

eM|CO

Preparing Sustainability
Report



1. Sustainability Report.
Our vision and main trends



- Sustainability Report is a document providing a **comprehensive overview of key economic, environmental and social impacts of the company's operations**. The report must also disclose **corporate values and governance model** in their relation to the organization's strategy and commitments.
- The report is a tool that helps to insure transparency vis-à-vis **internal and external stakeholders** with regard to the impact they are experiencing.
- An important takeaway from the report in the modern-day context relates to demonstrated **contribution of Corporate and Social Responsibility (CSR) programs to improved management and economic efficiency** of the company.
- The report can be presented in **various formats** (printed, electronic, PDF, etc.) It can also be used as a stand-alone document or incorporated into other public reporting.



Where is the value in Sustainability Report*

- Helps to attract investors and facilitates access to global capital markets.
- Raises awareness among senior executives.
- Strengthens management and goal setting systems within the company.
- Boosts personnel loyalty.
- Builds reputation, credibility and respect toward the company among external audiences.
- Demonstrates commitments to sustainable development.
- Ensures peer comparability and differentiation.
- Helps to gain a competitive edge.

* Based on the findings of a study conducted by the GRI (Global Reporting Initiative) that focused on senior executives and officers in charge of corporate reporting.



- The report brings the relevance of demonstrable **links between the overall corporate governance (management) structure and the company's footprint (KPI)** to the foreground.
- The report **shifts focus from the disclosure of a standardized set of indicators** to the procedures **for revealing aspects material to the company** and their subsequent disclosure in reporting, as well as more meaningful and targeted **engagement with stakeholders**.
- There is a growing number of companies switching to **integrated reporting** through the publication of materials which treat sustainability issues as an integral part of the company's managerial activities.



- When it comes to dissemination of nonfinancial reporting, recommended approaches are, by and large, being replaced with **binding requirements to information disclosure**.
- New requirements to companies are being introduced by stock-exchanges and government agencies alike. In particular, **the European Commission decided that all European companies with a headcount over 500 people shall be obligated to disclose information on their social activities and sustainable development to the general public, starting 2017**.
- In many European countries, **national legislations are being amended with new regulatory provisions** aimed at promoting sustainability reporting practices in the corporate sector.
- In Russia, information disclosure is **governed by the Decree of the Russian Federation Government #1710p-P13**, dated March 30, 2012, which enjoins the necessity to issue regular sustainability reports on companies with public ownership.



2. Report preparation. Key stages



Factors we lay special emphasis on:

- **Report standard.** The most widely-used international reporting standard is GRI. EmCo has been involved in GRI Organizational Stakeholder Program since 2005. The Agency prepares reports in compliance with or on the basis of the most current version of the standard - GRI G4.
- **Work timing.** It is crucial to ensure that you have enough time to complete all necessary procedures associated with report preparation. Desirable timeframe is at least 6 months.
- **Senior management's commitment.** At some stages, there is a need to ensure commitment and involvement on the part of the company's senior management (identifying relevant topics, seeking consent, approval).
- **Administrative formalization of the process within the company.** Report preparation implies involvement of the company's officers and it is advisable to formalize such involvement in internal regulations.
- **Scheduling.** Report preparation activities are broken down into stages for which the reporting company should be prepared from an organizational standpoint. Agency provides both start-to-finish support throughout the reporting project (which includes assistance with design concept and layout preparation, as well as troubleshooting technical problems related to publishing), and, in consultation with the Client, offers advisory services at various stages of the report preparation process.



Five report generation stages*

- 1. PLANNING.** Analyze potential content of the report, as well as ways and tools for collecting required information. Tentative timeframe – 3 weeks.

- 2. ENGAGEMENT.** Communicate with the company's stakeholders, both internal and external. Compile a list of topics relevant to them. Tentative timeframe – 1 month.

- 3. IDENTIFICATION.** Identify material aspects which will become the report's priorities. Generate the report's content based on stakeholders' expectations. Tentative timeframe – 2 weeks.

- 4. INFORMATION GATHERING.** Draft requests for information needed for the report's content. Identify internal processes and systems in the company that are pertinent to material aspects. Tentative timeframe – 3 months.

- 5. REPORT DRAFTING AND PUBLICATION.** Generate content and prepare GRI G4 compliance table, subject to further validation by GRI. At the post-publication stage, we make arrangements for participation in report contests, stakeholder engagement activities, etc. Tentative timeframe – 3 months.

* Taking into account GRI-recommended methodology



Our work scope at this stage:

- Provide administrative steering and ensure meaningful activities of a **working group** consisting of Agency employees and representatives of interdepartmental units of the company.
- Organize a **kick-off meeting** for the purpose of defining and approving goals, timelines, designated coordinators, informing on the curator assigned by the company's senior management.
- Hold consultations and **agree with the Client on GRI application level** (core or comprehensive). **Core application level** covers information on the company's economic, environmental, and social footprint, as well as corporate governance. **Comprehensive application level** is, for the most part, based on the Core Level, but requires the inclusion of additional metrics on strategy and analysis, corporate governance, as well as ethics and integrity. In addition, the report should list all Indicators related to the identified material Aspects.
- Develop and approve **report preparation plan**, including: report publication date, schedule of working group meetings, procedures for the approval of report sections, list of key activities for each following stage.



STAGE 2. Engagement

Our work scope at this stage:

- Conduct research and identify the company's stakeholders.
- Identify and structure communication channels with stakeholders. Communication formats can vary (group and/or individual consultations, survey, focus-groups, desk studies).
- Initiate and engage in dialogue with stakeholders which, as its most important result, allows to identify topics relevant to them.



Our work scope at this stage:

- Analyze topics relevant to stakeholders, taking into account all GRI G4 Aspects, as well as industry-specific GRI reporting elements. Analytical work results in a prioritized list of Material Aspects, on the basis of which we create a Matrix of material aspects for the report.
- Get the company's management's consent on the Matrix of material aspects, as well as their respective report boundaries.
- Communicate with stakeholders, conveying to them information on the final selection of material aspects for the company's report.



STAGE 4. Information gathering

Our work scope at this stage:

- Draft information requests for appropriate units of the company (on the basis of the defined Application level of the planned report, as well as identified material aspects).
- Develop data provision schedule and get it approved by the company's senior executives.
- Engage with and consult the company's officers charged with provision of data needed for the report.



STAGE 5. Drafting the report

Our work scope at this stage:

- Draft the report on the basis of collected data.
- If needed, prepare report layout and design (report formats: PDF file, print layout, interactive version).
- Make arrangements for “Materiality Assessment” with GRI (the procedure takes at least 5 days). To this end, a final print version of the report is sent to GRI*.
- If necessary, make arrangements to publish the report, provide support and advice on posting the report on the corporate site.
- Get the report registered in the GRI data base.

* Pagination and references in the Table of Contents may not be changed following the assessment procedure.



Our support:

- Arrange dissemination of the report among stakeholder representatives.
- Communicate with stakeholder representatives, collect and review their feedback (to do this, the Agency employs various tools: from distribution of surveys to face-to-face meetings and talks).
- Compile a list of contests in which the published report of the company can potentially participate.

Our recommendations:

- Preparation of a report is a lengthy operational stage which involves numerous key executives and officers from a variety of departments. We believe that the final point of a reporting cycle offers a good opportunity to implement incentive programs and express gratitude to the key project participants on the company's side.
- Following the report's publication, there can be arranged a special event dedicated to its release. It can have various formats: press-conference, presentation, gala reception.

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