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# *Leading in Sustainability*

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# *Agenda*

Berichterstattung und deren Entwicklung

Business Case

(ausgewählte) Sustainability Reporting Trends

(ausgewählte) Indikationen für Good/Best Practice

Integrated Reporting

# *Grobe Entwicklung der Berichterstattung*



1960



1980



2000



2010

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## ***Warum ist die Qualität des externen Reportings wichtig?***

- **Reporting ist ein Wettbewerbsfeld**
  - Zugang zu Kapital
  - War for Talents
  - Beziehungspflege
- **Reporting erhöht die interne Disziplin und dadurch allenfalls die Performance**
  - Futter für wichtige Board Diskussionen
  - Mehr Alignment
  - Sollte das interne Reporting kritisch und positiv beeinflussen
- **Reporting kann helfen, rechtliche Herausforderungen besser zu meistern**
  - “Fiduciary duty” to mehreren Stakeholders
  - wachsende Spanne von Accountability

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## ***Sustainability Reporting heute***

- Zunehmende Zahl von „Reporting Companies“:  
99% aller börsennotierten Unternehmen in OECD Ländern berichten irgendwie über Sustainability, CSR, CR, CSV, CC, ...
- Definition von „Sustainability“
- Schleichende Entwicklung in FS – Private Equity als Beispiel
- Für mehr als die Hälfte „me too“
- Regulatorisches Umfeld – von freiwillig zu obligatorisch
- Standardisierung – GRI or not GRI
- Business Case – „what’s in it for us?“

# Sustainability Reporting Tips: “how to”

1	Set the scene	Provide an overview of your business and the market environment in which you operate to contextualise your reporting for the reader.
2	Live it, breathe it	Clearly describe your sustainability strategy over the short, medium and long term. Demonstrate how this is integrated in your core corporate strategy and permeates throughout your business.
3	What gets measured, gets done	Identify KPIs which are directly relevant to your sustainability strategy. Explain why they are relevant and how they are defined. Set and review your performance against challenging but realistic targets.
4	The good, the bad, and the ugly	Present information in a balanced and transparent fashion. Celebrate success but also avoid glossing over negative sustainability impacts or poor performance against targets. Explain where and how improvements will be made.
5	Snakes and ladders	Draw out and explain in detail the key strategic risks and opportunities arising from the sustainability agenda. Explain the relevance and implications of each as they relate to your organisation and the actions put in place to mitigate risks and maximise opportunities.
6	It's a material world	Demonstrate an understanding of the sustainability issues relevant to you and your key stakeholders; report only those of material importance.
7	Show me the money	Illustrate how your sustainability strategy has had an impact on the bottom line. Identify and define potential means of maximising economic benefits going forward.
8	Pay as you go	Explain how directors and staff are incentivised to deliver on the sustainability strategy and the goals set. Ensure that the reader can understand the link between remuneration and actual performance.
9	Ask around	Explain how you engage with principal stakeholders and how this has impacted your sustainability strategy and reporting.
10	Reach out	Use multiple communication channels thoughtfully. Ensure that the medium, content and style are tailored to both the audience and the messages being delivered.
11	Big brother	Explain how the sustainability governance system operates. Identify the board member responsible for sustainability issues, describe the policies that have been implemented and explain how management ensure that these policies are working.
12	Prove it	Ensure the credibility of your reported content, for example, by reference to independent studies, external benchmarking, expert review panels or through conventional assurance. Where assurance is used the opinion should clearly state the scope of work.

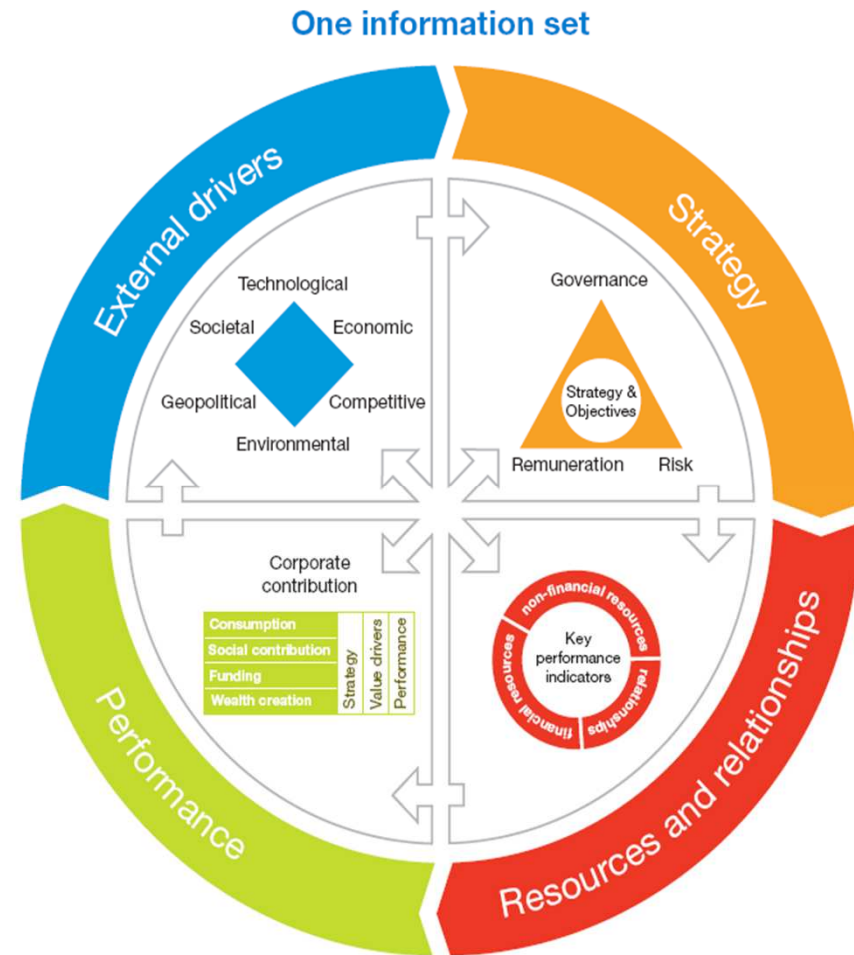
# Our integrated reporting framework

With changing market conditions, stakeholder expectations, and reduced confidence and certainty, internal and external decision making needs a more complete and connected information set to underpin both internal and external reporting.

Shown here in its generic form, PwC's Integrated Reporting Framework is based on over a decade of research and work with investors and companies. The framework has four broad, yet critical, categories of information common to all industries and companies. We believe companies need to have this information to be on top of the dynamics of modern business and able to cement trust.

The framework provides a logical and connected structure to work out and demonstrate the information needs of a business and the critical links and interdependencies that exist between the categories.

None of the information that flows within or between each category is new or unusual. But the real insight and value comes from understanding the points of intersection. For example, governance interfacing with remuneration and risk; strategy developed to exploit a changing market environment; and strategic priorities, business performance and KPIs aligned. It is this joined-up thinking which is so critical.



# The framework explained

## External Drivers

- Management's capability to understand and explain external market drivers is fundamental to effective decision-making and reporting.
- The credit crunch and subsequent economic downturn have exposed the need for companies to understand, monitor, manage and explain emerging risks and opportunities.
- Processes must capture macro, competitive, regulatory and political factors shaping the market place, as well as changing societal expectations.
- Whilst investors spend the majority of their time understanding market context, they still want to hear the views of management as this can provide the context to understand their strategic decision-making.

## Strategy

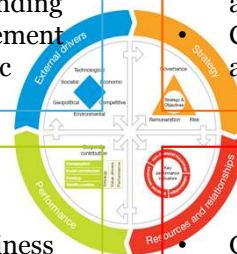
- A clear strategy is fundamental to business success and consequently should underpin the communication of the quality and sustainability of corporate performance.
- Effective strategies are developed in the context of market drivers and are aligned with the business model. This should be communicated externally.
- An understanding of the culture/values, governance practices and remuneration policies in place is increasingly important in determining how the strategy is embedded into the organisation and the company's risk appetite to pursue strategic success.
- Communication of corporate strategy should be accompanied by an explanation of the risks assumed and how they are mitigated.

## Performance

- The previous three categories capture the dynamics of business activity that need to be made more transparent both within the business and externally. To complete the picture, the outputs of corporate activity need to be added.
- Currently these outputs are dominated by financial performance – the model for which is well developed and understood.
- Whilst financial performance will remain critical, changing societal expectations will mean that business success will require a more balanced assessment of corporate contribution, including resource consumption and wealth creation/distribution, which can provide real insight into long-term sustainability.

## Resources and Relationships

- Greater collaboration between businesses within the value chain means an understanding of the scope of the business model is increasingly important.
- The relative importance of resources (financial, human and natural capital) and relationships (customers, employees, suppliers, etc) will flex, depending on changing market dynamics and strategies.
- Information on the relative strength of resources and how they are being managed, developed and protected, is critical.
- This information should go beyond qualitative statements to a clear set of KPIs – financial and non-financial – that help management monitor and report progress.



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**[www.corporatereporting.com](http://www.corporatereporting.com)**

**[www.pwc.ch/corporatereporting](http://www.pwc.ch/corporatereporting)**

**[www.theirc.org](http://www.theirc.org)**

**[www.pwc.com/sustainability](http://www.pwc.com/sustainability)**

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## ***Grundsatzfragen – die 4 Ws***

- WARUM ?
- Für WEN ?
- WAS ?
- WIE ?

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***“...fact-based story-telling...”***

- Berichterstattung
- vs
- Kommunikation

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## ***Timing – und was erkennen wir daraus?***

- Gleichzeitig mit Jahresabschluss
- Später (zB erst im zweiten Halbjahr nach Jahresabschluss)

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## ***Integration – welche Integration?***

- Integration der Berichterstattung
- Integration des operationellen Managements
- Integration der Strategie

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## ***Integration INTERN/EXTERN***

- Integration von internem und externem Reporting
- (Integration von interner und externer Prüfung)

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## ***Mehr und mehr und mehr und mehr und mehr... ...oder besser ?***

- Kontext
- Relevanz
- Materialität/Wesentlichkeit
  
- Was nicht als Grundlage für Führungsentscheide dient,  
ist NICHT wirklich relevant.
- Wer bestimmt, was wesentlich ist ?

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## ***Reporting Prozess / Infrastruktur***

- Accounting Principles
- Konsolidierung
- Fachkompetenz

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## ***Governance des Reporting Prozesses***

- Wer ist verantwortlich
- Wer gibt die Info frei
- Kontrollumfeld
- Prüfung

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## ***Was heisst Transparenz?***

- Historie (3 Jahre)
- Aktuelle Ziele
- Aktuelle Performance
- Benchmark
- Zukünftige Ziele
- Kontext

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## ***Ausblick***

- IIRC – integrated reporting
- Regulierung (DK, F, KL , Jo'burg, EU?)
- Multichannel – Print, WWW, Produkt
- Wirkung und Wirkungsmessung (Facts vs Perception)
- Weitergehende Integration und gleichzeitig Verkürzung
- Neue Themen: Wasser, Biodiversität, Bestechung/Korruption, Steuern, makro-ökonomischer Footprint,...
- Re-Fokussierung auf Aktionäre und Investoren

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# *Danke.*

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