Communicating Sustainability
Six Recommendations for Listed Companies
Version 02
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>2</td>
</tr>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>Purpose of this Guide</td>
<td>8</td>
</tr>
<tr>
<td>What is ESG?</td>
<td>12</td>
</tr>
<tr>
<td>The United Nations’ Sustainable Development Goals (SDGs)</td>
<td>14</td>
</tr>
<tr>
<td>Why reporting on ESG is important</td>
<td>16</td>
</tr>
<tr>
<td>Best Practice Recommendations</td>
<td>20</td>
</tr>
<tr>
<td>Appendix: Sustainability Reporting Initiatives</td>
<td>28</td>
</tr>
</tbody>
</table>

We would like to thank GRI for their technical support
Sustainable investing has continued to gain momentum among financial market participants and ESG factors are increasingly outlined by leading institutional and retail investors from around the world as vital determinants of investment decisions. As this requirement comes into the fore, it is vital that listed entities take measures to effectively measure and communicate ESG performance and impacts to all stakeholders.

The second version of our guidance document to listed companies on communicating sustainability integrates perspectives and standards of the Global Reporting Initiative, which is set to add considerable value to users of the publication.

As a member of the United Nations Sustainable Stock Exchanges (SSE) initiative, the CSE actively engages in its commitment to promote improved ESG disclosure and performance among listed companies. Encouraging quality reporting among our listed entities is imperative in our effort to provide investors with the information they require to make sound investment decisions.

The world is entering a new era as we move towards embracing new levels of transparency. We are encouraged by the growing commitment of Sri Lankan entities towards communicating their sustainability performance. We encourage Sri Lankan listed companies to take considerable strides towards making sustainability reporting an effective and standard practice.

We are appreciative of the contribution of the Global Reporting Initiative towards this guidance document, and its efforts towards fostering reliable, globally accepted sustainability reporting by Sri Lankan listed companies.

Rajeeva Bandaranaike
Chief Executive Officer
Colombo Stock Exchange
Companies are crucial to building a sustainable future, and sustainability reporting is an important tool in their arsenal. Reporting on their impacts promotes transparency, which in turn can help them better anticipate risks, and inform the decision makers of companies and investors alike. The GRI Sustainability Reporting Standards help companies use transparency to create social, environmental and economic benefits for everyone.

Transparency regarding business impacts, whether positive or negative, is not only a business opportunity, more and more it has become a business necessity. Sustainability reporting also helps companies better understand and communicate their impacts on critical issues for their communities like climate change, human rights and labor relations. Companies can become more aware of the risks, and take steps to manage them. And transparency can also help them gain access to new opportunities in global markets.

It is encouraging to see new legislation and regulation being promoted around the world, to encourage companies to reap the benefits of greater transparency. We commend the Colombo Stock Exchange for providing guidance so that companies can make strides towards a more sustainable world.

Mr. Tim Mohin  
Chief Executive  
GRI
"Environmental, Social and Governance (ESG) factors are increasingly outlined by global investors as vital determinants of investment decisions."
Environmental, Social and Governance (ESG) factors are increasingly outlined by global investors as vital determinants of investment decisions.
Introduction

Growing legislative pressure and increasing public concern about the global climate and the carrying capacity of earth, labor conditions and growing inequality, have led to increasing demands for organizations to act in sustainable ways\(^1\). Many asset managers and asset owners are considering a wide range of sustainability issues on their investment selection and management decisions. According to the World Federation of Exchanges (WFE), the term ‘sustainable investment’ covers a wide range of concepts and niche asset classes, from carbon trading and clean-tech investment to the use of environmental, social and governance (ESG) information in portfolio construction and voting policies. Key drivers behind this continuing trend in the global capital markets are the growing political and economic prominence of climate change, market-based incentives for the transition to lower-carbon products, labour standards, human rights & product safety.

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Purpose of this Guide
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This guide will help companies listed in the Colombo Stock Exchange address topics related to environmental, social and governance (ESG) issues in their communications, as these aspects are among the factors influencing investment decisions by institutional and retail investors. The guide consolidates the current practices of investors and issuers and aims to provide guidance. It consists of useful recommendations related to sustainability reporting for companies.

Listed companies are assisted and guided in a structured way on how to approach the topic of sustainability when they incorporate it into their capital market communication. Reading this guide will also encourage listed companies to focus and limit their ESG-related reporting to the content that is really material as this is what investors and analysts are interested in. The guide seeks to help the issuer navigate the complex process of identifying the content that is most appropriate and relevant to their capital market communication.

Companies should bear in mind that the substance of their disclosures will depend on their industry or sector and on an individual analysis of the materiality of the information to their specific stakeholders. With its focus on capital market communication, this guide is specifically written with the investors and analysts in mind.

It is important to note that the objective of this guide is not to provide a mandatory listing requirement, but specific guidance on the information that companies should consider and disclose under ESG issues.
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What is ESG?

ESG refers to a set of standards for a company’s operations that socially conscious investors can use to screen investments. ESG defines which Environmental, Social and Governance factors can be considered alongside financial ones in the investment decision-making process. The table below provides MSCI ESG Research’s Key Issue Hierarchy in each category.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Factors</th>
</tr>
</thead>
</table>
| Environmental | Climate Change  
Natural Resources  
Pollution and Waste  
Environmental Opportunities |
| Social   | Human Capital  
Product Liability  
Stakeholder Opposition  
Social Opportunities |
| Governance | Corporate Governance  
Corporate Behaviour |

The main argument for incorporating ESG factors into investment strategies is that these factors can help create or erode shareholder value. Beyond this business case rationale, many investors and other stakeholders also argue that incorporating ESG considerations will result in good corporate citizenship and enlightened self-interest.

The United Nations Sustainable Stock Exchanges (SSE) initiative encourages stock exchanges to provide guidance to their issuers on Environmental, Social and Governance (ESG) reporting. As conduits between issuers, investors, regulators and other capital market stakeholders, stock exchanges are ideally placed to support the transition to greater ESG disclosure and to attract new investment flows with a sustainability-focus. The SSE also tracks sustainability related activities of stock exchanges in the SSE Database, including how many stock exchanges require ESG reporting as a listing rule, provide ESG-related training or have written guidance on ESG reporting such as this guide. Examples of these guides are the "LSEG’s Your Guide..."
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<table>
<thead>
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<th>Issue Factors</th>
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</thead>
<tbody>
<tr>
<td>Environmental</td>
</tr>
<tr>
<td>Social</td>
</tr>
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<td>Governance</td>
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2  https://www.msci.com/esg-investing#what_is_ESG
3  http://www.sseinitiative.org/data/

Better World of the Business And Sustainable Development
The United Nations’ Sustainable Development Goals (SDGs)

Our planet faces massive economic, environmental and social challenges, such as poverty, inequality, environmental stress, etc. The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs or Global Goals) were designed to help society and business to focus on solving global sustainability challenges. The SDGs provide a vision of a sustainable future and propose actionable targets for today’s major sustainability challenges.

As a key stakeholder, the business sector has a critical role in providing solutions that can contribute to solving sustainable development challenges, while generating new business opportunities. The Global Reporting Initiative (GRI) and the United Nations Global Compact (UNGC) published “Business Reporting on the SDGs: An Analysis of the Goals and Targets” and “Integrating the SDGs into Corporate Reporting: A Practical Guide” to assess their current operations by identifying, assessing and measuring how they contribute to – or undermine – each goal. From there the SDGs are useful in two ways: firstly, companies can measure and report their impacts in relation to the SDGs and implement new ideas that improve the business, reducing their footprint and minimizing overall negative impacts. Secondly, organizations can use the SDGs as inspiration and design criteria for new product development and business process innovation, developing products and services that contribute to solving real global challenges while meeting human needs.

The SDGs are anticipated to generate at least US$12 trillion worth of market opportunities by 2030. In its ‘Better Business Better World’ report, the Business & Sustainable Development Commission identifies the 60 biggest market opportunities related to the achievement of the SDGs, in the areas of food and agriculture, cities, energy and materials, and health and well-being. The report concludes that over 50% of these opportunities are in frontier and emerging economies.
The SDGs are becoming increasingly important also for investors, as they are ‘an articulation of the world’s most pressing environmental, social and economic issues and, as such, act as a definitive list of the material ESG (environmental, social and governance) perspectives that should be taken into account as part of an investor’s fiduciary duty’⁶. There is a strong business case for investing in opportunities aligned with the SDGs, including helping investors secure stable returns, better represent the values of their clients and offer sustainable financial products that differentiate them in the marketplace⁷.

By providing relevant SDG data, companies can help investors make informed decisions and direct capital towards investments with positive real-world impact. Achieving the SDGs can present great business opportunities, but the opposite is also true. Not reaching the Goals can have major negative consequences for companies and their finances and, therefore, for investors’ financial returns. This is why investors need to know the (actual and potential) positive and negative effects that a business has on contributing to the SDG targets, including depth, scale, duration and rate; the added contribution the business makes to the SDGs; and the likelihood that any effects will differ from set expectations. In their SDG reporting, straightforward, user-friendly metrics should showcase a company’s targets and progress; companies should consider risk factors and impacts on external social and natural environments in a focused manner, particularly risks to people and the environment⁸.

Why reporting on ESG is important

ESG may have very strong economic implications, depending on the quality of the way they are managed.
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Why reporting on ESG is important

USD 60 trillion AUM, incorporate ESG considerations into their decision making & ownership practices.

1. Attracting Investors Seeking Sustainable Investment Opportunities.

There is an increasing interest by investors in the Environmental, Social, and Governance (ESG) impacts of businesses. This can be seen by the steady growth of the signatories to the Principles for Responsible Investment (PRI) to over 1900, representing over USD 80 trillion as of April 2018. These signatories are committed to incorporate ESG considerations into their decision making and ownership practices. Further, the 2016 report by GSIA found that, assets valued at over USD 21.9 trillion have incorporated ESG concerns into their investment selection and management globally. This is an increase of 25% from 2014, which shows that commitment is turning to action because companies can have significant ESG risks and impacts that can potentially negatively influence a business’ bottom line. For example, businesses are contributing to climate change through their greenhouse gas emissions; in turn, climate change can lead to extreme weather events, influence water availability and other issues that affect the operation of a business.

For businesses, ESG related reporting leads to a better understanding of its impacts and the exposure of their operation to ESG-related risks. Communicating this information allows investors to better understand the management of ESG risks and impacts of their portfolio and potential investees. This gives companies access to a broader set of investors, as increasingly investors commit and take action to incorporate ESG information in their investment decisions and require companies to be transparent on these issues. Further, it opens the opportunity to be included in the sustainability focused indices, used for passive investment strategies, which increases visibility and makes it easier for investors to identify companies that are transparent on their ESG risks and impacts. Indices such as the MSCI Emerging Market ESG Index have been outperforming traditional benchmarks.
2. Getting Ahead of Regulatory Developments.

Regulatory bodies are highlighting the importance of ESG disclosures to corporations to strengthen market procedures. This can help countries attract new investments due to the disclosure of sustainability information according to regulatory requirements. So far, there are number of regulatory bodies that have introduced frameworks to report on sustainability. For example, 19 of the G20 member states and 9 of 32 national securities commission on the board of the International Organization of Securities Commission (IOSCO) have implemented at least one mandatory reporting initiative or regulation on social environmental matters13. The International Organization of Securities Commission (IOSCO) states in its Principle 16 that issuers should provide “full, accurate, and timely disclosure of financial results, risk, and other information which is material to investors’ decisions.” With regard to this Principle, IOSCO emphasizes that ESG matters, though sometimes characterized as non-financial, may have a material short-term and long-term impact on the business operations of the issuers as well as on risks and returns for investors and their investment and voting decisions14. Issuing these type regulations assist companies to produce quality sustainability reports.

3. Enhanced Corporate Reputation.

Companies can demonstrate their commitments towards ESG issues and the level of adherence to industry ethical standards and national and international frameworks on corporate sustainability and sustainable development. A reporting related stakeholder engagement will enhance corporate reputation by improving stakeholders’ perception of a company.


Reporting on ESG will generate financial value for the company by identifying opportunities for cost savings, revenue generation and risk mitigation. Continuous improvements on accountability and fostering collaboration with stakeholders will help companies to improve their image, which in turn has the potential to positively impact its profitability.

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9  https://www.unpri.org/pri/about-the-pri
10 The Global Sustainable Investment Alliance (GSIA) is an international collaboration of membership-based sustainable investment organisations.
11 Based on the increasing number of PRI signatories and ESG investments as found by GSIA.
12 https://www.msci.com/documents/10199/c341bf6-e515-4015-a5fe-1d864cae53e
Best Practice Recommendations

“The following best practice recommendations for ESG reporting are designed to support companies in developing more holistic, integrated corporate reporting with the objective of effective capital market communication. CSE encourages all listed companies to consider sustainability reporting with a special emphasis on the following recommendations”.

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Best Practice Recommendations

1. Leadership and Drive

The board of directors of a company can play a leading role by demonstrating the commitment to high quality ESG reporting. The board may define and control key topics and key performance indicators (KPIs) that reflect the company's economic, environmental, social and governance impacts. This means that the senior management needs to set the sustainability agenda and ensure that line organisations understand and embrace the goals that have been set and the targets that have been agreed.

Therefore, it is recommended for the board of directors to issue a statement that clarifies how the board determined the importance of ESG issues. This statement may include which ESG factors were selected, importance of different stakeholders and how and within what time frame it made these judgments on ESG issues, as they change over time.

During the initial stages of report preparation, it is useful to determine the appropriate personnel within a company, who are best placed to be involved in disclosing ESG matters. Members from different departments such as finance, investor relations, communications, legal, sustainability and each business unit can team up on working towards a good quality ESG report. Any team working on ESG reporting should have the access to input from across the functional divisions of a company, as different functions within the company may be engaging with different stakeholders and managing material issues. Also it is important to highlight their responsibilities and capabilities that are relevant for ESG reporting.

2. Consider stakeholder interests

ESG reporting caters for the needs of many stakeholders with differing requirements and expectations in terms of topics, as well as the format and granularity of data. Investors, financial institutions, insurers, customers, governments, communities, and non-governmental organizations increasingly want information and action on relevant environmental and social issues.

When considering reporting information to investors, it is important to remember that while all investors can benefit from ESG information, different investors can have distinct information needs. Companies can therefore benefit from clarifying themselves on matters such as current top investors,
the investors whom the company would desire to have in the future and their interests. Increasingly, long term investors are recognising the importance of ESG factors on the long-term performance of the companies in which they invest. In order to price and manage risk during their analysis of an investment, investors need relevant information and companies need to understand the form that information should take.

3. Identify and prioritize material ESG issues

An organization is faced with a wide range of topics on which it can report. In sustainability reporting, materiality is the principle that determines which relevant topics are sufficiently important that it is essential to report on them. Not all material topics are of equal importance, and the emphasis within a report is expected to reflect their relative priority. The degree to which each indicator is relevant will vary greatly among companies, and the materiality of each factor should be determined by the board and management of the company itself taking considerations from priority stakeholders into account.

**Two Complementary Approaches to Materiality**

For a better understanding of the concept of materiality, companies may refer to the concepts provided by the International Accounting Standards Board and the Global Reporting Initiative. These are two complementary approaches to materiality.

The International Accounting Standards Board (IASB) defines information as “material” if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. For example, climate-related information should be reported if it is necessary for an understanding of the development, performance and position of the company. This perspective is typically of most interest to investors.

GRI defines Material Topics as those that reflect the organization’s significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders. For example, ESG information should be reported if it is necessary for an understanding of the external

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impacts of the company. This perspective is typically of most interest to citizens, consumers, employees, communities and civil society organizations. However, an increasing number of investors also need to know about the climate impacts of investee companies in order to better understand and measure the sustainability and climate impacts of their investment portfolios.\(^\text{17}\)

It is important that the organization can explain the process by which it determined the priority of topics.

4. Adopt Relevant Performance Indicators

Once a company has established which ESG topics to report on, it can begin to disclose specific performance indicators to demonstrate progress. These indicators may be generic, industry-specific or company-specific. It is also recommended that companies use widely accepted indicators developed via a credible national or international process. GRI, for example, produces the most widely used set of standards for corporate sustainability reporting with detailed guidance on their application.\(^\text{18}\)

In 2018, the World Federation of Exchanges (WFE) published the “\textit{WFE ESG Guidance and Metrics to the GRI Standards}”\(^\text{19}\), a sustainability reporting guidance for their member exchanges that is fully aligned with the GRI Sustainability Reporting Standards. The guidelines have been mapped against the GRI Standards in an easy-to-use linkage document.


\(^{18}\) To download the GRI Standards go to \url{https://www.globalreporting.org/standards/}.

\(^{19}\) \url{https://www.globalreporting.org/SiteCollectionDocuments/2018/Mapping_WFE-ESG-Metrics_GRIStandards.PDF}
A page from a document discussing sustainability reporting standards and metrics. The page includes a table with details on various environmental metrics, their calculation methods, guidance, corresponding GRI standards, and other information. The table is labeled "Revised WFE Recommendations (2018) Version 2."
<table>
<thead>
<tr>
<th>S1</th>
<th>Social</th>
<th>CEO Pay Ratio</th>
<th>S1.1</th>
<th>Percentage: Total compensation to median FTE compensation</th>
<th>Use total compensation including all bonus and incentives.</th>
<th>GRI 102: General Disclosures 2018</th>
<th>Disclosure 103-36</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>S1.2</td>
<td>Does your company report this metric in regulatory filings? Yes/No</td>
<td>For example: Dod/Frank regulations (US)</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>S2.2</td>
<td>Does your company report this metric in regulatory filings? Yes/No</td>
<td></td>
<td>n/a</td>
<td>n/a</td>
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<td>S3</td>
<td>Social</td>
<td>Employee Turnover</td>
<td>S3.1</td>
<td>Year-over-year change for full-time employees</td>
<td>GRI 102: General Disclosures 2018</td>
<td>Disclosure 103-8</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>S3.2</td>
<td>Year-over-year change for part-time employees</td>
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<td>n/a</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>S3.3</td>
<td>Year-over-year change for contractors and/or consultants</td>
<td></td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>S4</td>
<td>Social</td>
<td>Gender Diversity</td>
<td>S4.1</td>
<td>Percentage: Total enterprise headcount held by men and women</td>
<td>GRI 102: General Disclosures 2018</td>
<td>Disclosure 102-8</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>S4.2</td>
<td>Percentage: Total enterprise headcount held by men and women</td>
<td></td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>S4.3</td>
<td>Percentage: Total enterprise headcount held by men and women</td>
<td></td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>S5</td>
<td>Social</td>
<td>Temporary Worker Ratio</td>
<td>S5.1</td>
<td>Percentage: Total enterprise headcount held by independent contractors and/or consultants</td>
<td>GRI 102: General Disclosures 2018</td>
<td>Disclosure 102-8</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>S5.2</td>
<td>Percentage: Total enterprise headcount held by independent contractors and/or consultants</td>
<td></td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>S6</td>
<td>Social</td>
<td>Non-Discrimination</td>
<td>S6.1</td>
<td>Does your company follow a non-discrimination policy? Yes/No</td>
<td>Cite public content, if available.</td>
<td>GRI 103: Management Approach 2018</td>
<td>Disclosure 103-2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>S6.2</td>
<td>Does your company follow a child and/or forced labor policy? Yes/No</td>
<td>Reference ILO &amp; UNHR standards, if possible.</td>
<td>GRI 103: Occupational Health and Safety 2018</td>
<td>Disclosure 403-9</td>
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<tr>
<td>S7</td>
<td>Social</td>
<td>Injury Rate</td>
<td>S7.1</td>
<td>Percentage: Frequency of injuries relative to total workforce time</td>
<td>Cite public content, if available.</td>
<td>GRI 103: Management Approach 2018</td>
<td>Disclosure 103-2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>S7.2</td>
<td>Percentage: Frequency of injuries relative to total workforce time</td>
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<td>Disclosure 403-9</td>
</tr>
<tr>
<td>S8</td>
<td>Social</td>
<td>Global Health &amp; Safety</td>
<td>S8.1</td>
<td>Does your company follow an occupational health and/or global health &amp; safety policy? Yes/No</td>
<td>Cite public content, if available.</td>
<td>GRI 103: Management Approach 2018</td>
<td>Disclosure 103-2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>S8.2</td>
<td>Does your company follow a child and/or forced labor policy? Yes/No</td>
<td>Reference ILO &amp; UNHR standards, if possible.</td>
<td>GRI 103: Occupational Health and Safety 2018</td>
<td>Disclosure 403-9</td>
</tr>
<tr>
<td>S9</td>
<td>Social</td>
<td>Child &amp; Forced Labor</td>
<td>S9.1</td>
<td>Does your company follow a child and/or forced labor policy? Yes/No</td>
<td>Cite public content, if available.</td>
<td>GRI 103: Management Approach 2018</td>
<td>Disclosure 103-2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>S9.2</td>
<td>Does your company follow a child and/or forced labor policy? Yes/No</td>
<td>Reference ILO &amp; UNHR standards, if possible.</td>
<td>GRI 103: Occupational Health and Safety 2018</td>
<td>Disclosure 403-9</td>
</tr>
<tr>
<td>S10</td>
<td>Social</td>
<td>Human Rights</td>
<td>S10.1</td>
<td>Does your company follow a human rights policy? Yes/No</td>
<td>Cite public content, if available.</td>
<td>GRI 103: Management Approach 2018</td>
<td>Disclosure 103-2</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>S10.2</td>
<td>Does your company follow a human rights policy? Yes/No</td>
<td>Reference ILO &amp; UNHR standards, if possible.</td>
<td>GRI 103: Management Approach 2018</td>
<td>Disclosure 103-2</td>
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<td>G1</td>
<td>Governance</td>
<td>Board Diversity</td>
<td>G1.1</td>
<td>Percentage: Total board seats occupied by men and women</td>
<td>GRI 409: Diversity and Equal Opportunity 2018</td>
<td>Disclosure 405-1</td>
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<td></td>
<td></td>
<td></td>
<td>G1.2</td>
<td>Percentage: Total board seats occupied by men and women</td>
<td></td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>G2</td>
<td>Governance</td>
<td>Board Independence</td>
<td>G2.1</td>
<td>Percentage: Total board seats occupied by independent directors</td>
<td>Cite public content, if available.</td>
<td>GRI 102: General Disclosures 2018</td>
<td>Disclosure 103-23</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>G2.2</td>
<td>Percentage: Total board seats occupied by independent directors</td>
<td>GRI 102: General Disclosures 2018</td>
<td>Disclosure 102-22</td>
<td></td>
</tr>
<tr>
<td>G3</td>
<td>Governance</td>
<td>Incentivized Pay</td>
<td>G3.1</td>
<td>Percentage: Total enterprise headcount covered by collective bargaining agreement(s)</td>
<td>Cite public content, if available.</td>
<td>GRI 102: General Disclosures 2018</td>
<td>Disclosure 102-35</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>G3.2</td>
<td>Percentage: Total enterprise headcount covered by collective bargaining agreement(s)</td>
<td></td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>G4</td>
<td>Governance</td>
<td>Collective Bargaining</td>
<td>G4.1</td>
<td>Are your vendors or suppliers required to follow a code of conduct? Yes/No</td>
<td>Cite public content, if available.</td>
<td>GRI 103: Management Approach 2018</td>
<td>Disclosure 103-2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>G4.2</td>
<td>Are your vendors or suppliers required to follow a code of conduct? Yes/No</td>
<td></td>
<td>GRI 103: Management Approach 2018</td>
<td>Disclosure 103-2</td>
</tr>
<tr>
<td>G5</td>
<td>Governance</td>
<td>Supplier Code of Conduct</td>
<td>G5.1</td>
<td>Percentage: your suppliers have formally certified their compliance with the code</td>
<td>Cite public content, if available.</td>
<td>GRI 103: Management Approach 2018</td>
<td>Disclosure 103-2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>G5.2</td>
<td>Percentage: your suppliers have formally certified their compliance with the code</td>
<td></td>
<td>GRI 103: Management Approach 2018</td>
<td>Disclosure 103-2</td>
</tr>
</tbody>
</table>
5. Reporting Integrity and Transparency

The absence of a generally accepted accounting standards for measuring and presenting environmental, social and governance metrics creates challenges for investors in interpreting performance. Companies should describe to investors any standards that they have applied in the preparation of key ESG metrics. This should be supplemented with details of key definitions and assumptions used in the calculation of metrics where an external standard does not exist or has not been applied. To facilitate ease of use by investors, it is preferable that a brief ‘basis of preparation’ explanation or document is made available either within the company’s report itself or on its website.

6. Proper Communication

Companies may use various communication channels including integrated reports, standalone sustainability reports, websites or any other publications to disclose relevant, comparable and timely information on ESG matters. The right disclosure channels ensure investors receive relevant, easily accessible, comparable and timely information. It is advantageous for companies to be familiar with the preferred ESG information sources of its key stakeholders, and to update these with timely and accurate news about their performance.
Appendix: Sustainability Reporting Initiatives
Appendix: Sustainability Recommendations

Global Reporting Initiative (GRI)

GRI is an independent international organization that has pioneered sustainability reporting since 1997. GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. With thousands of reporters in 110 countries, GRI provides the world’s most trusted and widely used standards on sustainability reporting, enabling organizations and their stakeholders to make better decisions based on information that matters. Currently, 60 countries and regions reference GRI in their policies.

GRI’s mission is to empower decision-makers everywhere, through its standards and multi-stakeholder network, to take action towards a more sustainable economy and world.

GRI Standards

The GRI Standards are the first global standards for sustainability reporting. The GRI Sustainability Reporting Standards (GRI Standards) are a set of modular reporting standards that can be used by any organization to report about its impacts on the economy, the environment, and society. They represent the global best practice for reporting on a range of economic, environmental and social impacts. The GRI Standards are developed with true multi-stakeholder contributions and rooted in the public interest.

www.globalreporting.org

International Integrated Reporting Council (IIRC)

IIRC is a group of international leaders from the corporate, investment, accounting, securities, regulatory, academic, standard-setting and civil society areas with a mission to create the Integrated Reporting framework. The Framework will provide material information about an organization’s strategy, governance, performance and prospects in a concise and comparable format, a fundamental shift in corporate reporting.

www.integratedreporting.org
Sustainability Accounting Standards Board (SASB)

The Sustainability Accounting Standards Board Foundation (SASB) is an independent, non-profit standard-setting organization that develops and maintains robust reporting standards that enable businesses around the world to identify, manage and communicate financially material sustainability information to their investors. SASB standards are evidence based, developed with broad market participation, and are designed to be cost-effective for companies and decision-useful for investors. To download any of the 77 industry-specific standards, or learn more about SASB, please visit the website.

www.sasb.org

UN Global Compact (UNGC)

As a special initiative of the UN Secretary-General, the United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universal principles in the areas of human rights, labour, environment and anti-corruption. Launched in 2000, the mandate of the UN Global Compact is to guide and support the global business community in advancing UN goals and values through responsible corporate practices. With more than 9,500 companies and 3,000 non-business signatories based in over 160 countries, and 70 Local Networks, it is the largest corporate sustainability initiative in the world. For more information, please visit the website.

www.unglobalcompact.org