What is sustainability reporting?
Origins of Sustainability Reporting
**Origins....**

**1977**
Sullivan principles created to apply economic pressure on South Africa. Launched as “Global Sullivan Principles” in 1999 to cover social justice and human rights.

**1976**

**1989**
Valdez principles established by coalition of environmental NGOs and investors.

Valdez principles become CERES principles after the founding coalition (Coalition for Environmentally Responsible Economies).

**1997**
Ceres establishes GRI as independent entity in 1997 with support of UNEP FI and World Bank Group.
GRI in relation to other standards

National, sector and issue focused guidelines
Global sustainability reporting trends

- 48% of S&P 500 companies now publish reports (Greenbiz, 2012 State of Green Business report)

- More than 5,500 such reports are published worldwide. (According to CorporateRegister.com)

- As of 2010, 1,866 from 60 countries use the GRI framework to publish reports (29% increase in reporters from developing countries compared with 2009)
Reporting trends in emerging markets

CHINA - 2006 regulations for state-owned enterprises and 2008 stock exchange requirements = 703 reports in 2011.

SOUTH AFRICA - Over 450 JSE listed companies must produce integrated reports (F+ESG)

INDIA - 2011 requirement that top 100 companies must publish Business Responsibility Reports.

BRAZIL - 2012 BM&FBOVESPA stock exchange recommends sustainability reporting
Why report?

- Stakeholder relationships (license to operate)
- Risk reduction (reputational and operational)
- Investor relationships
- Identification of new markets and business opportunities
- Future resilience
- Employee morale
- Improved strategy and management systems
ACCOUNTABILITY

VULNERABILITY & DEPENDENCY

OPPORTUNITY
The CFO’s role is on the rise

Growing awareness of scarcity of business resources

CFOs interested in potential cost savings

Rankings and ratings matter to company executives

Six growing trends in corporate sustainability, Ernst&Young, March 2012
The GRI Framework (G3.1)

- Principles, process and performance
- Different levels of reporting (A,B,C, +)
- Multi-stakeholder consensus
- Sector supplements
- National guidelines (Brazil pilot)

Figure 1: The GRI Reporting Framework
IFC Performance Standards Objectives and GRI

Objectives

Requirements

IFC

GRI

IFC

GRI
Reporting principles

Content

• Materiality
• Stakeholder inclusiveness
• Sustainability Context
• Completeness

Quality

• Balance
• Comparability
• Accuracy
• Timeliness
• Reliability
• Clarity
Stakeholders

- Customers
- Employees
- Shareholders
- Governments
- NGOs
- Press
- Community
- Associations
- Financiers
- Partners
Materiality

“The information in a report should cover topics and Indicators that:

✓ reflect the organization’s significant economic, environmental, and social impacts

✓ would substantively influence the assessments and decisions of stakeholders.”
A Paradigm shift

Environmental, social, economic and governance performance

Holistic representation of value creation in corporate annual report

Sustainability reporting

Integrated reporting
Managing different forms of capital

“The process of integrated reporting ... challenges organizations to demonstrate their stewardship of multiple forms of capital—financial, manufactured, human, intellectual, natural, and social—and encourages collaboration and communication within the company.”

Group discussion

What is “good” sustainability reporting?

(Discuss in groups for 10 mins and report back)
DESIGNING THE PROCESS
What IFC has learned

• Build a cross-cutting team
• Identify stakeholders
• Determine goals of reporting
• Identify material issues to report on
• Build an appropriate reporting system (consider scale and scope)
• Link reporting to an integrated corporate strategy
<table>
<thead>
<tr>
<th>Challenge/ opportunity</th>
<th>Response</th>
<th>Outcome</th>
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<tr>
<td><strong>Manila Water</strong> (Philippines)</td>
<td>Privatization of major water supplier. Member of largest family-led group in the Philippines (Ayala Group) with strong social commitment. Needed to reach out to underserved communities.</td>
<td>• IFC staff and company worked together to undertake extensive stakeholder engagement, establish an environmental and social management system with KPIs, and then publish first sustainability report.</td>
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<td><strong>Petrotesting</strong> (Colombia)</td>
<td>Diverse community and environmental initiatives which demonstrated commitment to best practice. But lack of focused strategy at corporate level and ad hoc public reporting.</td>
<td>• IFC provided support to CSR team to develop first sustainability report, building their capacity and helping to promote awareness at corporate level.</td>
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<td><strong>GDIH</strong> (China)</td>
<td>The company sought IFC’s assistance to publish a best practice sustainability report in response to guidelines/requirements issued by the Shanghai Stock Exchange. IFC and client saw opportunity to leverage the ESMS approach under PSs.</td>
<td>• IFC global and local IS/AS team worked with company to select local trainer and consulting firm to assist in mapping IFC/GRI/SSE requirements and designing best practice report</td>
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4 Common pitfalls

• **Outsourcing:** Selecting the right local consultant to provide coaching and support throughout the process

• **Leadership:** Effectively introducing senior staff to the concept of reporting and getting their buy-in

• **Organizational ownership:** Identifying a cross-departmental task force within the company to be responsible for the reporting process, thereby bringing different perspectives, speeding up data collection, and ensuring internal learning

• **Internal capacity:** Proper training of the task force and operational staff at the outset on GRI reporting by certified trainers
Reporting as part of the strategy cycle

Reporting → Strategy → Planning → Implementation → Monitoring & Engagement → Reporting
Example of a reporting structure

Source: IFC and GRI (2010), “Getting More Value from Sustainability Reporting”
Group exercise

Design a reporting process for BRAC. Consider:

- How long will the reporting process take?
- When will it start? When will it finish?
- What are the different steps you will include in the process?
- Who will make up the reporting team?
- Who will need to review and sign off?
LINKING M&E AND REPORTING
Creating continuous improvement

• M&E should reflect corporate strategy and commitment to goals and targets
• Provides regular feedback on progress
• Choosing indicators that encourage innovation and competitiveness
• Integrate stakeholder views and feedback
• Learning from innovative approaches
Report Parameters

Here is where you will find our reporting parameters—our guidelines for what we include, who we consult to build the report and how we determine the contents of our report.

SCOPE OF REPORT

We issue our Sustainability Report annually. Our most recent report, the 2010/2011 Sustainability Report, covers the performance of The Coca-Cola Company and the Coca-Cola system (our Company and our bottling partners) from October 2010 through August 2011. Our previous report, the 2009/2010 Sustainability Review, was published in December 2010. References to "currently," "to date" or similar expressions reflect information as of August 31, 2011. In cases where information is tracked by calendar year, the data reflect 2010 and prior calendar year performance, as applicable. All data and information in this year’s report reflect the performance and goals of The Coca-Cola Company, unless otherwise indicated. In cases where we provide information related to the Coca-Cola system, it’s important to note that some of the information comes from operations outside our control. However, we believe the measurements and claims in our report are accurately collected and reported, and that the underlying methodology is sound.

In October 2010, The Coca-Cola Company acquired the North American operations of Coca-Cola Enterprises Inc. (CCE) and sold our Company’s Norwegian bottling operations. This acquisition and sale have been accounted for as business combinations and investments, respectively, and are reflected in our Sustainability Report. Reports on the acquired and divested companies can be found online at the websites of the respective companies. See page 4 for a list of the companies included in the Sustainability Report and the reporting locations of each.
Reasons to believe

- in a better world
- in our Company
- in our reporting

Performance Highlights

- Water Stewardship
- Energy Efficiency and Climate Protection
- Sustainable Packaging
- Healthy Communities
Goal:
By 2010, return to the environment—at a level that supports aquatic life—the water we use in our system operations through comprehensive wastewater treatment.

Goal:
By 2020, safely return to nature and to communities an amount of water equal to what we use in our finished beverages and their production.

Progress:
IN PROGRESS
We aspire to treat all wastewater from our manufacturing processes. As of the end of 2010, we had achieved 93 percent alignment, and by the end of 2011 we estimate 96 percent alignment with our stringent standards.

Progress:
IN PROGRESS
We estimate that in 2010 we replenished 23 percent of the water used in our finished beverages (based on 2010 unit case volume).

Performance highlights by year

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<td>Water use ratio (efficiency), defined as liters of water used per liter of product produced by the Coca-Cola system</td>
<td>2.26</td>
<td>2.36</td>
<td>2.43</td>
<td>2.47</td>
<td>2.56</td>
</tr>
<tr>
<td>Total liters of water used by the Coca-Cola system</td>
<td>295B</td>
<td>300B</td>
<td>305B</td>
<td>306B</td>
<td>303B</td>
</tr>
<tr>
<td>Percent of Coca-Cola system plants in compliance with internal wastewater treatments standards (which meet and often exceed applicable laws)</td>
<td>93%</td>
<td>89%</td>
<td>88%</td>
<td>85%</td>
<td>83%</td>
</tr>
<tr>
<td>Number of community water partnerships supported by the Coca-Cola system and number of countries where projects exist</td>
<td>320, 86</td>
<td>250, 70</td>
<td>203, 56</td>
<td>116, 48</td>
<td>65, 38</td>
</tr>
<tr>
<td>Estimated percent of water replenished¹ by the Coca-Cola system based on the total water used in our finished beverages</td>
<td>23%²</td>
<td>22%³</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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ASSURANCE METHODOLOGY AND PRINCIPLES OF AUDITING

FIRA conducted the verification process in accordance with international assurance standards. The Company applies its own sustainability performance reporting criteria, derived from the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). FIRA reviewed The Coca-Cola Company data and claims against the Company's reporting criteria and the GRI, including explanatory notes related to disclosed performance information. The content of the Report and the identification of material issues are the responsibility of the Company's management. The FIRA audit team members have not been involved in the development of the Report nor have they been associated with The Coca-Cola Company's sustainability programs, data collection, or information systems. FIRA ensures that our assurance team possessed the required competencies and adhered to the principles of auditing regarding ethical conduct, professional integrity, and independence.

WORK UNDERTAKEN

The basis of our work consists of claims disclosed in the Report including associated information. To come to our conclusions we investigated the integrity of the internal processes, controls and underlying evidence made available to FIRA. We performed the following activities:

1. Review of materiality and stakeholder engagement on sustainability issues related to the Company to obtain information on relevant issues in the reporting period.

2. Review of the Company's systems, processes and internal controls for collection and aggregation of quantitative and qualitative information in the reporting period.
CONCLUSION

The Coca-Cola Company reports about initiatives and performance related to sustainability. Based on the work undertaken, we conclude that the claims and information portrayed in the Report are reliable and comply with GRI level B.

Note: Annual Report on Form 10-K related claims have not been reviewed by FIRA.

ACCOMPLISHMENTS AND RECOMMENDATIONS

Our observations on the reported company's performance are based upon our expertise combined with the GRI guidelines. The Coca-Cola Company Report shows significant progress in several areas. A stakeholder engagement process for this year’s report was initiated. Additionally, goals were set for material issues and progress is reported. By appointing a CSO, the Company’s sustainability strategy will become more focused and centralized.

- **Stakeholder Engagement & Materiality**: The Company has initiated stakeholder engagement specifically for this Report, in addition to their ongoing departmental stakeholder engagement to confirm materiality for reporting. Merging these engagement results will deepen the understanding of material issues supporting development of the Company's sustainability strategy and the claims published.

- **Report Balance**: The Report touches on a large variety of complex topics.
  - The Company is becoming increasingly transparent as goals, short- and long-term, are disclosed, progress is reported and challenges are discussed.
  - As structure within stakeholder engagement is enhanced, balance within the Report will grow. Topics identified for more in-depth disclosure are (some of...
Innovation in sustainability reporting is about telling stories
Sustainability Report 2010/11

Welcome to BAM Nuttall's updated sustainability report. This year we have a new interactive feature to explore some of our issues in an accessible way. See the panel on the right.

CEO Introduction

We launched Beyond Zero in 2006. In the early days, although we were clear it covered a broader agenda, it was certainly. More>

About this report

This report provides an overview of progress made by BAM Nuttall during 2010 towards becoming a more sustainable business. More>

Environment

Meeting the challenge of climate change

Climate change continues to be a key focus for our environmental policies and our carbon footprint provides a key headline measure of our efficiency. More>

Our people

Developing our People

BAM Nuttall has a core business value of being 'people focused'. More>

Making a Difference with Diversity
Looking forward

- Growing investor interest in value drivers of sustainability
- Integration of financial and sustainability reports
- Balanced reporting - “telling the good and the bad”
- Real-time information online
Group exercise

Design your company commitment to sustainability reporting:

1. Choose 3 sustainability issues that you believe should underpin your corporate strategy

2. Make a commitment on what your company will achieve in 5 years in relation to these topics

3. Set a target for annual performance improvement

4. Choose 1 GRI indicator per issue to measure performance

5. Explain how you will tell stakeholders about poor performance if you don’t manage to meet your targets