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The KPMG Survey of Corporate Responsibility Reporting 2013

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Executive Summary

About this survey

Welcome to the KPMG Survey of Corporate Responsibility Reporting 2013.

KPMG's survey is published primarily for business leaders, company boards and corporate responsibility (CR) and sustainability professionals. It provides a snapshot of current global trends in CR reporting with benchmarks, guidance and insights to help companies worldwide determine their own approaches to CR reporting and to assess and improve the quality of their reports.

The survey is also intended to provide a useful reflection of the current state of CR reporting for other audiences who take an interest in the subject. These include investors, asset managers and ratings agencies, many of whom are increasingly factoring environmental, social and governance information into their assessments of corporate performance.

Corporate stakeholders, including NGOs, customers, academics and students, and policy makers should also find useful information and food for thought in these pages.

This is the eighth edition of the KPMG Survey of Corporate Responsibility Reporting and marks 20 years since the first survey was published in 1993. This year the research is more broad-ranging than ever, covering 4,100 companies across 41 countries (the last survey in 2011 looked at 3,400 companies in 34 countries).

The growth in the number of countries and companies covered in this survey is just one indication of how CR reporting has evolved into a mainstream business practice over the last two decades.

The format of this survey has changed to reflect that evolution. The results are now presented in two parts:

Part 1:

Global trends in CR reporting: a view across 41 countries (page 18)

This section looks at the 100 largest companies by revenue in 41 countries to explore how many companies are producing CR reports and other issues, such as the drivers for reporting, sector variances, and the use of standards and assurance for CR reports.

Part 2:

The quality of reporting among the world's largest companies (page 34)

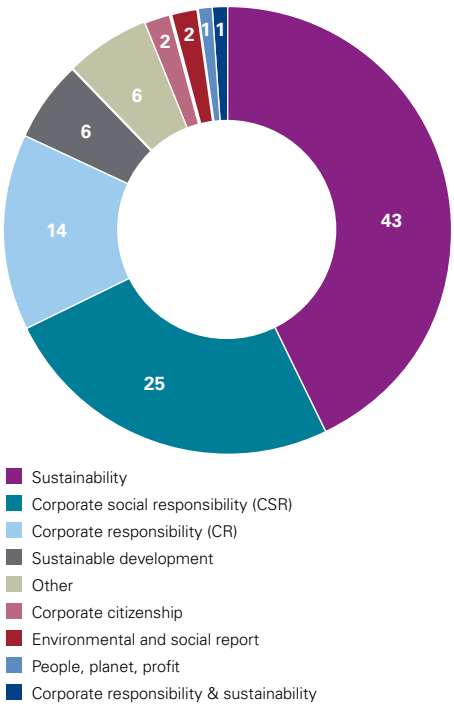
This section looks specifically at the world's largest 250 companies. It assesses the quality of their CR reports, identifies leaders and uses these examples to offer guidance and insights.

Methodology

Scope of this report

The survey is based on a detailed study of company reporting on CR performance, carried out by KPMG member firms' professionals and based on publicly available information in annual financial reports, stand-alone CR reports and on company websites. It includes information provided in both PDF and printed reports as well as in web-only content. Reports published between mid-2012 and mid-2013 were sought in the first instance. If a company did not report during this period, information from 2011 was used. Information relating to periods prior to 2011 was not included in this survey. The findings are based on analysis of publicly available information only, and not on information submitted by companies to KPMG member firms.

Figure 1:
Reporting terminology used by N100



Source: KPMG International, The KPMG Survey of Corporate Responsibility Reporting 2013, December 2013

A note on terminology: 'corporate responsibility' versus 'sustainability'

Terminology used for reporting varies between companies. Research conducted for this survey shows the most commonly used terms globally are 'corporate responsibility' (14 percent) or 'corporate social responsibility' (25 percent) and 'sustainability' report (43 percent). Reporting under these and other terms was included in this survey. The use of the term 'corporate responsibility/CR' in this document should therefore be taken to also cover the term 'sustainability' and other similar terms.

N100 research

The first part of this report assesses CR reporting among the 100 largest companies in 41 countries: 4,100 companies in total. These are referred to as the "N100" companies. KPMG member firms identified the N100 in their country by revenue based on a recognized national source or, where a ranking was not available or was incomplete, by market capitalization or other sector-appropriate measures.

N100 companies include both publicly-listed companies and those with different ownership structures such as privately-owned and state-owned businesses. Nine new countries joined the survey this year (see chart below), while two countries included in 2011 are not part of the 2013 survey (Bulgaria and Ukraine).

KPMG analysts collected data on the following criteria for the N100:

- number of companies publishing CR information in stand-alone reports and annual reports by country and sector
- format and integration of CR reporting
- use of reporting guidelines and standards
- rate and type of verification of CR information, assurance provider and data restatements.

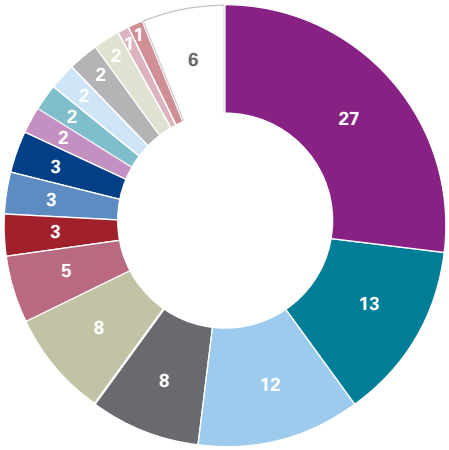
The countries included in the 2013 research were:

Americas	Asia Pacific	Europe		Middle East & Africa
Brazil	Australia	▸ Belgium	▸ Poland	▸ Angola
Canada	China (incl. Hong Kong)	Denmark	Portugal	Israel
Chile	India	Finland	Romania	Nigeria
▸ Colombia	▸ Indonesia	France	Russia	South Africa
Mexico	Japan	Germany	Slovakia	▸ UAE
US	▸ Kazakhstan	Greece	Spain	
	▸ Malaysia	Hungary	Sweden	
	New Zealand	Italy	Switzerland	
	Singapore	Netherlands	UK	
	South Korea	▸ Norway		
	Taiwan			

▸ *New countries added to the survey in 2013*

Source: KPMG International, The KPMG Survey of Corporate Responsibility Reporting 2013, December 2013

Figure 2:
G250 companies by location of headquarters (%)



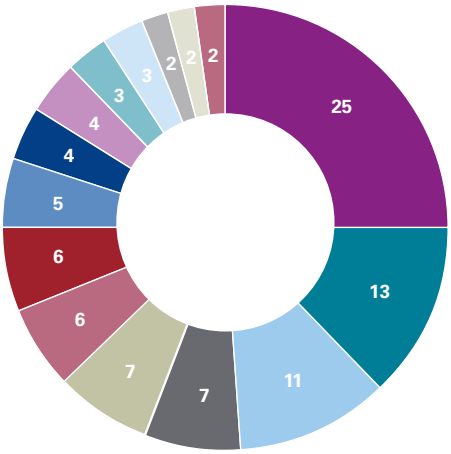
- USA
- Japan
- China
- France
- Germany
- UK
- Switzerland
- Italy
- Spain
- Netherlands
- South Korea
- Australia
- Brazil
- India
- Russia
- Mexico

Other:

- Malaysia
- Austria
- Thailand
- Finland
- Norway
- Saudi Arabia
- Taiwan
- Singapore
- Turkey
- Canada
- Denmark
- Luxembourg
- Sweden
- Venezuela

Source: KPMG International, The KPMG Survey of Corporate Responsibility Reporting 2013, December 2013

Figure 3:
G250 companies by industry sector (%)



- Finance, insurance & securities
- Oil & gas
- Trade & retail
- Automotive
- Electronics & computers
- Communications & media
- Utilities
- Metals, engineering & manufacturing
- Construction & building materials
- Food & beverage
- Pharmaceuticals
- Other services
- Mining
- Transport
- Chemicals & synthetics

Companies included under 'other services' include entertainment, healthcare, resorts, mail, package and freight delivery. The number of companies in each of these sectors represent less than 1 percent of the G250.

Source: KPMG International, The KPMG Survey of Corporate Responsibility Reporting 2013, December 2013

G250 research

The second part of this survey assesses the quality of reporting among the world's largest 250 global companies.

These were identified as the top 250 companies listed in the Fortune Global 500 ranking for 2012. In this survey they are referred to as "the G250" companies. They operate in 14 industry sectors and are headquartered in 30 different countries.

KPMG analysts sought to assess the quality of CR reporting by the G250 against seven key criteria, which are based on current reporting guidelines and KPMG professionals' view of leading reporting practices.

- **Strategy, risk and opportunity** – reporting should include a clear assessment of the CR risks and opportunities a business faces and should explain the actions it is taking in response.
- **Materiality** – CR reports should demonstrate that a company has identified the CR issues with the greatest potential impacts both on the business itself and its stakeholders. Companies should make clear the process they have used to assess materiality, how they have involved stakeholders in this process, and how they have used the materiality assessment to inform their reporting and management of CR risks and opportunities.
- **Targets and indicators** – companies should use meaningful (e.g. timebound and measurable) targets and key performance indicators to measure progress, and clearly report their progress and performance on set targets and objectives.
- **Suppliers and the value chain** – CR reports should explain the social and environmental impacts of the company's supply chain, as well as the downstream impact of products and services, and show how the company is managing those impacts.
- **Stakeholder engagement** – companies should identify stakeholders in their CR reports, explain the process used to engage with stakeholders, and the actions taken in response to their feedback.
- **Governance of CR** – reports should make clear how CR is governed within a company, who has responsibility for the company's CR performance and how the company links CR performance to remuneration.
- **Transparency and balance** – CR reports should be balanced and include information on challenges and setbacks as well as achievements.

On the basis of KPMG's analysis, scores were attributed to each of the G250 companies to reflect how well their CR reports satisfied the criteria listed above. Answers for the criteria were weighted to produce an overall score out of 100, with greatest weight given to strategy, risk and opportunity, materiality, targets and indicators and stakeholder engagement, to reflect the relative importance of these criteria in achieving high-quality reports.

As a result, a cluster of 10 leading companies was identified (each of which scored 90 out of 100, or more) as well as the highest scoring company in each of the 14 industry sectors represented in the G250.

Senior executives from 14 of these top-scoring companies were interviewed to discover more about how they approach CR reporting. The lessons learned are outlined on page 39 of this survey.

Corporate responsibility reporting: is it really worth it?

Let us be honest, corporate responsibility (CR) reporting is not without its critics.

Some people say these reports are a waste of time and money, believing them to be so dense and so dull that no one could possibly bother to read them. Others see them as vehicles for corporate greenwash, an opportunity for companies to exaggerate their social and environmental credentials without any genuine intention to change.

Some in the corporate world see the production of these reports as too complex and too costly and with dubious return-on-investment.

While I understand the concerns behind accusations like these, I think such views are fortunately fast becoming outdated.

Yes, CR reports are often not an easy read and companies should seek to communicate the information in more digestible and engaging ways. However, that is not an argument for not reporting at all.

Yes, greenwash can be a risk but as time goes on, stakeholders - from NGOs and pressure groups to customers and investors - are all becoming more adept at knowing the difference between PR spin and CR performance. It is not so easy to pull the proverbial wool over people's eyes anymore.

Yes, CR reporting done properly does require financial and human resources, but so do all forms of corporate reporting.

The point that is being missed by many people who make these criticisms is that, in the 21st century, CR reporting is – or should be - an essential business management tool. It is not – or should not be - something produced simply to mollify potential critics and polish the corporate halo.

We are all living, and some of us are running businesses, in a world undergoing unprecedented environmental and social changes. Rampant population growth is fuelling ever-increasing demands for limited resources. Unpredictable extreme weather is affecting supplies of key commodities. Changing social conditions and expectations are driving both increased spending power and social unrest.

CR reporting is the means by which a business can understand both its exposure to the risks of these changes and its potential to profit from the new commercial opportunities. CR reporting is the process by which a company can gather and analyze the data it needs to create long term value and resilience to environmental and social change. CR reporting is essential to convince investors that your business has a future beyond the next quarter or the next year.

What encourages me most about the findings of this year's KPMG Survey of Corporate Responsibility Reporting are the signs that many of the world's largest companies are using the process of CR reporting to bring CR and sustainability right to the heart of their business strategy, where it belongs.

Almost all the world's largest 250 companies report on CR. Of those that do, nine in 10 use their reports to identify environmental and social changes that impact the business and its stakeholders. Eight in 10 report that they have a strategy to manage the risks and opportunities. Seven in 10 report that these changes bring opportunities for the innovation of new products and services. An enlightened, but I suspect growing, minority of around one third also report opportunities to grow their market share and cut costs.

Where these companies lead, others will follow. The direction of travel is clear.

I believe that the debate on whether companies should report on CR or not is dead and buried. As this survey finds, CR reporting appears to be standard business practice the world over - even in those geographic regions and industry sectors that only two years ago lagged behind.

The questions companies should ask themselves now, and which we have endeavored to answer in this publication, are "what should we report on?" and "how should we report it?". And, most importantly, "how can we best use the process of reporting to generate maximum value both for our shareholders and for our other stakeholders?".

Yvo de Boer
KPMG's Global Chairman,
Climate Change & Sustainability Services

Key findings

Global trends in CR reporting

CR reporting sees exceptional growth in emerging economies

- There has been a dramatic increase in CR reporting rates in Asia Pacific over the last two years. Almost three quarters (71 percent) of companies based in Asia Pacific now publish CR reports – an increase of 22 percentage points since 2011 when less than half (49 percent) did so.

- The Americas has now overtaken Europe as the leading CR reporting region, largely due to an increase in CR reporting in Latin America. Seventy six percent of companies in the Americas now report on CR, 73 percent in Europe and 71 percent in Asia Pacific.

- The highest growth in CR reporting since 2011 has been seen in: India (+53 percentage points), Chile (+46), Singapore (+37), Australia (+25), Taiwan (+19) and China (+16).

- CR reporting is now undeniably a mainstream business practice worldwide, undertaken by almost three quarters (71 percent) of the 4,100 companies surveyed in 2013. This global CR reporting rate is an increase of 7 percentage points since 2011 when less than two thirds (64 percent) of the companies surveyed issued CR reports.

- Among the world's largest 250 companies, the CR reporting rate is more or less stable at 93 percent.

KPMG VIEW

To report or not to report? The debate is over

Companies should no longer ask whether or not they should publish a CR report. We believe that debate is over. The high rates of CR reporting in all regions suggest it is now standard business practice worldwide. The leaders of N100 or G250 companies that still do not publish CR reports should ask themselves whether it benefits them to continue swimming against the tide or whether it puts them at risk.

The important questions now are "what?" and "how?" – or, in other words, it is now about the quality of CR reporting and the best means to reach relevant audiences. This includes assessing what is material for the business, proper engagement with stakeholders, having an honest communication strategy including openness about challenges and putting in place the underlying processes to gather and check data.

A narrowing gap between leading and lagging industry sectors

- In all sectors more than half of companies report on CR, meaning reporting can be considered standard global practice irrespective of industry. Two years ago less than half of the sectors had reporting rates above 50 percent. At the same time, the gap between the highest scoring and lowest scoring sector has now narrowed to 22 percentage points.

- Some sectors have taken big steps over the past years. The automotive and telecommunications & media sectors now have some of the highest levels of CR reporting (77 percent and 75 percent, respectively), whereas five years ago, in 2008, their CR reporting rates were among the lowest (49 percent and 47 percent).

CR information in the annual report: now standard practice

- Over half of reporting companies worldwide (51 percent) now include CR information in their annual financial reports. This is a striking rise since 2011 (when only 20 percent did so) and 2008 (only 9 percent). The direction of travel is clear and with more than half of companies researched now including CR data in their financial reports, this can arguably be considered as standard global practice.

- However, including CR information in the annual report does not imply that companies have embraced the trend of integrated reporting (IR): only one in 10 companies that report on CR claims to publish an integrated report.

Use of Global Reporting Initiative (GRI) guidelines is almost universal

- Seventy eight percent of reporting companies worldwide refer to the GRI reporting guidelines in their CR reports, a rise of 9 percentage points since the 2011 survey (over 90 percent do so in South Korea, South Africa, Portugal, Chile, Brazil and Sweden).

- Among the world's 250 largest companies the rate is even higher than the N100: 82 percent of G250 companies that report on CR refer to the GRI guidelines as opposed to 78 percent in 2011.

Assurance among the largest companies has reached a tipping point

- Over half (59 percent) of the G250 companies that report CR data now invest in external assurance. This is up from 46 percent in 2011.

- Two thirds of those companies that invest in assurance choose to engage a major accountancy firm.

KPMG VIEW

Boards should get behind integrated reporting (IR)

Based on member firms' experiences and research there seems to be acceptance of IR as the next destination for corporate reporting, but few companies are doing it yet. There is also some nervousness around whether IR could limit rather than enhance communication around CR and sustainability, specifically for non-financial stakeholder groups.

IR can be the catalyst for integrated management. KPMG's experience in South Africa, where IR is now mandatory, shows that the close involvement of CEOs and other board members is essential to reach 'one view' of the business, consensus on one set of material issues and one combined business strategy. With an integrated approach to value creation as the end objective, board support for IR needs to scale up.

KPMG VIEW

Assurance is no longer just an option

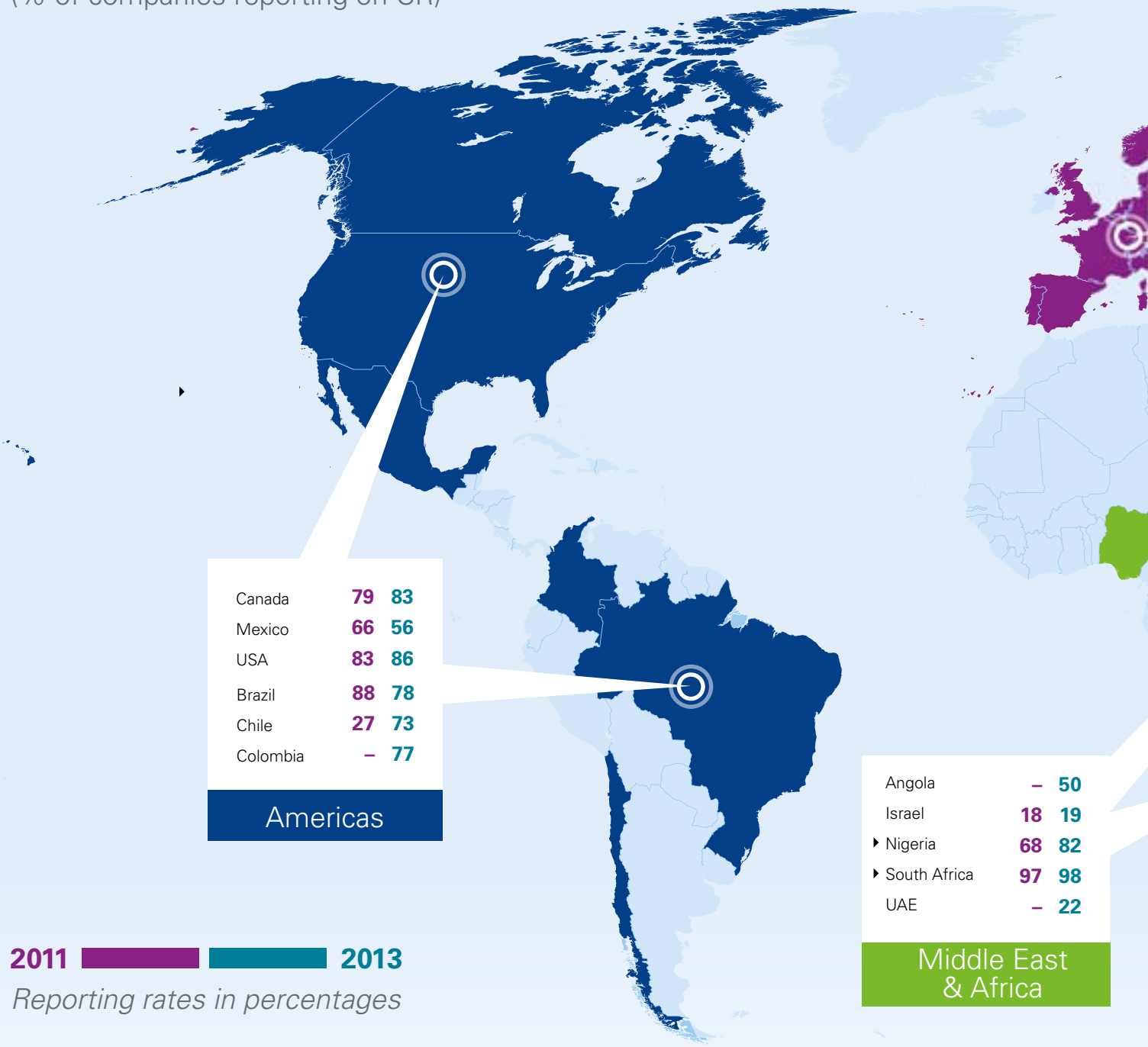
Just as CR reporting itself is now a standard business practice; it is also becoming standard practice to have CR and sustainability data externally assured. The tipping point has been crossed, with over half the world's largest companies (G250) now investing in assurance. As can be seen with other trends in CR reporting, the largest companies tend to set the direction that other corporations follow.

Many companies now face significant pressure to give stakeholders confidence in what they say and assurance can help provide this credibility. The question for leaders is therefore no longer "should we assure our CR data?" rather "why would we not?" and "how do we choose the appropriate assurance option that meets stakeholders' needs and puts us ahead of our peers?".

Figure 4:

Rate of corporate responsibility reporting across 41 countries - 2011 and 2013

(% of companies reporting on CR)



Spotlight on reporting requirements

The following countries have high CR reporting rates or significant recent growth in CR reporting, related to reporting requirements:

Denmark
Financial Statements Act requires large companies to report on CR activities, or, if they do not, to explain in their annual reports why not.

France
Grenelle II Act requires large companies to report annually on CR activities and advises reports are subject to independent verification.

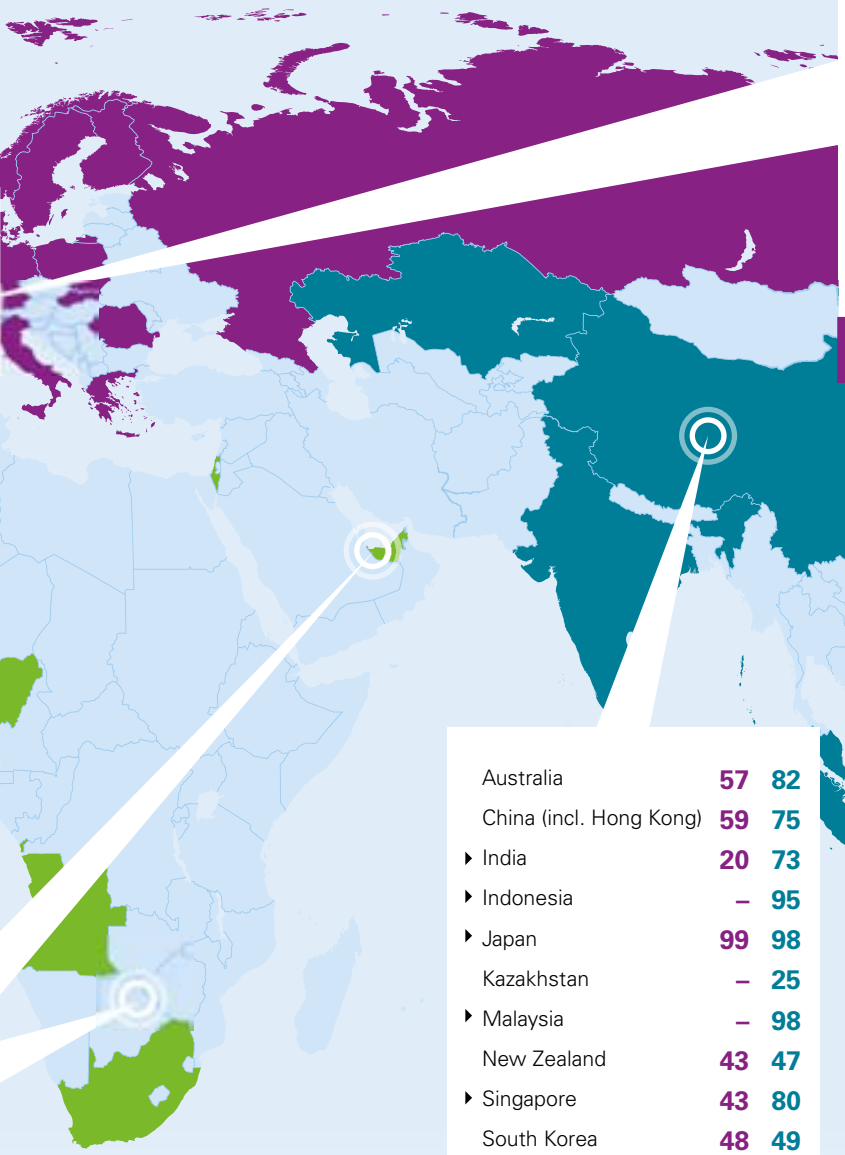
India
The top 100 listed companies in India are required by the Securities Exchange Board to report on CR in their annual reporting from financial year 2012/13.

Indonesia
Law No. 40/2007 requires Limited Liability Companies to report on CR in the annual report. Publicly-listed companies are also required to report on CR in the annual report.

Japan
Mandatory and voluntary guidelines for certain types of companies to report on environmental impacts, including GHG emissions.

Malaysia
Malaysia Stock Exchange listing requirement that companies describe CR activities and law that all publicly listed companies publish CR information in the annual report.

Nigeria
Central Bank of Nigeria requires financial services companies to report on CR and the Securities and Exchange Commission of Nigeria Corporate Governance Code recommends companies disclose CR practices.



Belgium	–	68
▸ Denmark	91	99
Finland	85	81
▸ France	94	99
Germany	62	67
Greece	33	43
Hungary	70	78
Italy	74	77
▸ Netherlands	82	82
▸ Norway	–	73
Poland	–	56
Portugal	69	71
Romania	54	69
Russia	58	57
Slovakia	63	57
▸ Spain	88	81
Sweden	72	79
Switzerland	64	67
▸ UK	100	91

Europe

Australia	57	82
China (incl. Hong Kong)	59	75
▸ India	20	73
▸ Indonesia	–	95
▸ Japan	99	98
Kazakhstan	–	25
▸ Malaysia	–	98
New Zealand	43	47
▸ Singapore	43	80
South Korea	48	49
Taiwan	37	56

Asia Pacific

Base: 4,100 N100 companies
Source: KPMG International, The KPMG Survey of Corporate Responsibility Reporting 2013, December 2013

▸ Norway
Norwegian Accounting Act (and amendment in 2013) requires large companies to report on social, environmental an anti-corruption activities.

▸ Singapore
Singapore Stock Exchange (SGX) Sustainability Reporting Guide for listed companies and Code of Corporate Governance encourage CR reporting, and Energy Conservation Act 2012 requires large companies to report on energy use.

▸ South Africa
King Code of Governance Principles and King Report on Governance (King III), and Johannesburg Stock Exchange (JSE) require companies to publish an integrated report including CR performance.

▸ UK
Companies listed on the London Stock Exchange must report on GHG emissions from 2013. Companies Act requires large and medium sized companies to disclose CR information relevant to company performance in the annual report.

▸ USA
Disclosure requirements of the U.S. Securities & Exchange Commission (SEC), Dodd-Frank Act requires disclosure on conflict minerals and Presidential Executive Order 13514 requires federal agencies to report on CR performance.

Source: KPMG, United Nations Environment Programme, Global Reporting Initiative and Unit for Corporate Governance in Africa, Carrots and Sticks, Sustainability reporting policies worldwide, 2013.

The quality of reporting among the world's largest companies

Attention must be paid to reporting on the value chain

- In KPMG's analysis, the average quality score achieved by G250 companies for their CR reports is 59 out of a possible 100. This indicates significant room for improvement overall.

- Reporting on targets and indicators is most well-developed to date, with an average score of 68 out of 100. Large companies also appear to be reporting on materiality and strategy, at an average score of 66 and 62.

- A key area for improvement is reporting on suppliers and the value chain, where average G250 reporting quality was assessed at 46 out of 100, followed closely by stakeholder engagement and governance, both at an average score of 53 out of 100.

European companies serve as an example for other regions

- Around one quarter of the G250 (63 companies) score higher than 80 out of 100 across the quality criteria, and 10 companies score higher than 90. These companies are located in Europe and the US.

- European G250 companies achieve the highest average quality score for their CR reports at 71 out of 100. This compares with average scores of 54 for companies in the Americas and 50 in Asia Pacific.

- Within Europe, companies in Italy (85), Spain (79) and the UK (76) score most highly.

Table 1:
10 G250 companies score more than 90 out of 100 for CR reporting quality:

Company	Country	Sector
A.P. Møller Mærsk	Denmark	Transport
BMW	Germany	Automotive
Cisco Systems	US	Telecommunications & media
Ford Motor Company	US	Automotive
Hewlett-Packard	US	Electronics & computers
ING	Netherlands	Finance, insurance & securities
Nestlé	Switzerland	Food & beverage
Repsol	Spain	Oil & gas
Siemens	Germany	Electronics & computers
Total	France	Oil & gas

Source: KPMG International, The KPMG Survey of Corporate Responsibility Reporting 2013, December 2013

Industries with high CR impacts show trailing scores

- Large companies in the electronics & computers, mining and pharmaceuticals sectors produce the highest quality CR reports. Their average scores are 75, 70 and 70 respectively.

- However some sectors that face significant CR risks and opportunities, and have significant potential social and environmental impacts, are publishing reports with scores below the global average. The oil & gas, trade & retail, metals, engineering & manufacturing and construction & building materials sectors have average scores of 55, 55, 48 and 46 out of 100, respectively.

Opportunities overtake risks

- Most G250 CR reports (87 percent) identify at least some social and environmental changes (or 'megaforces') that affect the business. Climate change, material resource scarcity and energy and fuel are the most commonly mentioned.

- More companies see opportunities than risks: 81 percent of reporting companies identify business risks from social and environmental factors, whereas slightly more (87 percent) identify commercial opportunities.

- The most commonly cited opportunity of social and environmental change is innovation of new

products and services, mentioned by 72 percent of reporting G250 companies. The opportunity to strengthen brands and corporate reputation is the next most commonly cited (mentioned by 51 percent of reporting companies), followed by improving market position/growing market share (36 percent) and cutting costs (30 percent).

- Only one in 10 reporting companies (12 percent) identifies improved access to capital or improved shareholder value as an opportunity of social and environmental change.
- Reputational risk is the most commonly cited type of business risk, mentioned by 53 percent of reporting G250 companies.
- Only a small number of G250 CR reports (5 percent) include information on the financial value at stake through environmental and social risk.
- A significant number of reporting companies also mention other types of risk that affect company operations and not just corporate reputations: regulatory risk (48 percent), competitive risk (45 percent), physical risk (38 percent), social risks (36 percent) and legal risks (21 percent).[1]
- The Americas is the only region where competitive and regulatory risks are mentioned more often in G250 CR reports than reputational risks.
- Most reporting companies in the G250 (83 percent) state in their reports that they have a CR strategy. Companies in the Americas are most likely not to refer to strategy: three in 10 do not.

KPMG VIEW

Risk and opportunity needs to be linked to value

Many companies no longer see corporate responsibility as a moral issue, but as core business risks and opportunities. More and more investors accept that environmental and social factors put company value at stake. This leads to the question of what the potential financial impacts of those risks and opportunities could be and what the company is doing to mitigate or maximize them.

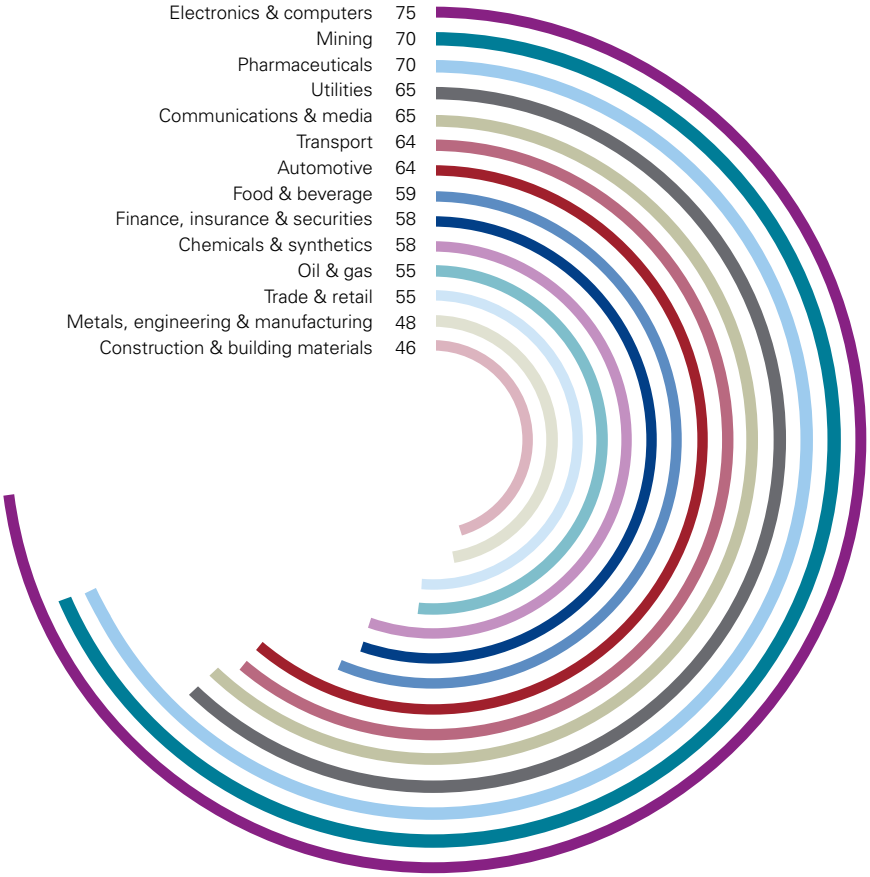
Very few companies are yet declaring any quantified risks to the bottom line in their CR reporting. Companies need to be prepared for this to change and should start to integrate the top and bottom-line implications in their business scenario planning and risk management.

[1] See page 48 for a definition of different types of risks

The quality of reporting among the world's largest companies

Figure 5:
Average quality of G250 reports by sector
(Score out of a possible 100)

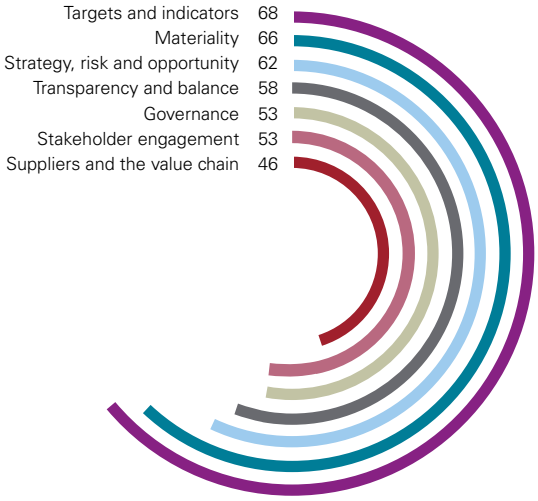
- Large companies in the electronics & computers, mining and pharmaceuticals sectors produce the highest quality CR reports.



Source: KPMG International, The KPMG Survey of Corporate Responsibility Reporting 2013, December 2013

Figure 7:
Average quality of G250 reports by criterion
(Score out of a possible 100)

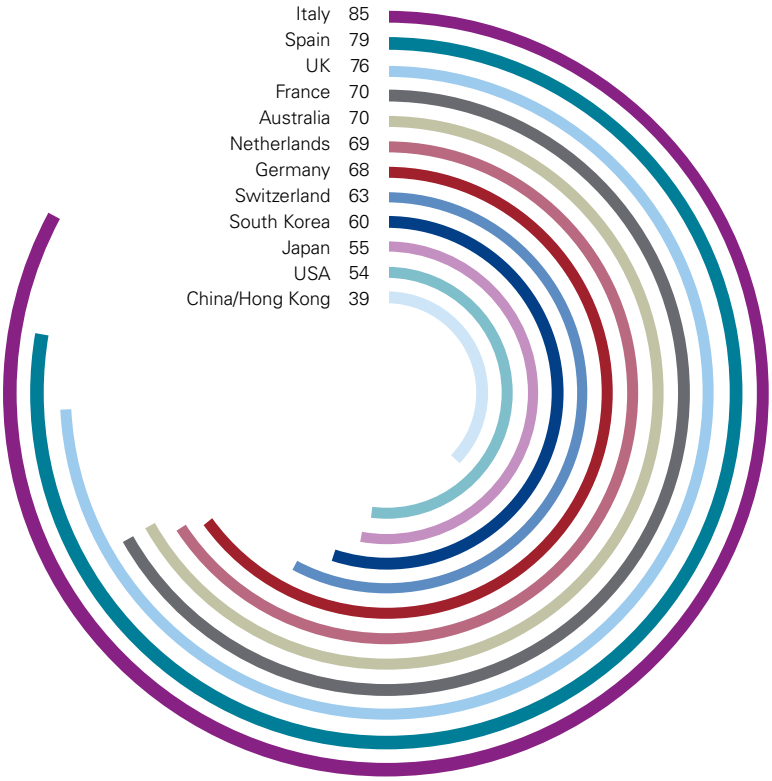
- G250 companies as a whole score most highly for targets and indicators. The greatest improvement needs to be made in reporting on suppliers and the value chain.



Source: KPMG International, The KPMG Survey of Corporate Responsibility Reporting 2013, December 2013

Figure 6:
Average quality of G250 reports by country[2]
(Score out of a possible 100)

- Large companies in Italy, Spain and the UK lead the world for the quality of CR reports.
- European G250 companies achieve the highest average quality score for their CR reports at 68 out of 100. This compares with average scores of 51 for companies in the Americas and 48 in Asia Pacific.



Source: KPMG International, The KPMG Survey of Corporate Responsibility Reporting 2013, December 2013

[2] Average scores per country are only given for those countries that have five or more companies reporting on CR in the G250.

More transparency needed on materiality process

- Over three quarters (79 percent) of G250 companies that issue CR reports, discuss the identification of CR issues that are material to their business and stakeholders.

- There is room for improvement in terms of transparency on the process used for identifying material issues. 41 percent of the reporting companies do not explain the process they use and only a small minority (5 percent) assess material issues on an ongoing basis.

Targets and indicators are not yet fully defined

- One in eight reporting G250 companies (13 percent) reports no CR targets at all and a quarter (26 percent) do not relate their CR targets to material issues.

Reporting on suppliers and the value chain is lacking in sectors at risk

- Companies in the chemicals & synthetics sector are the least likely to report on supply chain issues. Sixty percent of G250 companies in this sector that report on CR do not report on the supply chain. Companies in the electronics & computers sector are the most likely to do so.

- G250 companies in Europe are the most likely to discuss in detail the environmental and social impacts of their products and services. Almost three quarters (73 percent) of reporting companies in Europe do so with a further 23 percent providing limited information. In the Americas, less than half (49 percent) provide detailed information on downstream impacts and the figure drops to less than one third (32 percent) in Asia Pacific.

KPMG VIEW

Supply chain reporting needs more focus

This survey shows that some sectors with complex supply chains, carrying potentially catastrophic environmental and social risks, have low levels of reporting on supply chain issues.

Recent incidents including oil spills and factory disasters should remind business leaders how important it is to manage the environmental and social impacts of the supply chain.

Put simply, if companies don't start managing these issues they won't have a license to operate in the globalized 21st century world. Companies urgently need to build confidence among customers, communities, investors and other stakeholders that their supply chains are being properly managed. Transparent corporate responsibility reporting is an effective way to build such confidence.

Companies in the Americas and Asia Pacific struggle to explain stakeholder engagement process

- G250 companies in Asia Pacific and the Americas lag behind those in Europe for explaining the process used to engage stakeholders. Four in 10 companies in these regions offer no explanation at all.

- The mining and metals, engineering & manufacturing sectors score highest for identifying key stakeholders in their reports.

- Only one third of G250 companies (31 percent) include stakeholder comments in their CR reports.

Few large companies yet link CR performance to remuneration

- Around one quarter of companies (24 percent) report that the company Board has ultimate responsibility for CR.

- In most G250 companies (61 percent) CR is managed on a day-to-day basis by a dedicated CR or sustainability unit.

- Only one in 10 G250 companies (10 percent) reports a clear link between CR performance and executive or employee remuneration.

Transparency and balance is limited for most companies

- Only one in five G250 companies (23 percent) publishes a well-balanced report that discusses CR challenges and setbacks as well as successes. Companies in the food & beverage, pharmaceuticals, and electronics & computers sectors are most likely to do so.

About KPMG's Climate Change & Sustainability Services

About KPMG's sustainability services
KPMG is one of the pioneers of sustainability consulting – some KPMG member firms first offered sustainability services over 20 years ago – which gives KPMG's network a level of experience few can match. Today our network employs several hundred sustainability professionals located in around 60 countries.

Local knowledge, global experience
Our global network means KPMG professionals have in-depth understanding of the economic, political, environmental and social landscapes wherever your organization may operate. At the same time, our member firms are closely connected through our global Center of Excellence. This means that, whatever challenge you face, we can put together a team with international experience to help you.

Sustainability Plus
We don't work in a sustainability vacuum. We work side-by-side with KPMG professionals from tax, audit and advisory including sector specialists, management consultants, tax accountants and experts in IT, supply chain, infrastructure, international development and more. You won't receive generic advice and one-size-fits-all solutions, instead you can benefit from a hand-picked multi-disciplinary team.

Results-driven
KPMG firms help clients to develop future-fit business strategies based on solid understanding of the issues. We strive to think big and challenge convention, but with implementation in mind, working with you to find practical solutions that can create success and growth through change.

Foresight needs insight
Our global Center of Excellence focuses on thought-provoking research, analyzing drivers of global change and developing practical business responses that you can apply within your own organization.

Specialists in CR reporting and assurance
Reporting on environmental and social performance is now leading practice in business wherever in the world you may operate.

Stakeholders from investors to NGOs want to know that a company has identified its most significant environmental and social risks and impacts, and is addressing them effectively. They also need to know that the information provided by a company is accurate, credible and can be trusted.

Momentum is also building towards integrated reporting which provides a holistic overview of an organization's financial and non-financial performance.

KPMG member firms can help your organization to:

- Understand what environmental and social information you should report
- Choose the right reporting approach and frameworks for your business
- Integrate financial and non-financial information in your reporting
- Report information for specific purposes such as the Carbon Disclosure Project and sustainability indices
- Benchmark the quality of your reporting against industry peers
- Provide independent assurance for your internal and external reporting systems
- Provide independent assurance of your sustainability performance reporting
- Verify the sustainability performance of your suppliers.

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