

Chairman and CEO of Alstom

What role does Alstom play in contributing to a more sustainable mobility?

Addressing mobility is critical in the fight against climate change. Affordable and sustainable transport is more than ever a priority for societies worldwide.

Environmental sustainability and social responsibility have been at the core of our mission and serve as a compass for conducting our business in the most responsible way. Our employees are collectively engaged in developing and optimising railway solutions with a low environmental impact, accessible to all and safe. Additionally, we are actively working with our customers to help them transition towards greener and efficient transport systems.

What concrete actions have you put in place?

By 2050, an estimated 75% of the world's population will live in cities. The demand for passengers and goods transport is expected to double.

We are constantly developing innovative solutions to address the need to move goods and people sustainably. For example, our new generation of high-speed trains offers 20% higher capacity and is more energy efficient. The Coradia iLint™, the world's first hydrogen-powered train, entered full commercial service in Germany last summer.

65% of our newly developed solutions are eco-designed and use more and more recycled or recyclable materials to limit their carbon footprint throughout their entire lifecycle. We also support our customers in lowering their emissions by bridging the gap between electrified and non-electrified sections with new or refurbished battery-powered solutions.

And let's not forget digital innovations, which have the ability to create efficiencies throughout the value chain. Solutions from our portfolio, such as the next generation of European Train Control System and Automatic Train Operation technology, maximise network capacity and increase energy efficiency. Meanwhile AI, data analytics and algorithms allow us to extract efficiencies from every aspect of mobility, from smart maintenance to energy management and traffic flows.

We are closely monitoring the energy consumption of our operations by deploying our energy-saving plan, which has already delivered good results. We achieved a –17% energy intensity this year compared to our 2021 consumptions.

How do you strengthen your CSR approach?

We know that our position gives us a great responsibility to provide the solutions needed to solve the challenges we collectively face. We are actively listening to our stakeholders' expectations and building a holistic plan for the mobility of the future. Change requires collaboration, so we are partnering with government leaders, NGOs, investors, communities, and peers to tackle the challenges ahead.

Our CSR commitments are fully integrated into the company's overall strategy. That's why our daily decisions, operations, and solutions are constantly aligned with our global ambition to support the transition to a more sustainable transport system worldwide.

Finally, being able to answer local needs and specificities is vital to delivering on our sustainable mobility promise. That's why we are continuously strengthening our CSR champions network in charge of implementing our strategy worldwide.

"65% of our newly developed solutions are eco-designed and are using more and more recycled or recyclable materials to limit their carbon footprint through their entire lifecycle."

"We are actively working with our customers to help them transition towards greener and efficient transport systems."

Are you on track to meet your 2025 target?

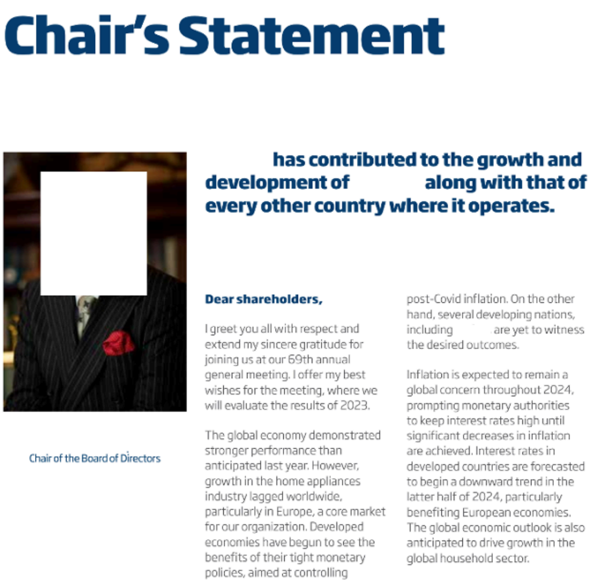
Our priorities remain unchanged: enabling the decarbonisation of mobility; caring for our people; creating a positive impact on society and acting as a responsible business partner.

Significant improvements have been made this year, with five targets achieved two years in advance. These results would not have been possible without the contribution of our people.

We are also confirming our investment in local ecosystems and have exceeded our target of 250,000 beneficiaries, illustrating Alstom's commitment to supporting local communities.

However, we still have to continue our efforts to maintain these results and improve our performance where objectives still need to be reached. For example we are working hard on gender equity by attracting and retaining more women to our industry. We are committed to ensuring a more diverse and inclusive work environment where everyone can develop and progress.

Finally, we published, for the first time this year, our European Taxonomy-aligned sales. They amounted to 59% and ranked Alstom among the best in class in the capital goods industry. This results from a strong analysis initiated last year and the cooperation between our Finance and CSR teams. For the years to come, we will continue to actively converge between financial and sustainability performance management.


Chair's Statement

has contributed to the growth and development of along with that of every other country where it operates.

Chair of the Board of Directors

Dear shareholders,

I greet you all with respect and extend my sincere gratitude for joining us at our 69th annual general meeting. I offer my best wishes for the meeting, where we will evaluate the results of 2023.

The global economy demonstrated stronger performance than anticipated last year. However, growth in the home appliances industry lagged worldwide, particularly in Europe, a core market for our organization. Developed economies have begun to see the benefits of their tight monetary policies, aimed at controlling post-Covid inflation. On the other hand, several developing nations, including are yet to witness the desired outcomes.

Inflation is expected to remain a global concern throughout 2024, prompting monetary authorities to keep interest rates high until significant decreases in inflation are achieved. Interest rates in developed countries are forecasted to begin a downward trend in the latter half of 2024, particularly benefiting European economies. The global economic outlook is also anticipated to drive growth in the global household sector.

Room for improvement:
This example fails to discuss sustainability issues and lacks focus and engagement, as it covers too many unrelated topics. This makes it difficult for readers to grasp the main point and sustain their interest.

14. Risk Management

Frequency: 95%, 41/43

Difficulty: Hard. Accurately predicting risks and creating effective action plans is complex. It requires analysing large volumes of data, understanding global trends and designing adaptive strategies. Even experienced experts could find this a challenge as sustainability risks are constantly evolving. Communicating these risks and strategies clearly to different stakeholders makes the task even trickier.

Definition: From a business perspective, a risk is a situation that could potentially cause significant harm to a company's operations, including its profit, reputation, or long-term prospects, as well as its societal impact, such as social or environmental consequences. Effective risk management involves adhering to the company's Code of Conduct, implementing preventative measures, and conducting both internal and external audits.

Trends: Trends show that almost all companies identify some sustainability-related risks. However, the types of risks they focus on vary widely, reflecting the different nature of their industries and activities. Some companies emphasise environmental risks, such as climate change and resource scarcity, while others focus on social risks, such as working conditions.

In addition, there are significant differences in how companies report this information. Some provide detailed, quantitative data and comprehensive action plans, while others offer more qualitative insights and general strategies. This variation highlights the changing landscape of sustainability risk management and the tailored approaches companies are taking to address their unique challenges.

Best practice:
- Recognize and identify potential changes that may occur in risks over time.
- Identifying and clarifying the responsible party for each risk.
- Include well-organised tables or subsections listing the risks alongside their mitigation and management strategies.
- Demonstrate severity of identified risks and provide justification for the prioritization.

Avoid:
- Focusing solely on financial risks.
- Neglecting to connect sustainability-related risks to the operational risks.
- Omitting the disclosure of mitigation strategies.

Comparison to 2023: This year, 95% (41/43) addressed risk management in their reporting, compared to 98% (44/45) last year. This slight decrease suggests that while companies highly continue to prioritise risk management, there has been a small decline in the number of companies explicitly including it in their report.

14.1 Best practice & room for improvement

Best practice: Kesko
By including information on the impact of the risk, the management method and the opportunities created, Kesko gives the reader a clear overview of the sustainability-related risks that the company is working with.

RISK	IMPACT	MANAGEMENT	OPPORTUNITIES
Sustainable purchasing and human rights • Irregularities in the management of social or environmental responsibility in our purchasing chain. • Failure in managing product safety or in supply chain quality assurance.	• Irregularities in the management of social or environmental responsibility in the purchasing chain could result in human rights violations, environmental damage, financial losses, or loss of stakeholder trust. • A failure in product safety control or in the quality assurance of the supply chain could result the loss of customer trust, or, in the worst case, a health hazard to customers.	• Conducting extensive, systematic supplier audits in high-risk countries to ensure responsibility and sustainability. • Promoting sustainability and responsibility throughout the supply chain. • Using sustainability policies to guide the sourcing of products containing raw materials identified as critical from a social or environmental responsibility perspective. • Ensuring and systematically monitoring product safety in purchasing.	• Responsible and sustainable procurement of products and services allows Kesko to impact progress and execution of social and environmental responsibility in companies in its supply chains. • Efforts to improve supply chain responsibility and product safety will increase stakeholder trust.
Climate change • Climate measures will globally stay at their current level, resulting in a failure to mitigate climate change (IPCC RCP 6.0).	• In the longer term, the risk would have severe impacts, as humanity would not have been able to do enough to solve the climate crisis on a global scale. • The impacts of global warming on global production areas, supply, quality and price could become critical factors for Kesko in terms of supply chain continuity and product availability.	• Kesko's strategy work assesses and takes into account the likelihood of potential physical occurrences, and reviews efficient adjustment measures. • Physical risks impact, in particular, infrastructure, Kesko's properties and other assets, and potentially logistics: preparing for the impacts of climate change in future investments is very important.	• Kesko can offer its customers products that support the green transition, and sustainable solutions for reducing climate impacts, for improving the energy efficiency of buildings, and for reducing food waste. • The impact of climate change on global production chains enables the export of clean, high-quality Finnish food to new markets in collaboration with the food industry.
EMERGING RISKS			
Loss of biodiversity • In the long term, continued loss of biodiversity will significantly hamper the cultivation of edible crops and food production, thus weakening product availability and quality.	• Risks to biodiversity impacting our operations and value chains include loss of species, water shortage, increase in pests and diseases, and pollinator decline, which through crops has a direct impact on food production and product availability.	• Promoting the sustainable use of natural resources in our own operations with the help of circular economy and minimising food waste. • Actively taking part in nature restauration via various projects, offsetting the impact our projects have on biodiversity. • Creating selections where the products and their packaging put minimal strain on biodiversity throughout their life cycle.	• Enabling sustainable and healthy lifestyles for our customers by promoting the sustainable use of natural resources and by building sustainable selections that take biodiversity into account.
Extreme weather conditions • Extreme weather conditions caused by climate change (increase in storms, wind, heat periods and rain) could potentially impact Kesko's business and value chain, especially in the long term.	• Extreme weather conditions could lead to e.g. powerful storms with high winds, rain and sudden floods, and prolonged heat periods during the summer. This would have direct impacts on agriculture and food production, and consequently on the availability, price and quality of products. • Global supply chains and transport routes could change considerably, which would impact Kesko's operations.	• Preparing for global changes in prices, suppliers, availability and quality resulting from the climate crisis important for business continuity.	• The building and technical trade division in particular can offer solutions that help customers prepare for extreme weather conditions.

We prevent and manage risks

In a changing and demanding environment, we remain ever vigilant in dealing with all the risks is exposed to.

By anchoring this risk management culture in our practices, we preserve and strengthen the Group's resilience over time. We continuously optimise our internal control system in order to identify the main risks we are exposed to, while anticipating emerging ones. This rigorous control, which operates at all levels, is based on three lines of defence. The first is carried out by the operational entities, business lines and functions, and the second is the permanent control managed by the Compliance, LEGAL, RISK, Tax and Finance functions. The third, under the responsibility of the Inspection Générale function, supplements their actions with periodic controls. This control system is reinforced by a strong culture of compliance, widely shared in-house.

Room for improvement:
This example fails to present its risks and how the company works with each risk. It is mentioned that the company at the highest level works with some kind of risk management system but the link to what this system looks like in practice or what risks are managed is omitted.

15. External Assurance

Frequency: 81%, 35/43

Difficulty: Medium. Although external assurance may not necessitate extensive internal procedural changes, validating sustainability information can incur significant costs in terms of both finances and time. Collaborating with assurance providers and providing necessary materials can be resource-intensive. The time investment can be particularly substantial when undergoing external assurance for sustainability information for the first time.

Definition: External assurance refers to the independent verification or validation of an organisation's financial or non-financial information, such as sustainability reports, by an external auditor or assurance provider. This process aims to assess the accuracy, completeness, and reliability of the information disclosed, ensuring it complies with relevant standards, guidelines, and regulatory requirements. In some countries, external assurance of sustainability reports is a mandatory practice by law.

Trends: External assurance in sustainability reporting has become widespread and relatively easy to execute. Companies often integrate external assurance from firms such as EY or PwC alongside internal assurance, ensuring thorough validation of sustainability data and enhancing credibility and adherence to standards. Regulatory frameworks such as the CSRD, are reinforcing this practice, underscoring the importance of independent verification to enhance the reliability and transparency of reported information. Consequently, external assurance plays a critical role in demonstrating corporate accountability and fostering stakeholder trust in sustainability initiatives.

Why use external assurance? External assurance of sustainability reports is critical for ensuring the accuracy, reliability, and credibility of the information disclosed by companies. Independent verification by external auditors or assurance providers helps validate the completeness and transparency of sustainability data, providing stakeholders with confidence that the reported information is trustworthy and compliant with relevant standards and guidelines. This process not only enhances the company's credibility but also strengthens stakeholder trust by demonstrating a commitment to transparency and accountability in sustainability practices.

Moreover, external assurance encourages companies to improve their reporting processes, implement robust internal controls, and adopt best practices in data collection and validation. It also enables companies to identify areas for improvement and benchmark their performance against industry peers, fostering continuous enhancement of sustainability performance and effective management of risks associated with inaccurate reporting.

Comparison to 2023: This year, 81% of companies (35/43) provided external assurance on their sustainability reports, nearly matching 2023's figure of 80% (36/45). The minor difference underscores consistent efforts in maintaining rigorous verification practices across reporting periods.

Companies Assessed

Presented below is a table detailing the 43 European companies assessed, including their names, respective industries, and ranking in the Corporate Knights Global 100 index.

RANK 2024	RANK 2023	NAME	COUNTRY	INDUSTRY
3	2	Vestas Wind Systems A/S	Aarhus, Denmark	Machinery manufacturing
5		Nordex SE	Hamburg, Germany	Machinery manufacturing
7	7*	Schneider Electric SE	Rueil-Malmaison, France	Electrical equipment manufacturing
8	18	Chr Hansen Holding A/S	Hørsholm, Denmark	Food and beverage manufacturing
10		SMA Solar Technology AG	Niestetal, Germany	Semiconductor and electronic components mfg.
15	65	Telefonaktiebolaget LM Ericsson	Stockholm, Sweden	Telephones and telecom equipment manufacturing
17	13	Ørsted A/S	Fredericia, Denmark	Power generation
18		Alstom SA	Saint-Ouen, France	Non-road transport equipment manufacturing
19	29	Neste Oyj	Espoo, Finland	Refining, petrochemicals and basic organic chem.
20	10	Dassault Systèmes SE	Vélizy-Villacoublay, France	IT services except telecom and hosting
23		Trane Technologies PLC	Swords, Ireland	HVAC equipment manufacturing
24		United Utilities Group PLC	Warrington, U.K.	Water and sewage treatment
28	54	ERG SpA	Genoa, Italy	Power generation
29	74	Kesko Oyj	Helsinki, Finland	Grocery stores
31	58	Severn Trent PLC	Coventry, U.K.	Water and sewage treatment
37	87	Beazley PLC	London, U.K.	Insurance companies
39		EDP Renováveis SA	Madrid, Spain	Power generation
41	49	Atea ASA	Oslo, Norway	Computers and peripherals manufacturing
45	31	Kering SA	Paris, France	Retail, except grocery and auto
47		Umicore SA	Brussels, Belgium	Basic inorganic chemicals and synthetics
48	41	SAP SE	Walldorf, Germany	IT services except telecom and hosting
53		Novo Nordisk A/S	Bagsvaerd, Denmark	Pharmaceutical and biotech manufacturing
54	47	Puma SE	Erlangen, Germany	Textiles and clothing manufacturing
57	59	Intesa Sanpaolo SpA	Turin, Italy	Banks
58	23	Novozymes A/S	Bagsvaerd, Denmark	Pharmaceutical and biotech manufacturing
59		Elisa Oyj	Helsinki, Finland	Telecom providers
60	89	Arçelik AS	Istanbul, Turkey	Appliances and lighting fixtures manufacturing
61		Pirelli & C SpA	Milan, Italy	Plastic and rubber product manufacturing
66	61	Sanofi SA	Paris, France	Pharmaceutical and biotech manufacturing
68	52	Essity AB (publ)	Stockholm, Sweden	Packaging
70		Unibail-Rodamco-Westfield SE	Paris, France	Real estate
76	38	Unilever PLC	London, U.K.	Personal products (retail chemical)
78	43	Coloplast A/S	Humlebæk, Denmark	Medical equipment manufacturing
82	72	Svenska Handelsbanken AB	Stockholm, Sweden	Banks
83	94	Nordea Bank Abp	Helsinki, Finland	Banks
84	70	Orkla ASA	Oslo, Norway	Food and beverage manufacturing
86	81	Henkel AG & Co KgaA	Düsseldorf, Germany	Personal products (retail chemical)
88		UniCredit SpA	Milan, Italy	Banks
89	85	Commerzbank AG	Frankfurt am Main, Germany	Banks
90	71	BNP Paribas SA	Paris, France	Banks
91		Assicurazioni Generali SpA	Trieste, Italy	Insurance companies
95	97	AstraZeneca PLC	Cambridge, U.K.	Pharmaceutical and biotech manufacturing
97		Biomérieux SA	Marcy l'Étoile, France	Medical equipment manufacturing

*Indicates a tie as a result of a data correction

COUNTRY	Belgium	Denmark	Finland	France	Germany	Ireland	Italy	Norway	Spain	Sweden	Turkey	U.K.
COMPANIES	1	6	4	8	6	1	5	2	1	3	1	5

FOREVER
SUSTAINABLE BUSINESS

About Forever Sustainable

Forever Sustainable guides companies that want to be more strategic when it comes to sustainability. We help our clients to develop a focused sustainability strategy building on materiality and stakeholder dialogues. We integrate a sustainability dimension into our clients' overall corporate strategy, forming a sustainable business strategy in line with shared value-thinking.

Our intelligence services monitor the international frontier of knowledge in sustainability, both academically and in practice. With our expert team, we strive to provide our clients with insights and transformation within the field of sustainability.

Reach out to us if you:

- Need support improving your sustainability strategy or report
- Are in need of specific industry insights
- Would like to get a GAP analysis of the benchmarks presented in this report for your own company

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