



GET READY
FOR 2022 WITH
OUR LATEST
*Sustainability
Reporting
Trends*
AND BEST
PRACTICES

10 YEARS OF
TRENDS
RESEARCH

10 SECTORS
RESEARCHED

5 CONTINENTS
ASSESSED

It's Showtime!

The sustainability communications landscape is always changing. We know that you don't always have the time to stay on top of it – but we do. We love it, we live it, and in this summary we have identified what you need to know as you build your reporting program for 2021.

OUR SAMPLE: 10 SECTORS

The what, where and how of sustainability reporting tells us a story. In ways both big and small, the companies in our sample are taking steps to frame sustainability as material to investor decision making.



INSURANCE



FINANCIAL SERVICES



HEALTH CARE



HIGH TECH



REAL ESTATE



RESOURCES



CONSUMER GOODS



TELECOMMUNICATIONS



TRANSPORTATION



UTILITIES

7 CORE RESEARCH TOPICS

To consider the importance of reporting from a board perspective, our research team analyzed their findings through seven distinct topic lenses.



PURPOSE AND LEADERSHIP



WHAT MATTERS MOST



TELLING THE STORY



REPORTING TOOLBOX



DIGITAL STRATEGIES



FRAMEWORKS



TARGETS AND PERFORMANCE



On Trend with Wesley Gee

With over ten years of sustainability trends research, we've seen the momentum shift from random acts and one-size reporting to those that better connect to key audiences and how they create value. Here are a few insights from this year's trends research and where we see the sustainability landscape shifting:

AUDIENCES MATTER

Don't forget about your audience. A "report" remains important, but incorporating websites, creating engaging videos, and developing a solid social media campaign to complement it is the new way to drive wider attention.

TOPIC-SPECIFIC OUTREACH

Companies are beginning to extract specific information from their full report to reflect on areas that are of genuine interest. These bite-sized summaries are a great way to communicate with different audiences and expand your reach.

STANDARDS MATTER

Standards still matter in reporting. While some frameworks converge, it is important to align with more than one (or two) standards in your reporting.

REPORTS ARE BECOMING SHORTER

As the years pass, reports are becoming shorter and shorter. Several companies are choosing to use infographics and external links to websites and related publications to convey their message without increasing their word count.

INTEGRATION IS HAPPENING

Integration is here and everyone is jumping on board. Companies are beginning to integrate their reporting as a single annual report or even as a suite of assets to inform key audiences.

SHOWING COMMITMENT

Audiences want to see commitment and companies are showing it through discussing impact, value creation, resilience and a net zero vision – with data and a storyline.

ABOUT OUR METHODOLOGY

Our team reviews primary sustainability publications (including integrated reports) along with sustainability-focused content available on each company's corporate website and social media channels. We track activities against content- and design-related metrics such as materiality, frameworks and format, and log our findings into a database, so that we can identify trends and commonalities over time.

IN FULL TRANSPARENCY

Our primary goal is to identify and highlight the very best practices. Consequently, we highlight reports we did not design to draw attention to excellence on the part of reporting companies (and their suppliers, when that applies). We also highlight work we consulted, which is marked with the following icon:

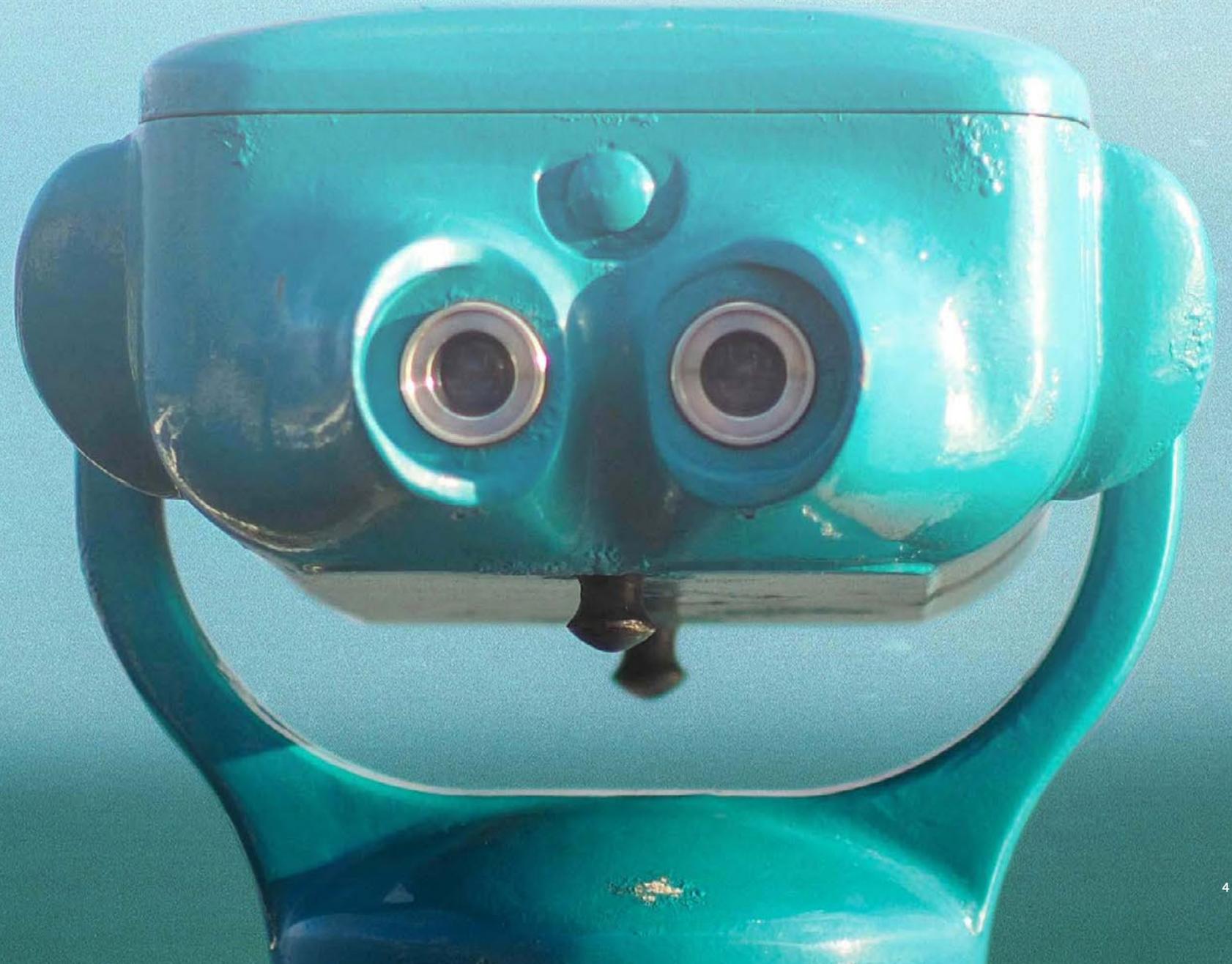


Purpose and Leadership

Companies with vision embed sustainability in their leadership, messaging and public disclosures – ensuring key priorities are in focus and the purpose, strategy and reporting are magnified.

41%

**COMPANIES WITH A
REPORT THEME ALIGNED
WITH THEIR PURPOSE**
(2020: 19%, 2019: 19%)



CAPITAL POWER

2020 Integrated Report

Capital Power includes a discussion between the CSO and CFO in a Q&A format, outlining how they are embedding sustainability into strategy and decision making.

W Developed with Works Design

A Discussion with Our Chief Sustainability Officer and Chief Financial Officer

Embedding Sustainability into Strategy and Decision Making



Kate Chisholm, Senior Vice President, Planning, Stakeholder Relations and Chief Sustainability Officer
Sandra Haskins, Senior Vice President, Finance & Chief Financial Officer

Capital Power is continuing its efforts to integrate its financial, growth and sustainability strategies and disclosures. While the Company has made significant progress, Kate Chisholm, Senior Vice President, Planning, Stakeholder Relations and Chief Sustainability Officer, and Sandra Haskins, Senior Vice President, Finance & Chief Financial Officer, speak about the ongoing journey.

How is Capital Power integrating sustainability into its business?

Kate: Sustainability is already integrated at the most senior levels, with our Board leading the way. We don't have a Board committee that considers sustainability – our Board of Directors talks about it every single quarter. They want to hear from me about our progress and about the new issues that are emerging. They never make a decision without considering the sustainability impact alongside the financial impact.

Sandra: In addition to the Board, leaders from our key internal teams are also fully involved. What we're doing now is cascading sustainability throughout their areas and helping all employees see the connections and links to our business. Quite simply, employees must consider sustainability impacts as they make decisions – it is now concretely a part of their job.

How has sustainability improved long-term decision making at Capital Power?

Kate: We know that decisions on important societal issues can have a significant impact on our business. But we had to find a way to quantitatively measure and show the ROI. Factors such as increased operating efficiency and energy savings are fairly easy to estimate, but quantifying the value of more loyal customers, and more highly motivated and productive employees, is a complicated undertaking. Through the analysis, we were able to identify seven major sources of benefits, each expected to increase Capital Power's long-run value – such as increased employee retention and lower cost of debt and equity – and then quantified the expected effects on value of four of them to produce an estimated contribution to the value of our Company, which is substantial. We have started to incorporate the benefits and methodology into our investment decision-making process.

Sandra: In addition, our Finance and Sustainability teams are working to find the appropriate way to incorporate sustainability factors into our investment decision methodology. Take our carbon emissions target. We're committed to reducing our emission intensity by 65% by 2030 from 2005 – despite significant growth in our portfolio of assets. As we look at business development and investment opportunities, such as what types of projects we'll invest in, it must be through the lens of whether the opportunity or investment will support our ability to achieve this target. If it doesn't, that will have a material impact on our decision.

How do you discuss sustainability with stakeholders?

Kate: In the past, many companies and investors were very narrowly focused on profit margins. But, today at Capital Power, we're convinced that you don't have to trade shareholder value for strong sustainability performance – we're very clear about this with our shareholders. On the contrary, we believe we'll create more shareholder value by conducting our business in a way that benefits the environment and people. We believe we will create more shareholder value – and drive local economic growth – by helping the world get to net carbon neutral in a way that's affordable and reliably keeps everyone's lights on.

Sandra: Whether it's through our integrated annual reporting or meetings with investors and other stakeholders, we always emphasize that our overall performance is very much tied to delivering on our sustainability targets. It's important that our stakeholders understand that we're creating value on more than one continuum, and that sustainability and business performance are woven together. Take, for example, the fact that we're trying to grow our portfolio of assets. The health and safety of our workers affects our ability to deliver on this goal. We also know that a more diverse and inclusive workforce increases productivity and helps bring diverse perspectives into our decision making.

How have investors reacted?

Sandra: The positive reaction from investors to our repowering announcement in December 2020 (see page 26) speaks for itself. This is an investment in our strategy to be net carbon neutral by 2050, and we saw investor support reflected in our share price. That just shows how important climate change is to investors. We've accelerated our decarbonization efforts with the repowering initiative and seven renewable projects under construction or in advanced development, and we've been rewarded through investor support. They appreciate that we have a strategy to get to net carbon neutral and we're executing on it consistently.

Kate: We're seeing a convergence of ESG investors and financial investors. They're becoming one and the same, which is a great thing. Investors who used to be focused solely on financial returns now realize that they can earn a greater return from serving societal interests rather than by ignoring them. This is something we've been focused on for many years and, in many ways, it put us ahead of the curve.

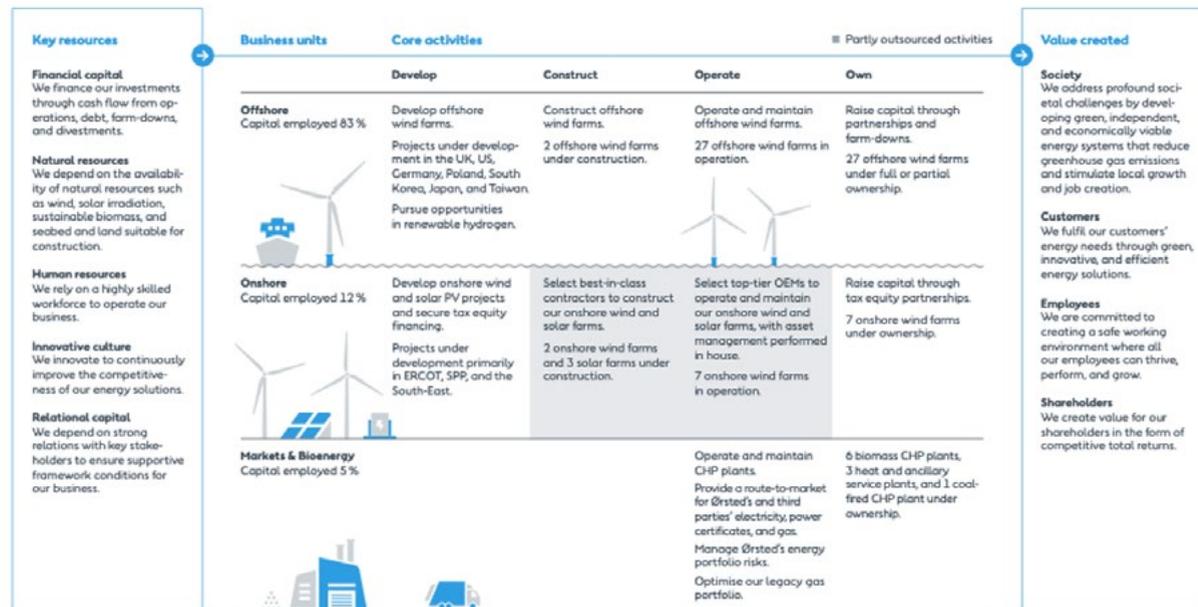
Kate Chisholm
Kate Chisholm, Senior Vice President, Planning, Stakeholder Relations and Chief Sustainability Officer

Sandra Haskins
Sandra Haskins, Senior Vice President, Finance & Chief Financial Officer



"We're committed to reducing our emission intensity by 65% by 2030 from 2005 – despite significant growth in our portfolio of assets."

Our business model



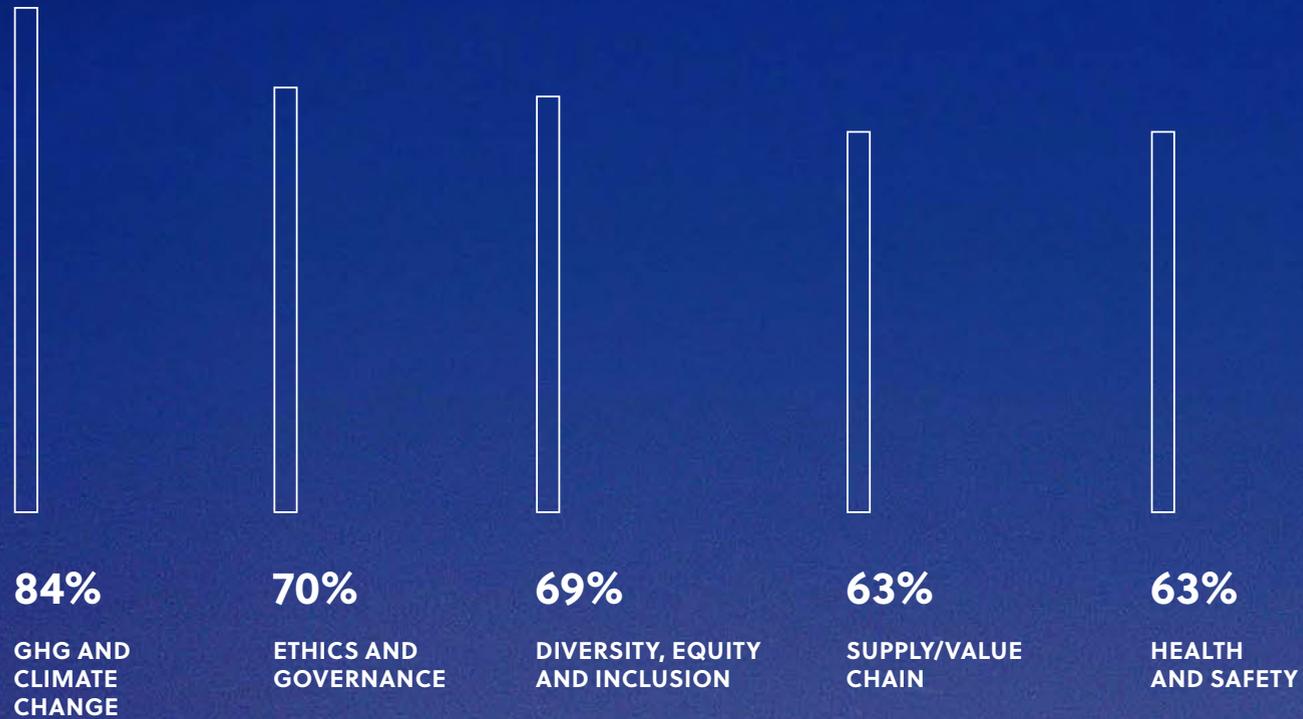
ORSTED

Annual Report 2020

Orsted shares how it creates value through its business model and identifies key resources used, the business units and core activities relied on, and the way in which value is created for customers, society, employees and shareholders.

What Matters Most

ATTENTION: Whether you want to hear it or not, engaging with the stakeholders who matter most puts companies in a position to better understand, respond to, and plan a future around the issues that matter most.



Sustainability and Corporate Responsibility Report 2020

Ericsson visually depicts its stakeholder engagement model and highlights its key stakeholders, how they're engaged, the key topics raised and how the organization has and intends to create value for them.

Stakeholder engagement

Ericsson's approach to stakeholder engagement enables it to learn about its stakeholders' expectations, requirements and concerns. This provides insights into risks as well as opportunities. Ericsson engages with its stakeholders on an ongoing basis on sustainability-related topics and emerging dilemmas.

Some of the topics addressed in 2020 include human rights, anti-corruption, health, safety and well-being, responsible sourcing, climate action, energy performance, digital inclusion and sustainable development. Stakeholder engagement takes a variety of forms such as joint projects, advocacy, meetings, surveys and participation in industry associations. Another important method for receiving stakeholder insight is through joint research with academia and industry peers. Ericsson leverages its social media outreach to extend the conversation and hear from the public.

Stakeholders	Sustainability-focused engagements	Topics raised	Value created
Customers	<ul style="list-style-type: none"> Volunteering activities Company matching donations Continued emphasis on Speech-Up culture Individual customer meetings and engagements Customer ESG assessments Joint research and development on role of industry and digitalization in society 	<ul style="list-style-type: none"> Climate action Digital literacy, mentoring COVID-19 pandemic response Portfolio energy performance Digitalization as fundamental to meet the SDGs Industry supplier requirements and climate targets Product safety and privacy Health, safety and well-being 	<ul style="list-style-type: none"> Enabling customers to achieve their sustainability ambitions through Ericsson's portfolio
Shareholders	<ul style="list-style-type: none"> Investor meetings Capital Markets Day ESG surveys and rankings 	<ul style="list-style-type: none"> Anti-corruption ESG reporting and Corporate governance Climate action and business opportunities of digitalization 	<ul style="list-style-type: none"> Contributing to sustainable return on investments through transparent disclosures on risks and opportunities
Society	<ul style="list-style-type: none"> Supplier assessments and audits Participation in the Responsible Business Alliance 1.5°C Supply Chain Leaders 	<ul style="list-style-type: none"> Health, safety and well-being Working hours and conditions Environmental requirements Requirements on climate action Conflict minerals 	<ul style="list-style-type: none"> Long-term and stable supplier relationships creating resilient supply chains and leveraging on sustainability initiatives
Governments	<ul style="list-style-type: none"> Policy advocacy such as consultations on digital inclusion, environment, climate action, human rights and responsible business governance 	<ul style="list-style-type: none"> Facts and input on climate Regulation on energy, substances, materials, and circular economy Regulation on governance and non-financial reporting 	<ul style="list-style-type: none"> Contributing to industry expertise to support formulation of relevant regulation
Academia and sector peers	<ul style="list-style-type: none"> Joint research New technology curriculum to support digital skills development Research funding Thesis collaborations 	<ul style="list-style-type: none"> Carbon impact of ICT sector Climate change mitigation through ICT solutions Radio waves and health 	<ul style="list-style-type: none"> Contributing to shared knowledge creation and fact-based information to stakeholders
Civil society and NGOs	<ul style="list-style-type: none"> Broadband Commission for Sustainable Development Global Benchmarking Initiative (UNESCO/UNICEF) UN World Food Programme Exponential Roadmap World Wide Fund for Nature World Economic Forum World Health Organization 	<ul style="list-style-type: none"> Privacy and freedom of expression Digital inclusion and education Humanitarian relief Climate action Anti-corruption Radio waves and health 	<ul style="list-style-type: none"> Driving sustainability and responsibility in the ICT sector and contributing to digital literacy, connectivity and expertise through partnerships

Ericsson's stakeholder engagement model

The model shows a flow from Stakeholders' expectations, requirements and concerns (Employees, Customers, Shareholders, Society) through an Engagement approach (Which issues should we engage with? When should we engage? How should the engagement take place?) to Analysis (Situation analysis and insights to identify sustainability related risks and opportunities). This leads to Sustainability outcome (Strategy, Targets, Significant topics, Benefits, Programs). Insights feed back into the engagement approach.

Strategic framework

Our approach to sustainability is structured around four pillars of action and two tiers of topics. It provides the framework through which we respond to sustainability challenges and opportunities. To become a sustainable company, we must make every effort to replace cigarettes completely with better, smoke-free alternatives. Innovating for better products is therefore at the core of our strategy. Our other strategic pillars include effective management of operational topics, social issues, and environmental matters.

Our two-tiered grouping of topics is based on the sustainability materiality analysis we conducted in 2018 and refreshed in 2019. That analysis identified 10 areas of priority focus—or "Tier 1 topics"—across our four pillars of action, which are discussed in detail in this report. Tier 2 topics are referred to in this report and further described on PMI.com.

In the **Governance and management** section of this report, we describe how sustainability is embedded throughout our business and how we delegate accountability to the heads of different functions within the company linked to the main impacts they can help address.

Strategic Pillars	Tier 1 Topics	Tier 2 Topics
Innovating for better products	Product health impacts Access to smoke-free products	Product addictiveness Product reliability
Operating with excellence	Responsible marketing and sales practices Sustainable supply chain management Respect for human rights	Responsible and transparent R&D Data privacy and protection Business integrity Illicit tobacco trade prevention Responsible advocacy Fair fiscal practices
Caring for the people we work with	Socioeconomic well-being of tobacco-farming communities Health, safety, and well-being at work	Fair working conditions Community support Diverse and inclusive working environment Talent attraction, retention, and employability
Protecting the environment	Climate protection Littering prevention Product eco-design and circularity	Forest conservation Biodiversity Water stewardship Waste reduction

STEP 4 Building and validating our sustainability materiality matrix

Using all inputs gathered through the survey and impact assessment, we generated a sustainability materiality matrix in line with the Global Reporting Initiative's (GRI) requirements.

We mapped the topics with the four pillars of our sustainability strategy and highlighted those that stakeholders mentioned would likely gain momentum in the future. The final step, done upon discussion with our consultant, consisted of drawing the threshold for the relative materiality of sustainability topics.

The matrix plots various topics based on their significance to society (x-axis, Low to High) and their relevance to stakeholders (y-axis, Low to High). A diagonal threshold line separates Tier 1 topics (top-right) from other topics. Key topics in the Tier 1 quadrant include Product health impacts, Access to smoke-free products, and Responsible and transparent R&D.

PHILIP MORRIS INTERNATIONAL

Sustainability Materiality Report

PMI presented more than the traditional matrix, mapping material topics to its strategic pillars and including arrows to indicate how the importance of topics has changed over time.

Frameworks

Companies that understand sustainability standards will embrace those that will improve their management, measurement and target setting, while enhancing disclosure. Adapting to new frameworks can be challenging, but can help any company achieve a solid structure.

85%

COMPANIES ALIGNED WITH GRI STANDARDS
(2020: 85%, 2018: 84%)

72%

COMPANIES INCLUDING A TCFD INDEX
(2020: 64%, 2019: 28%)

65%

COMPANIES REPORTING TO THE SASB STANDARDS
(2020: 26%, 2019: 17%)

23%

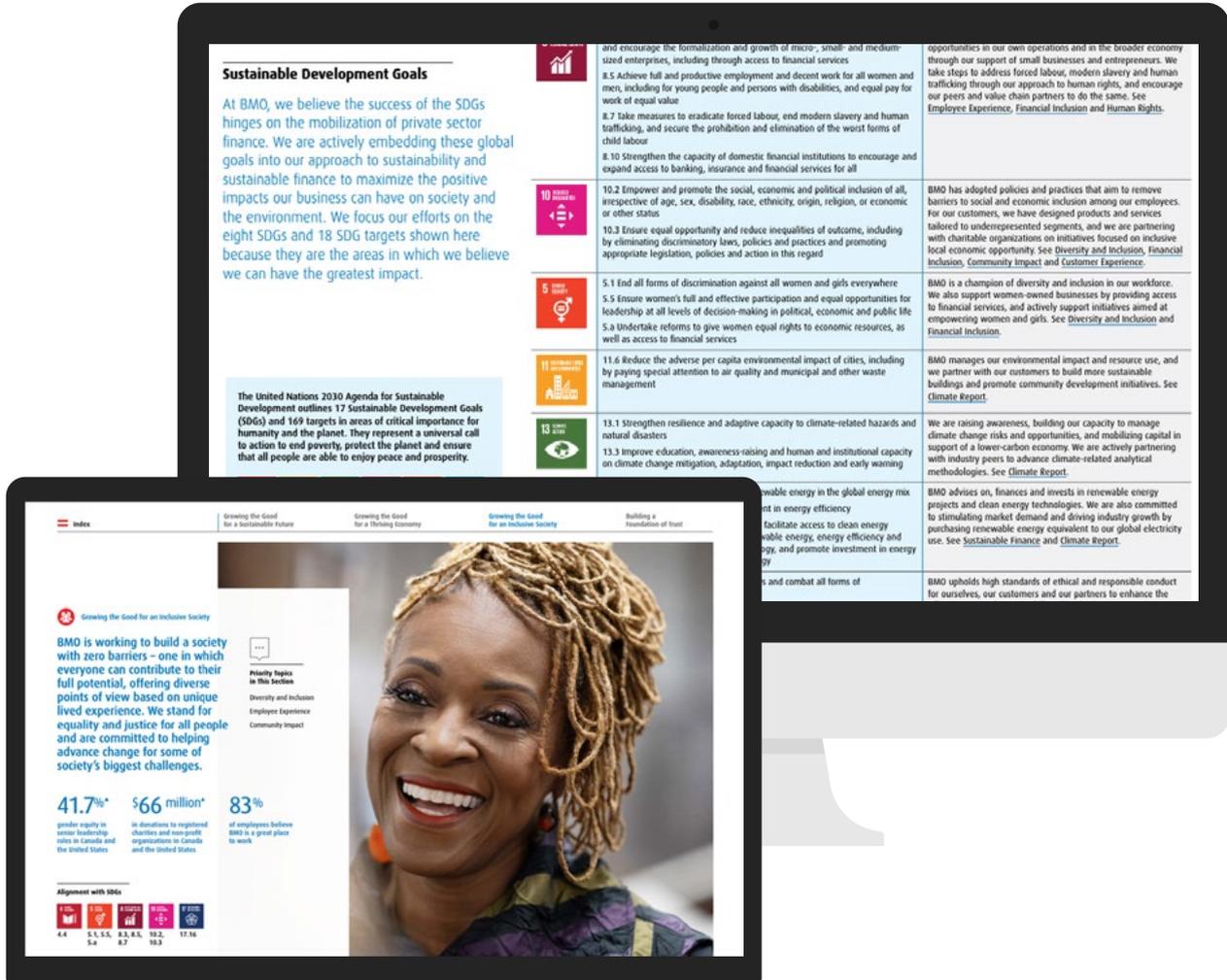
COMPANIES ALIGNING TO SPECIFIC SDG TARGETS
(2020: 32%, 2019: 27%)



2020 Sustainability Report

BMO maps its contribution to the SDGs at the target level with examples of commitments and progress on both the break pages and within the SDG index.

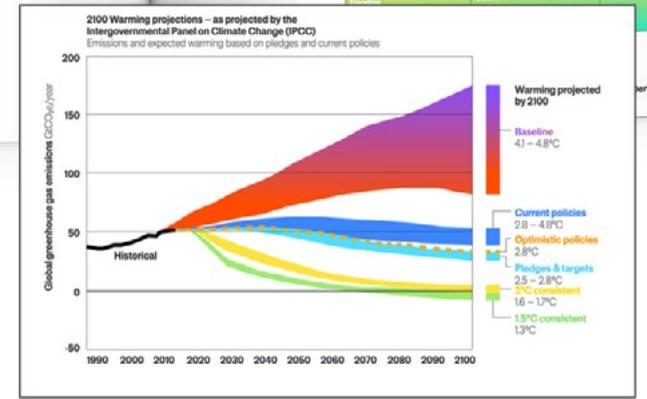
W Developed with Works Design



DERWENT LONDON

Responsibility Report 2020

Derwent London highlights and maps climate change risks through scenario analysis and physical risk assessment, and includes a graph that marks projections based on several policies and targets.



Targets and Performance

When it comes to disclosing ESG performance, the expectation for companies today is to present ambitious and impact-orientated targets. Gone are the days of inching towards the end of the platform, one toe at a time.

62%

**COMPANIES REPORTING
PERFORMANCE TO TARGETS
USING A SCORECARD**
(2020: 29%, 2018: 18%)

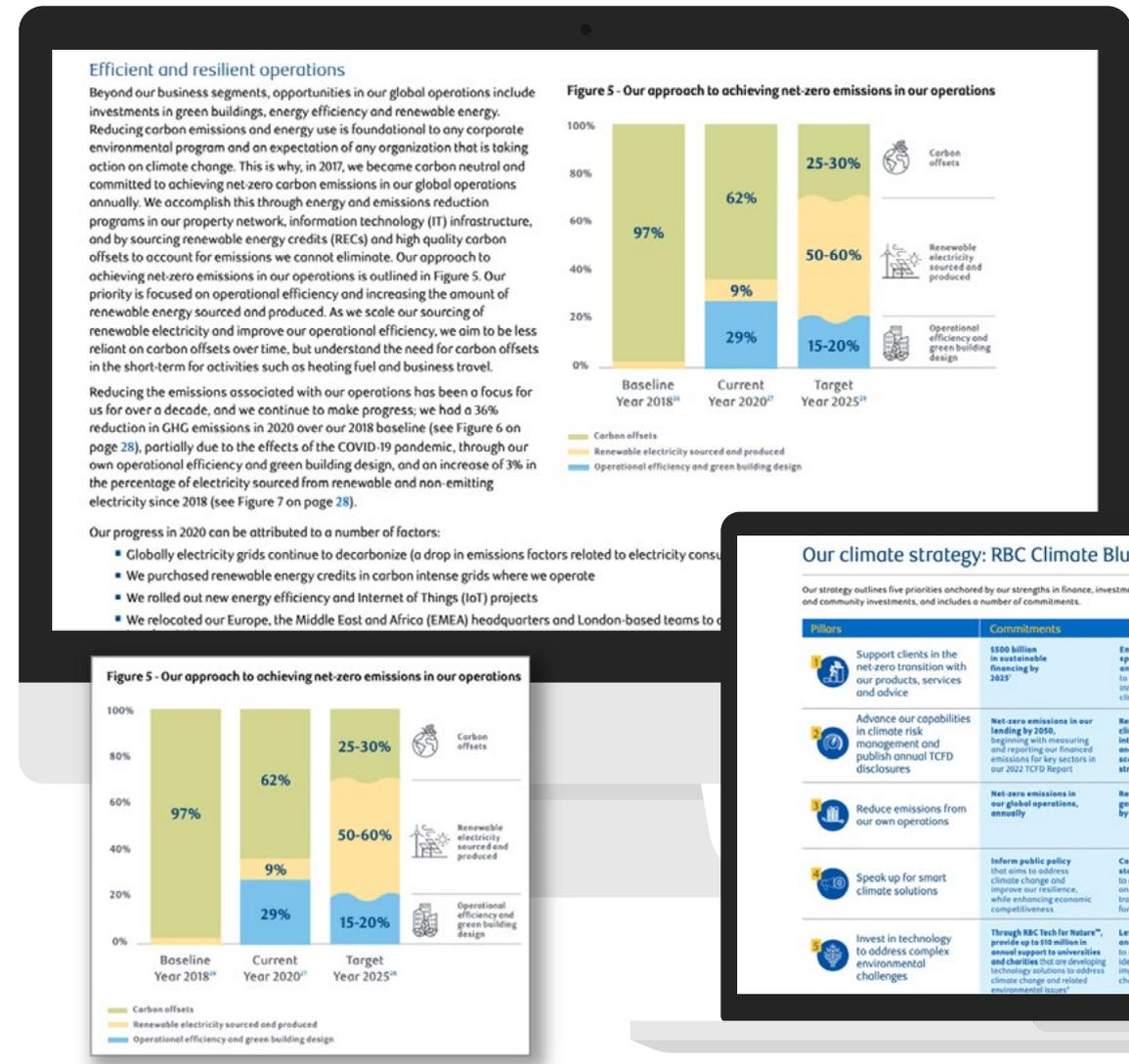
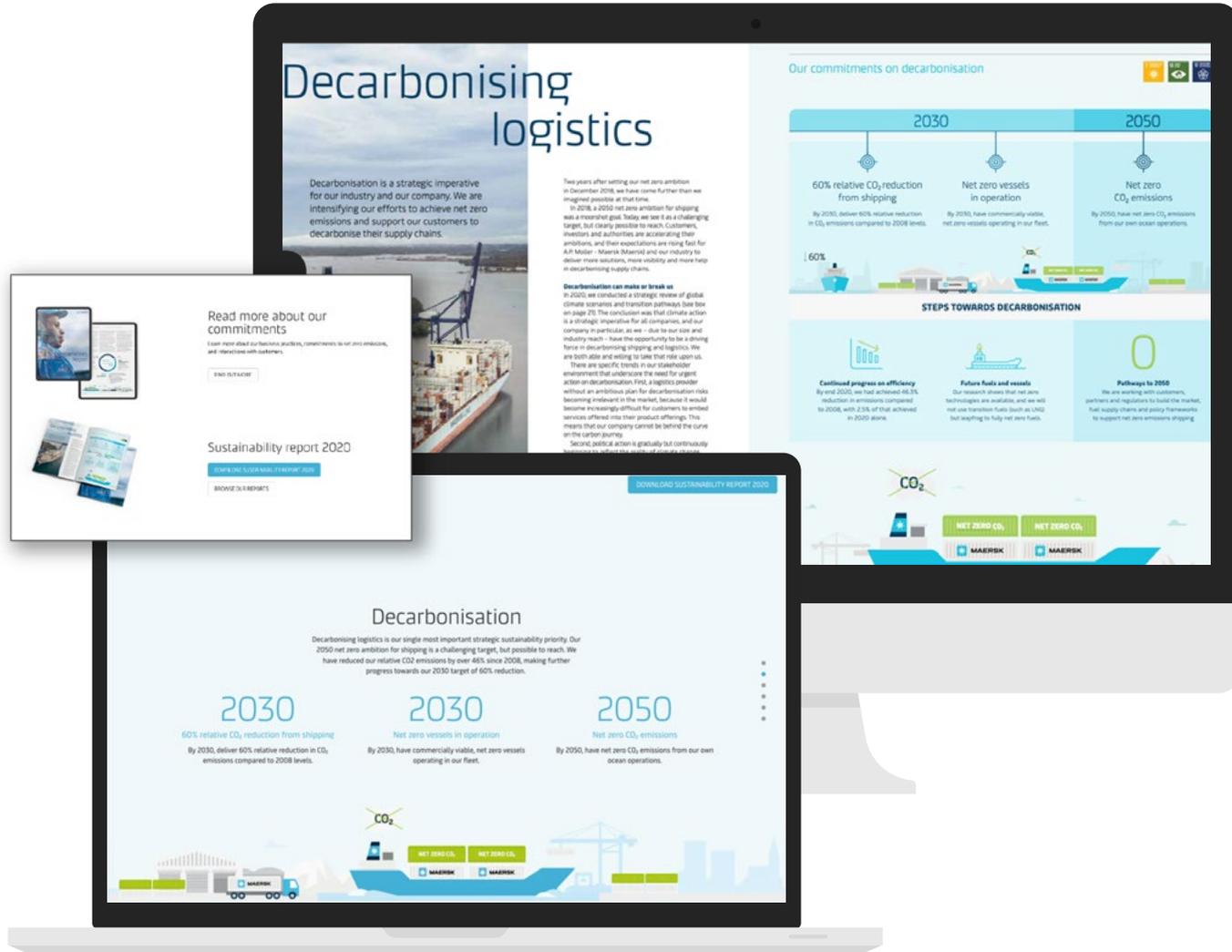
58%

**COMPANIES WITH A
FORMAL NET ZERO
COMMITMENT OR TARGET**



Sustainability Report 2020

Maersk took a unique route to address decarbonization on both the report microsite and report PDF. Maersk showcased how its decarbonization commitments align with its 2030 emissions reduction and 2050 net zero commitments, including steps to reduce emissions across operations.



TCFD Report 2020

To showcase its climate strategy, RBC listed five strategic pillars and transparently outlined its commitments to reach these goals.

Telling the Story

Companies can build lasting credibility by knowing how to tell their story to their toughest critic, with confidence and compassion, so they can read all about it.

90%

COMPANIES USING CASE STUDIES TO EXPLAIN CONCEPTS OR SUPPORT THE OVERALL NARRATIVE (2020: 67%)

97%

COMPANIES HIGHLIGHTING CLIMATE CHANGE AND NET ZERO

95%

COMPANIES HIGHLIGHTING DIVERSITY, EQUITY AND INCLUSION (DE&I)

95%

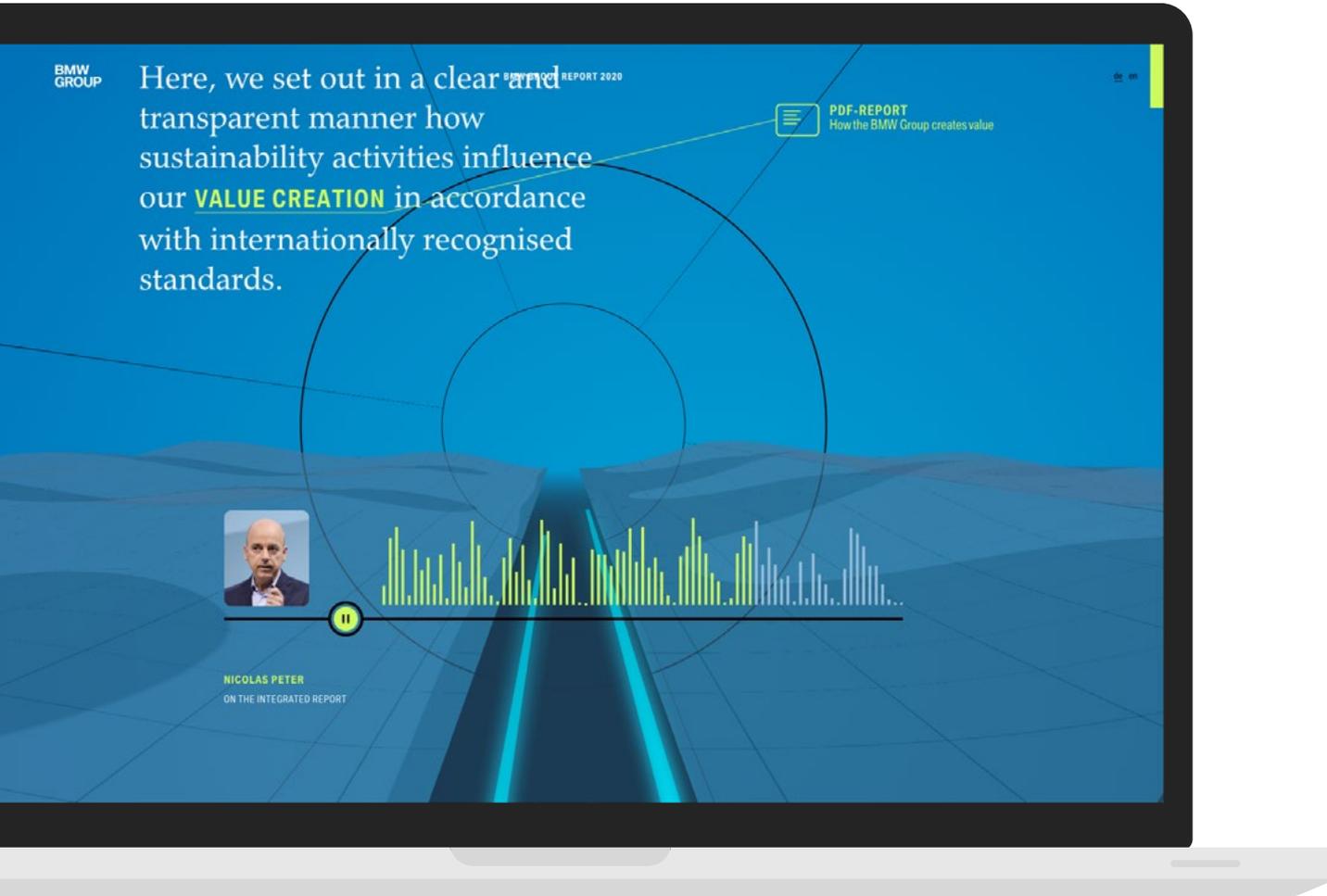
COMPANIES HIGHLIGHTING COVID-19



BMW GROUP

Report 2020 Microsite

BMW uses audio to support its report microsite, improving accessibility and audience reach.



SOCIAL PURPOSE PRIORITIES: CARING FOR OUR PLANET

Roadmap to carbon neutrality

As a global leader in environmental performance, we have demonstrated what a committed organization can do to address climate change. Over the past decade, we have realized significant absolute reductions in energy use and GHG emissions in our operations as a result of many programs and initiatives focused on our buildings and network. More recently, we have been investing in renewable energy in the form of Power Purchase Agreements (PPAs) that enables the development of new solar and wind power facilities, adding clean energy to the electricity grid and generating Renewable Energy Certificates for our use. We will continue to demonstrate

leadership in our authentic and transparent approach to climate action in the coming years.

In addition to setting transformative energy and GHG emission reduction targets, many of our product and service offerings – including TELUS Agriculture solutions and our virtual healthcare offerings such as Babylon by TELUS Health – also support a low-carbon future. By building a broadband network that enables our customers to live and work where they choose, and by offering products that allow customers to connect virtually, we help customers reduce their carbon footprint by limiting travel and making their interactions more efficient.

WE HAVE A SET TARGET TO ACHIEVE NET ZERO CARBON BY 2030

2010–2019 A decade of significant energy and emission reductions

- ✓ 15% reduction in domestic energy consumption
- ✓ Reduced domestic GHG emissions by 30%
- ✓ 20,308 MWh of renewable solar energy generated and purchased
- ✓ 566 GWh saved by improving our energy efficiency, including shutdown of redundant equipment, network optimization and right-sizing of real-estate space
- ✓ Signed two Power Purchase Agreements for 86 MW of renewable electricity capacity

2020 Managing energy while meeting the COVID-19 challenge

- ✓ 5.7% decrease in company-wide energy consumption
- ✓ New business travel and employee commuting targets
- ✓ Rapid transformation of working remotely (95% of employees at the end of 2020)
- ✓ 22,021 eMWh renewable energy production
- ✓ Two additional Power Purchase Agreements signed for 67 MW of renewable electricity capacity
- ✓ 10% reduction year-over-year in absolute GHG emissions
- ✓ 78% reduction year-over-year in CO₂e from business travel

2021–2030 Looking forward to achieving Net Zero

- Set science-based targets in 2021, which will be achieved by 2030
- Expand the scope of measurement for Scope 1 and 2 GHG emissions for new acquisitions as they arise
- Develop a vehicle fleet electrification strategy to reduce fuel-related GHG emissions
- Evaluate new science and technologies and their potential to reduce GHG emissions
- Adapt to changing legislation and regulations in operational jurisdictions
- Reach net carbon neutrality by 2030

- ✓ past achievements
- future goals and targets

NET ZERO



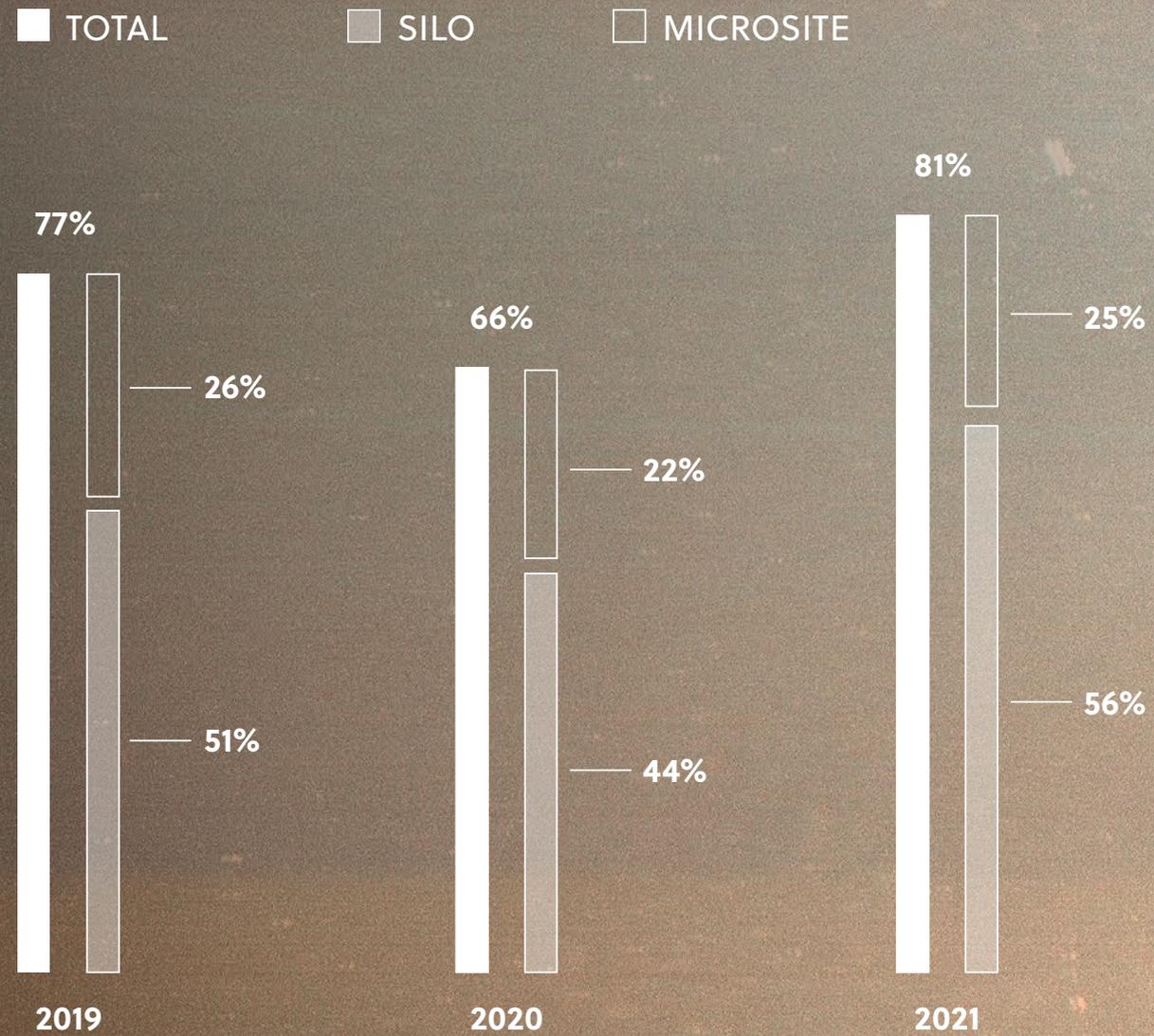
TELUS

Sustainability Report 2020

Telus created a visual representation of its path to carbon neutrality with a roadmap, which is a contextual element that is often missing from net-zero emissions target announcements.

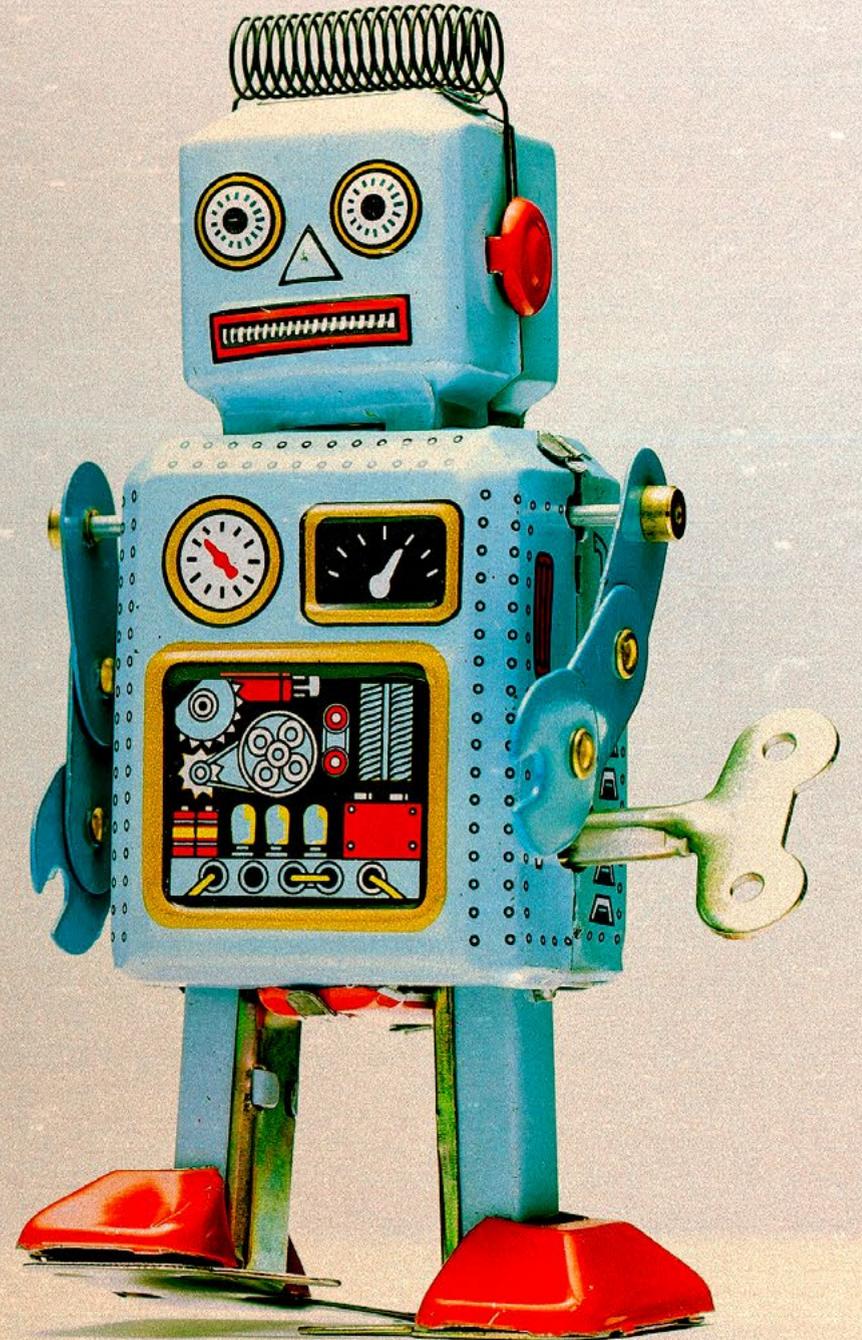
Reporting Toolbox

Companies that know their audiences know that nothing less than a strategic sustainability communication plan is needed to intentionally inform, engage, educate and inspire those who can make a difference. It all comes down to hammering out the details.



81%

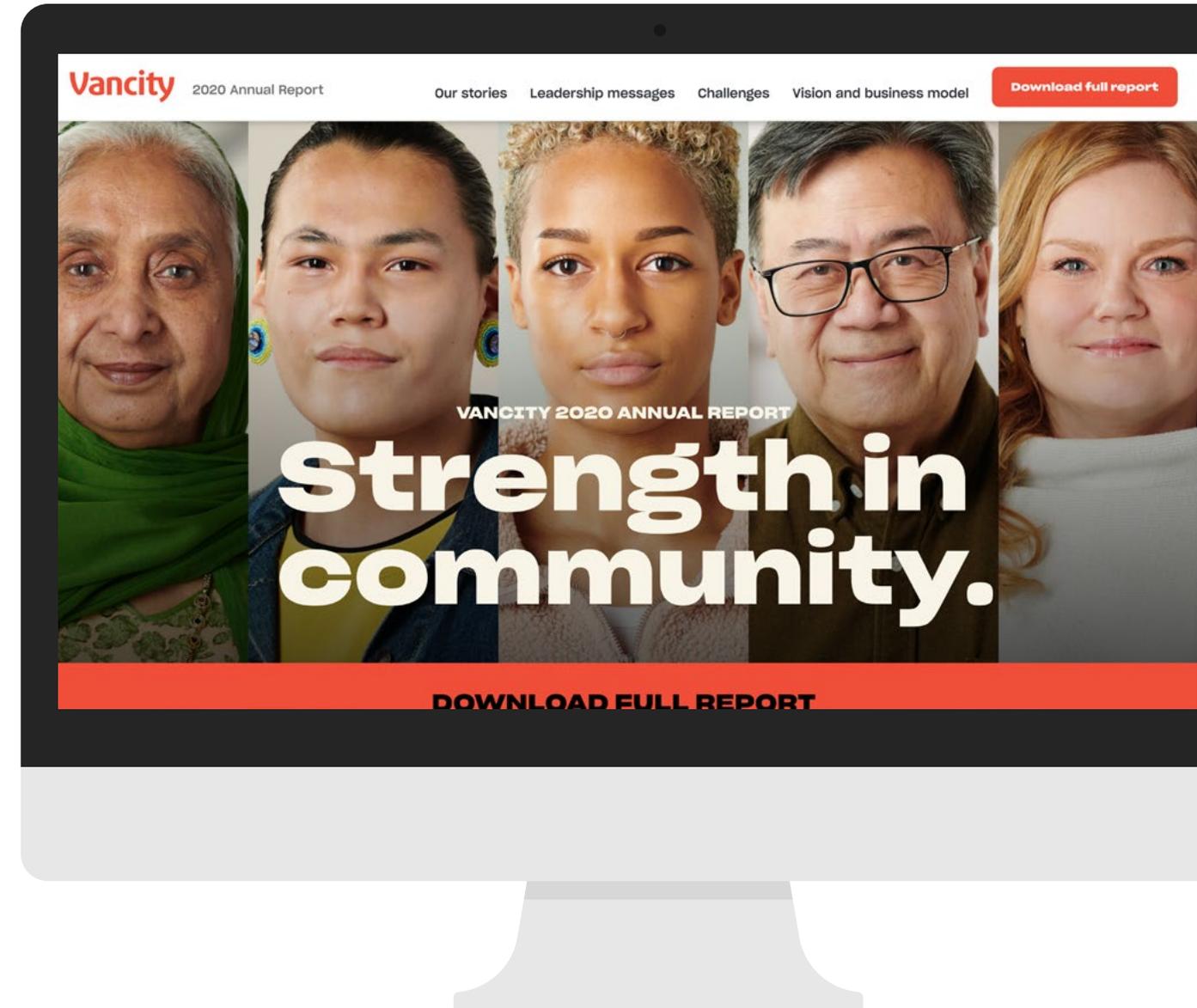
COMPANIES WITH INTERACTIVE REPORT CONTENT ONLINE



NIKE

FY20 Impact Report

Nike's FY20 report looks back at its sustainability performance over the past five years and looks ahead to the next five years.



VANCITY

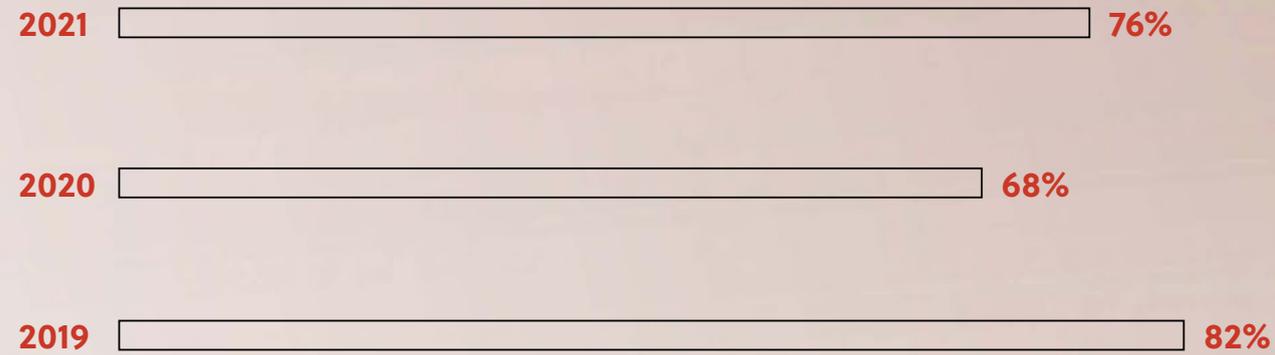
2020 Annual Report Microsite

Vancity offers a story-first microsite that focuses on its members and the community at large, which is supported by a PDF report containing complete details on its governance, strategy, targets and performance.

W Developed with
Works Design

Digital Strategies

Creative and audience-centred digital strategies are becoming an increasingly popular way for companies to share their sustainability-driven messaging, cut through the static, dial into the right channels and start a conversation.



76%

**COMPANIES PROMOTING
THEIR REPORTING ON
SOCIAL MEDIA CHANNELS**

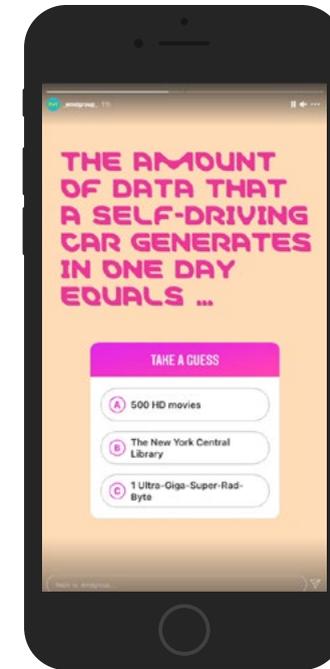
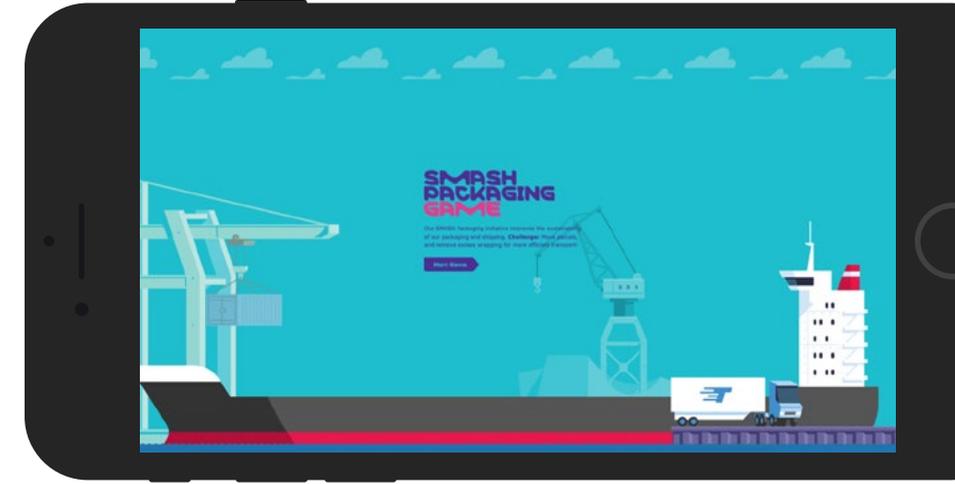
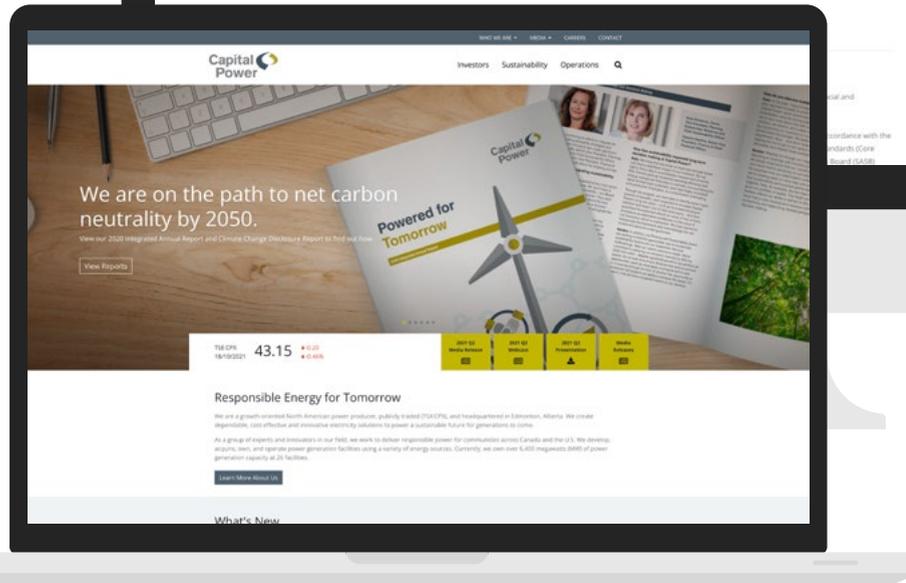


CAPITAL POWER

Sustainability Reporting

Capital Power's sustainability reporting has a strong presence on its home page and across its social media platforms to increase visibility.

W Developed with Works Design



MERCK KGAA

Social Stories

Merck KGAA uses Instagram stories to highlight information from its reports, share links, and host interactive polls to learn more from its audience. These stories are divided into buckets and archived in story highlights so users can continue to access the information.

Ready to See the Full Picture?

BOOK A PRESENTATION

With a global, best in class sample and an extensive focus on topics ranging from the Sustainable Development Goals to digital strategy, we've identified significant shifts in sustainability communications. Contact us now to schedule a session.

VISIT OUR WEBSITE

Our studio does more than just sustainability. As experienced corporate communicators, we have a lot of industry knowledge to share. Let us share it with you. Check out our case studies and our blog (InScope), or sign up for our newsletter for all the latest insights.

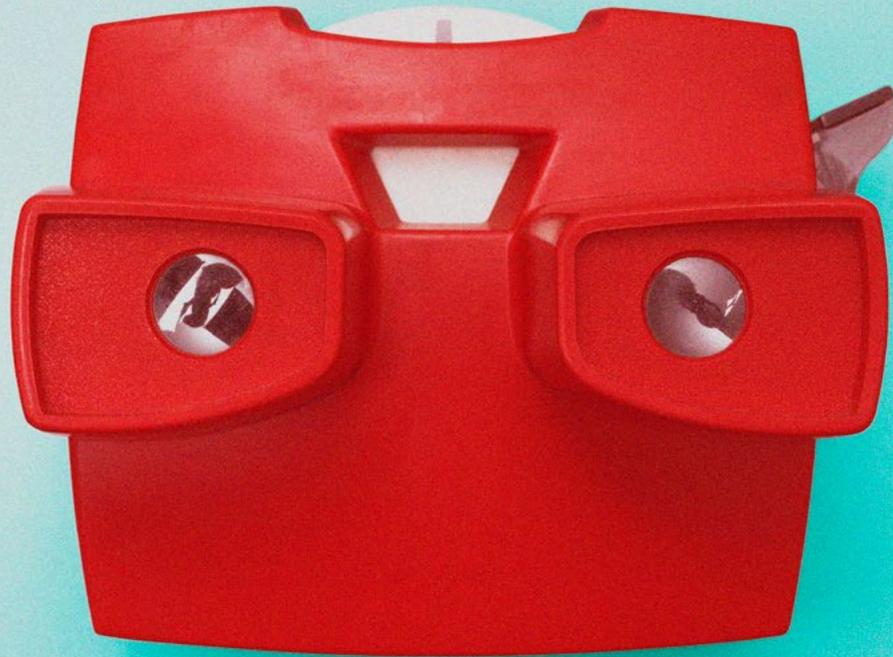
CONNECT WITH US

 @theworksdesign

 @theworksdesign86

10 Britain Street
Toronto, Canada M5A 1R6
T. 416.599.9991
worksdesign.com

WESLEY GEE
Director of Sustainability
416.599.9991 x257
gee@worksdesign.com



That's a Wrap!

This research would not be possible without the support of the entire team at Works Design. In addition to the contributors below, we specifically thank co-founders Lorie Brière and Diane Darlington for initiating and guiding this research for many decades. We also thank our production and editorial teams, including Andrew Wreakes and Kathy Sauder, for supporting the publication of our findings. And, finally, we thank our digital team, including Minh Hoang and Joe Zingrone, for making our findings available to the world.

THE CAST & CREW

WESLEY GEE
Director of Sustainability

ELLIE ROSEN
Director, Project Management Office

NELSON SILVA
Creative Director

AMANDA WEIR
Designer

BRETT DAVIS
Designer

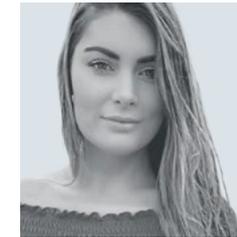
SAKIB SUJAET
Project Manager

DANA DUNCANSON
Project Manager

UZAIR JAFFER
Sustainability Manager

RACHEL BROWN
Sustainability Analyst

PEARL MAGUIRE
Social Media Manager



SUSTAINABILITY.WORKSDESIGN.COM

Works Design is an integrated design studio and communications agency with a focus on sustainability. We're a pioneer in sustainability and corporate responsibility communications. For over 20 years, we've helped companies deliver effective narratives and reporting by providing a unique setting where great design, subject matter expertise and sustainability strategy all intersect. Based in Toronto, we serve clients across Canada, the United States, Europe and Australia.