WALKING THE TALK?

A REPORT ON THE SUSTAINABILITY COMMUNICATION
OF THE NASDAQ OMX STOCKHOLM
LARGE CAP INDEX COMPANIES

STOCKHOLM SCHOOL OF ECONOMICS

The Mistra Center for Sustainable Markets (MISUM)
and Corporate Donor Relations
at the Stockholm School of Economics

STOCKHOLM SCHOOL OF ECONOMICS

MISUM

1. FOREWORD

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Published in October 2015, this report explores how Sweden's largest listed companies communicate their sustainability work. The report analyses which companies communicate, what they say that they will do, and what they have done within Sustainability/Corporate Responsibility (S/CR). We call this "talk" (what they discuss) and "walk" (how they report back on what they do). The report was commissioned by MISUM (The Mistra Center for Sustainable Markets at the Stockholm School of Economics) and Stockholm School of Economics' (SSE) Corporate Donor Relations. The data was collected and coded by SSE MSc students Uta Hönemann and Elisabet Ålander with the supervision of Acting Professor and MISUM's Executive Director, Dr. Lin Lerpold.

The main aim of this report is to explore sustainability communication by companies listed on the Nasdaq OMX Stockholm Large Cap index, of which there are 72. In particular, we hope to understand what information external stakeholders can access about companies' sustainability strategies and initiatives, as well as the extent to which those companies report on implementation. Our variables and indicator schemes are broadly based in extant research and have support in practitioner best practice as it relates corporate sustainability communication. Our purpose is to facilitate the inclusion of external stakeholders' input into discussions around corporate sustainability communication and how it can be developed. By comparing the corporate communication of different companies, we hope to support the development of clearer and more coherent S/CR communication across different sectors, and to identify companies that can serve as role models to others.

The channels we examined were corporate websites, sustainability reports and/or annual reports for the financial year 2014. We deliberately chose to include only publicly available information in our study, but appreciate that publicly communicated sustainability efforts may exclude key initiatives not yet finalized or published. Furthermore, we are also aware that sector, size and governance may have an impact on indicators, and that the indicators themselves are open to discussion. Nonetheless, similar to in other studies, we believe that publicly available information is the most relevant material to examine since 1) it is what is accessible to external stakeholders, and 2) it has important signaling effects. We also believe that comparing companies through what they communicate is powerful and can form the basis for further constructive development.

For inquiries about the report, methods or the results, please feel free to contact MISUM. Our contact information is available at the end of this report.

2. EXECUTIVE SUMMARY

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We find that the Nasdaq OMX Large Cap companies "talk" more than they "walk". For instance, 88 percent of the listed companies (63 companies) communicate more about S/CR (in general) than about specific actions related to their communicated aspirations. In particular, the top-level commitments and formal structures of the organization reflect little in the way of S/CR. Only 25 percent of the companies has a leadership team with an explicit formal responsibility for S/CR matters and only 11 percent has gender-balanced Boards of Directors. Of the 89 percent of the boards that exhibit gender unbalance, there is not a single company in which the number of women outnumbers the number of men.

One of our more positive findings was that most companies have defined S/CR targets, and that these targets typically address more than one dimension of S/CR. Similarly, S/CR policies are widely publicized and often integrated into the companies' Codes of Conduct. Where companies have such policies, reports on follow-up actions in the area of anti-corruption is the most common (70 percent of all companies have such a policy) and reports on environmental policy follow-ups are the least common (43 percent of all companies have such a policy).

There is also variation between sectors. For instance, companies classified as *Basic Materials*, on average, scored double the walk points of those classified as *Financial Services*. Companies in *Technology* scored, on average, three times higher in the walk section than companies in the *Oil and Gas* sector. There was also considerable variation among companies in the same sectors.

Although our study examines all of the 72 companies listed on the Nasdaq OMX Stockholm Large Cap, we encourage future studies which also examine these KPIs: both for listed companies in other countries and for large unlisted companies in Sweden and abroad.

3. INTRODUCTION

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3.1 ABOUT US

The cross-disciplinary research center, MISUM, was launched in January 2015. With initial funding from The Swedish Foundation for Strategic Environmental Research (Mistra), MISUM aims to go beyond traditional research and to create research-based and business-relevant solutions for sustainable markets. The researchers of MISUM aspire to generate concrete solutions and processes that contribute directly to sustainable economic development and by doing so creating a world-class, cross-disciplinary center of excellence that will enhance the understanding for, and create new insights, into sustainable markets. MISUM functions as a platform and meeting place for many kinds of national and international stakeholders: academics, practitioners, firms and other organizations. MISUM's mission also includes providing expert advice to political leaders and policy developers and collaborating with other research centers.

3.2 BACKGROUND AND AIM

The role of business in society has often been problematized and different views have been pitted against each other. Sustainability/Corporate Responsibility (S/CR) is not a univocal concept, let alone a set of clear-cut practices embedded in practitioner or academic consensus. We view S/CR broadly. We have operationalized it through 26 key performance indicators (KPIs) that cover the areas which are considered to be pertinent, namely economic, environmental and social sustainability.

At the practitioner level, growing stakeholder pressure to hold companies accountable for their social and environmental externalities has been accompanied by a proliferation of S/CR reports and S/CR ratings and rankings. Reporting on environmental and social matters has been commonplace for many decades, with particular growth over the past decade. Today, S/CR reporting has become a key way in which companies communicate with diverse stakeholders about their S/CR activities and has become a way to achieve legitimacy.

Publicly available information is often the only way these stakeholders find out about a company's S/CR work and S/CR activities are often argued as superficial or windowdressing by external stakeholders. Consequently, companies and their managers are asked to walk their S/CR-talk; that is, to practice what they preach.

At a practice level, we know little about practitioners' interpretations and conceptualizations of S/CR. Although some scholars suggest that aspirational S/CR talk has performative qualities and thus effects companies' actual S/CR performance, no significant studies have been made to trace *how* corporate action is related (or unrelated) to corporate aspirations. No studies have been made to investigate *if*, and in that case *how*, there are any differences in this regard between corporations on the Large Cap Index.

As mentioned, the main aim of our study is to map and examine the sustainability communication among Swedish Large Cap companies. In order to contribute to sustainable economic development of Swedish companies and to develop concrete solutions and processes it is highly important to get a deeper understanding of Swedish companies' current S/CR communication and performance. Further, it is highly important to get qualified insights into the ways these important market players think about sustainability. This

study therefore conducts a study of the largest listed Swedish companies, zooming in on both what they say ("talk") and what they do ("walk") when it comes to S/CR. Based on this comparison, we then map out these talk and walk scores in order to compare them to each other, and across companies. In so doing, we hope to support the development of clear and coherent S/CR communication standards across different sectors, and help identify companies that can serve as role models to others.

3.3 OVERVIEW AND RESEARCH DESIGN

We scored each company on what they say that they will do, and what they say that they have done with regards S/CR. KPIs from the talk section relate to corporate communications on sustainability, while KPIs from the walk section assess the information that is available on the follow-up and the actual sustainability work. Companies could score a maximum of 17 points for "talk" and a maximum of 17 points for "walk" communication.

We decided to assess a wide range of different KPIs in order to comprehensively examine the companies' communication with regards to S/CR. There were 26 KPIs in total (see Appendix for details). Twenty of these made use of a binary scale (0 or 1) and six made use of a scale from either 0 to 2 or 0 to 3. Note that we only included indicators that we could measure for all of the companies in the sample and that are relevant for all companies, irrespective of sector. The scoring scheme enabled us to compare the level of talk, as well as the level of walk, for all companies. In addition, we calculated the difference between these companies' talk and walk.

Each company was given an opportunity to respond to its own score and any omissions prior to the publication of this report. Seventeen companies responded to their scores within the 10 days we gave them to respond, while two more companies contacted us after the deadline. Based on their feedback we updated some scores, in particular on policies and follow-up actions we had clearly missed. We assessed the material through the lenses of an external stakeholder and if, from this point of view, no clear connection to S/CR could be identified, no points were rewarded.

For more information on the different KPIs and the scoring scheme, please see the Appendices.

3.4 COMPANY SELECTION

The study uses a sample of 72 companies from seven different sectors and is intended to represent the largest companies in Sweden. As such, we examined those companies that have a market value over one billion euro and are therefore listed on the Nasdaq OMX Large Cap Index in Stockholm. Please note that our selection of companies represents the companies listed on the Index as of March 2014. We relied on Nasdaq OMX's defined sectors, which it derives from the ICB sector classification.[1]

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1. The Industry Classification Benchmark (ICB) is a product of FTSE International Limited. It is a detailed and comprehensive structure for sector and industry analysis, facilitating the comparison of companies across four levels of classification and national boundaries. The classification system allocates companies to the subsectors whose definition closely describes the nature of its business as determined from the source of its revenue or the source of the majority of its revenue.

Sector	No. of companies
Basic Materials	6
Industrials	19
Consumer Goods	8
Health Care	5
Consumer Services	5
Telecommunications	4
Financials	19
Technology	3
Oil and Gas	3
Total	72

Table 1: The Nasdaq OMX companies included in this study, by sector.

3.5 INFORMATION SELECTION
AND SCREENING

We assessed the available materials from each company for the 2014 financial year. These data sources include annual reports, sustainability/corporate governance reports, Codes of Conduct, and policies. In total, we screened approximately 9 000 pages of corporate information. We also included the websites of all sample companies in the study. S/CR initiatives that were not communicated through these materials were not included.

4. RESULTS AND ANALYSIS

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Each company's position is plotted, based on its score in the talk section (x-axis) and its score in the walk section (y-axis) in Figure 1. The dotted lines show the average talk and walk score for the sample. Tables one and two show the composition of the metrics, as well as the frequency distribution of companies in each scoring metric. The orange circles represent the companies that scored the same amount of points in the talk and the walk section. Further, the companies that score higher in the walk section than in the talk section are highlighted using green circles.

For this graph we use the average talk and walk score levels (the dotted lines) to divide the results into four quarters. The bottom left quarter shows the companies with talk and walk scores below the average, or what we have called _silent low-performers_. The top left quarter shows the companies that have a walk score above average but a talk score below average, or what we call _silent walkers_. The bottom right quarter shows the companies that have a walk score below the average, but a talk score above the average. We call them _talking low-performers_. The final, top right, quarter shows the companies that have a talk and a walk score that is higher than the average. We labelled these companies _talking walkers_.

Figure 1: Relative performance of companies listed on the Nasdaq OMX Large Cap Index.

TALK KPIs: COMPOSITION AND DISTRIBUTION

focus area	KPIs	point range/distribution	scoring — scoring scale			
			0 points	prerequisite for 1 point	prerequisite for 2 points	prerequisite for 3 points
COMMUNICATED S/CR — This focus area contains KPIs that measure if S/CR is part of a company's self presentation.	**Website**	0–2 points	No or very little S/CR information is communicated through the group website. Further, this information is not easy to find.	S/CR information is part of the website and can be found easily.	S/CR information is high-lighted on the start page and a major part of the website is devoted to it. Additionally, a wide range of differnet materials on the topic are provided through it.	—
		% of companies:	8%	39%	53%	—
	CEO statement	0–1 points	The CEO statement does not cover S/CR.	The CEO statement covers S/CR.	—	—
		% of companies:	37,5%	62,5%	—	—
		0–1 points	The mission statement does not encompass S/CR.*	The mission statement encompasses S/CR.	—	—
		% of companies:	76%	24%	—	—
		0–1 points	The vision statement does not encompass S/CR.*	The vision statement encompasses S/CR.	—	—
		% of companies:	75%	25%	—	—
	Mission Vision Core values	0–1 points	The core value statement does not encompass S/CR.*	The core value statement encompasses S/CR.	—	—
		% of companies:	62,5%	37,5%	—	—
			* Or companies that do not have or do not communicate such a statement.			

focus area	KPIs	point range/distribution	0 points	prerequisite for 1 point	prerequisite for 2 points	prerequisite for 3 points
STRATEGIC DIRECTION — This focus area contains KPIs that measure if S/CR embedded in the communicated overall planning and strategic direction of an organisation.	**S/CR in Corporate Strategy**	0–2 points	The corporate strategy does not refer to S/CR.	S/CR is part of the corporate strategy, but is described in general terms and not specified as an own strategic theme.	S/CR is a critical part of the core strategy, reflected through an own strategic theme.	—
		% of companies:	56%	22%	22%	—
	S/CR in Risk Mgmt Section	0–1 points	The risk management section does not encompass S/CR issues.	The risk management section encompasses S/CR issues.	—	—
		% of companies:	50%	50%	—	—
	Defined S/CR Targets	0–2 points	No targets that address S/CR are defined.	Defined targets are address only one aspect of S/CR, for example environmental topics.	Defined targets are communicated that address a range of dimensions of S/CR, for example environmental, as well as, social goals.	—
		% of companies:	30%	19%	51%	—

		0	1			
PRINCIPLED COMMITMENT This focus area contains KPIs that evaluate which different polices a company has defined.	**Code of Conduct**	0–1 points	A CoC is not publicly available.	A CoC is publicly available.	—	—
		% of companies:	**10%**	**90%**		
	Supplier Code of Conduct	0–1 points	A Supplier CoC is not publicly available.	A Supplier CoC is publicly available.	—	—
		% of companies:	**44%**	**56%**		
	Human Rights Policy	0–1 points	A Human Rights Policy is not publicly available nor is a part of the CoC dedicated to this topic.	A Human Rights Policy is publicly available or a part of the CoC is dedicated to this topic.	—	—
		% of companies:	**28%**	**72%**		
	Employee Health and Safety Policy	0–1 points	An Employee Health and Safety Policy is not publicly available nor is a part of the CoC dedicated to this topic.	An Employee Health and Safety Polic Policy is publicly available or a part of the CoC is dedicated to this topic.	—	
		% of companies:	**51%**	**49%**		
	Anti-Corruption Policy	0–1 points	An Anti-Corruption Policy is not publicly available nor is a part of the CoC dedicated to this topic.	An Anti-Corruption Policy is publicly available or a part of the CoC is dedicated to this topic.	—	
		% of companies:	**10%**	**90%**		
	Environment Policy	0–1 points	An Environment Policy is not publicly available nor is a part of the CoC dedicated to this topic.	An Environment Policy is publicly available or a part of the CoC is dedicated to this topic.	—	
		% of companies:	**29%**	**71%**		

Table 2: The composition of the "talk" KPIs and frequency distribution of the companies' performance.

WALK KPIs: COMPOSITION AND DISTRIBUTION

focus area	KPIs	point range/distribution	scoring			
				scoring scale		
			0 points	prerequisite for 1 point	prerequisite for 2 points	prerequisite for 3 points
REPORTING ACCOUNTABILITY This focus area contains all KPIs that aim at measure the degree to which a company reports in an accountable manner.	**Integrated Reporting**	0–1 points	The reporting is not in accordance with the <IR> standard.	The reporting refers to the IIRC or the International <IR> Framework, or is influenced by the Framework through participation in <IR> Networks.	—	—
		% of companies:	99%	1%		
	External Assurance	0–1 points	No external assurance of S/CR reporting.	External assurance of S/CR reporting.	—	—
		% of companies:	65%	35%		
	GRI Reporting	0–2 points	The reporting is not in accordance with any of the GRI frameworks.	The reporting is in accordance with the GRI 3 framework.	The reporting is in accordance with the GRI 4 framework.	—
		% of companies:	33%	31%	36%	
FOLLOW-UP ACTIONS This focus area contains KPIs that assess if communicated targets, codes and policies are followed up.	**Defined S/CR Targets Follow-up**	0–3 points	S/CR targets are not defined at all, or they are not defined in a quantifiable way. (This means that the scope of the target is not clearly named and/or that no due date is stated.)	S/CR targets are defined and quantifiable with regard to scope and time.	S/CR targets are defined and are quantifiable with regard to scope and time. Additionally, the company reports on its current performance towards goal achievement.	S/CR targets are defined and they are quantifiable, with regard to scope, as well as, time. Additionally, the company does not only report on its current performance towards goal achievement but also embeds its targets in a longer-term sustainability strategy.
		% of companies:	33%	14%	39%	14%
	Supplier Code of Conduct Follow-up	0–2 points	There is no information regarding a follow-up on an existing Supplier Code of Conduct.	There is a Supplier Code of Conduct and the number of audits on suppliers' compliance is disclosed, as well.	There is a Supplier Code of Conduct and the number of audits on suppliers' compliance is disclosed, as well. Additionally the share of audited to all suppliers is disclosed.	—
		% of companies:	53%	29%	18%	
	Human Rights Policy Follow-up	0–1 points	There is no information regarding a follow-up on an existing Human Rights Policy.	There is information regarding a follow-up on an existing Human Rights Policy.	—	—
		% of companies:	54%	46%		

FOLLOW-UP ACTIONS (Continued from previous page)

KPI	Scale			
Employee Health and Safety Policy Follow-up	0–1 points	There is no information regarding a follow-up on an existing Employee Health and Safety Policy.	There is information regarding a follow-up on an existing Employee Health and Safety Policy.	—
	% of companies:	71%	29%	
Anti-Corruption Policy Follow-up	0–1 points	There is no information regarding a follow-up on an existing Anti-Corruption Policy	There is information regarding a follow-up on an existing Anti-Corruption Policy	—
	% of companies:	31%	69%	
Environment Policy Follow-up	0–1 points	There is no information regarding a follow-up on an existing Environment Policy.	There is information regarding a follow-up on an existing Environment Policy.	—
	% of companies:	69%	31%	

TOP-LEVEL COMMITMENT

This focus area contains KPIs that assess the top-level structure and concrete actions by this level to embedd S/CR in the organization.

KPI	Scale			
CoC signed by CEO	0–1 points	CoC is not publicly available or not signed by the CEO.	CoC is not only publicly available but signed by the CEO, as well.	—
	% of companies:	62,5%	37,5%	
S/CR Executive in Group Mgmt	0–2 points	The S/CR Executive is not part of the group managment team.	—	The S/CR Executive is part of the group managment team.
	% of companies:	75%	25%	—
Gender Balance in Board of Directors	0–1 points	The share of either gender in the Board of Directors is not in the range of 40-60%.	The share of either gender in the Board of Directors is in the range of 40-60%.	—
	% of companies:	89%	11%	

Table 3: The composition of the "walk" KPIs and frequency distribution of the companies' performance.

5. MAIN FINDINGS

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The following sections present our five main findings in detail.

#1 Companies talk more than they walk

There is room for improvement in how companies follow-up and communicate their S/CR aspirations and efforts.

- Overall, 88 percent of the companies (63 companies) talks more about S/CR in general than about specific undertakings as part of their communicated aspirations and S/CR practices.

- Only one company scores the maximum 17 points for the talk side, while the highest score for walk was 14. No single company obtained full points for its walk: the highest score was 14 out of 17 points, obtained by two companies.

- We group the companies into four categories: Silent walkers (5 companies), silent lower-performers (28 companies), talking lower-performers (11 companies) and talking walkers (28 companies).

- Only six companies (8 percent) score higher in their walk than in their talk, and only three companies (4 percent) achieve the same scores in both sections.

- On average the companies score 9.6 out of 17 points for talking and 6.1 points out of 17 points for walking (the mean score). However, there are larger differences between companies when it comes to talk (a standard deviation of 3.9) than when it comes to walk (a standard deviation of 0.7).
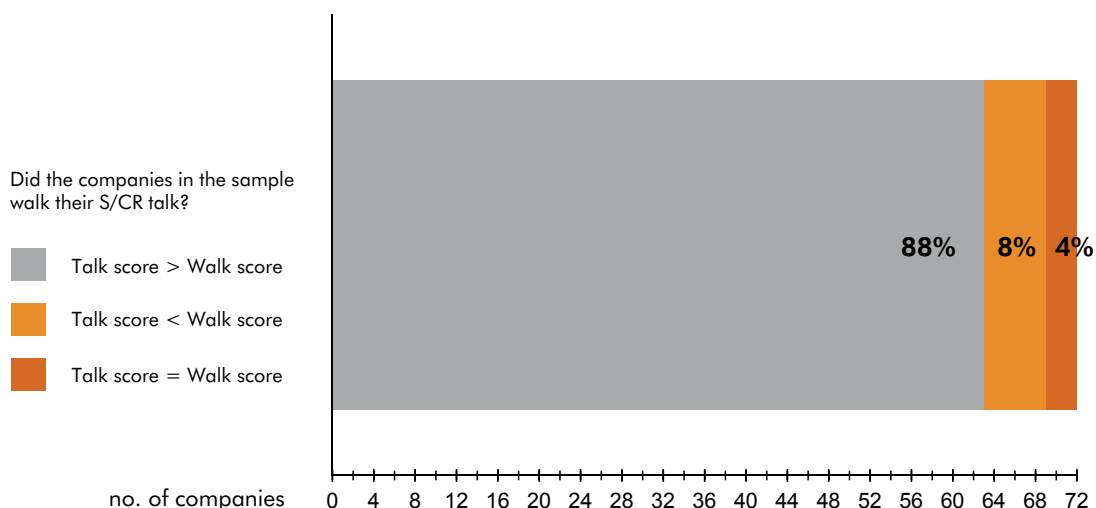

Table 4: Companies talk more than they walk.

#2 Low top-level commitment

The formal structures of the companies do not really reflect S/CR practices.

- Among the companies, 75 percent does not have a leadership team with an explicit formal responsibility for handling S/CR matters.

- Moreover, 89 percent of the companies has a board of directors with an unbalanced share of women and men. We define a board of directors as "balanced" if each gender occupied a minimum of 40 to 60 percent of board seats.

Is the S/CR Executive part of the group management team?

75%   **25%**

Are both genders equally represented; that is, do both men and women occupy 40 to 60 percent of Board of Director seats?

89%   **11%**

no. of companies   0 4 8 12 16 20 24 28 32 36 40 44 48 52 56 60 64 68 72

The prerequisites are not fulfilled.
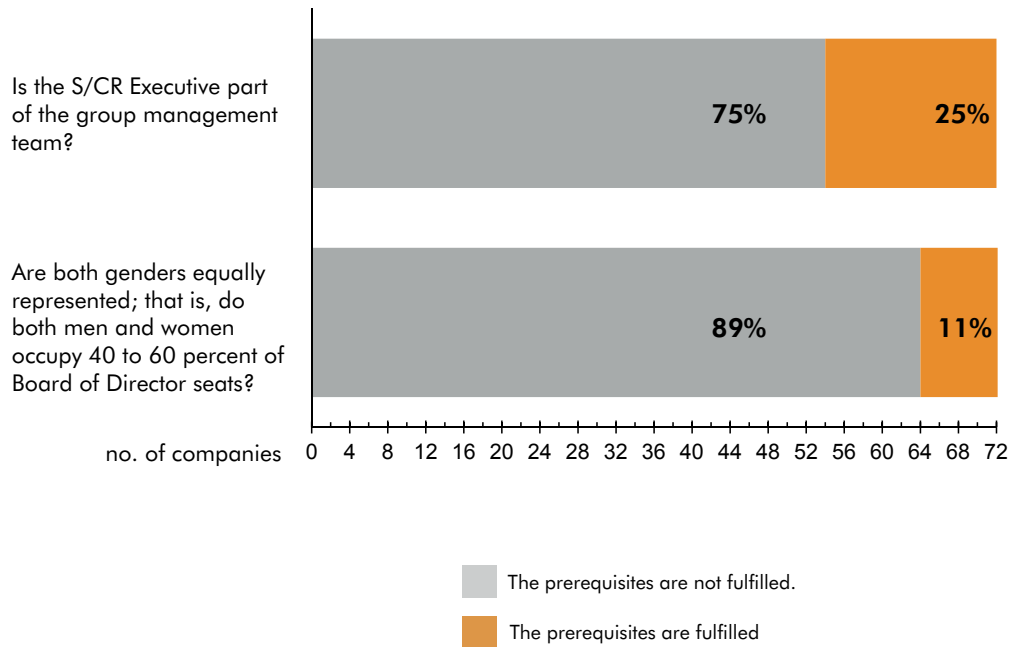
The prerequisites are fulfilled

Table 5: Top-Level Commitment to S/CR is low.

#3 S/CR Targets are prevalent and multi-faceted

The majority of the Nasdaq OMX large companies (71 percent) has defined S/CR Targets.

- Most of these companies have targets for at least two of the environmental, social and corporate governance aspects of S/CR. Indeed, 73 percent out of the companies that have defined S/CR targets address two or more dimensions of S/CR.

However, we see that companies formulated their targets differently:

- Three companies do not formulate their S/CR targets in a measurable way. This meant that neither the scope of these targets nor the time frames for obtaining them are communicated. As a consequence, these companies do not score any points for this KPI in the walk section of the study.

- In total, 38 of the companies who communicated S/CR targets also talk about how well they achieved these goals. These companies make up almost 53 percent of all sample companies, and 79 percent of those companies with defined S/CR targets.

- Interestingly, only 10 companies communicate S/CR goals that were not focused on the short-term, defined as extending beyond 2016. Moreover, none of these "more long-term" sustainability strategies go beyond 2020. The majority of S/CR targets that we can identify within the materials therefore took a rather short-term perspective.

Are S/CR targets defined?

| 29% | 19% | 51% |

no. of companies — 0 4 8 12 16 20 24 28 32 36 40 44 48 52 56 60 64 68 72

- No targets are defined. (21 companies)
- The defined targets cover one aspect of S/CR. (14 companies)
- The defined targets cover two or more aspects of S/CR. (37 companies)
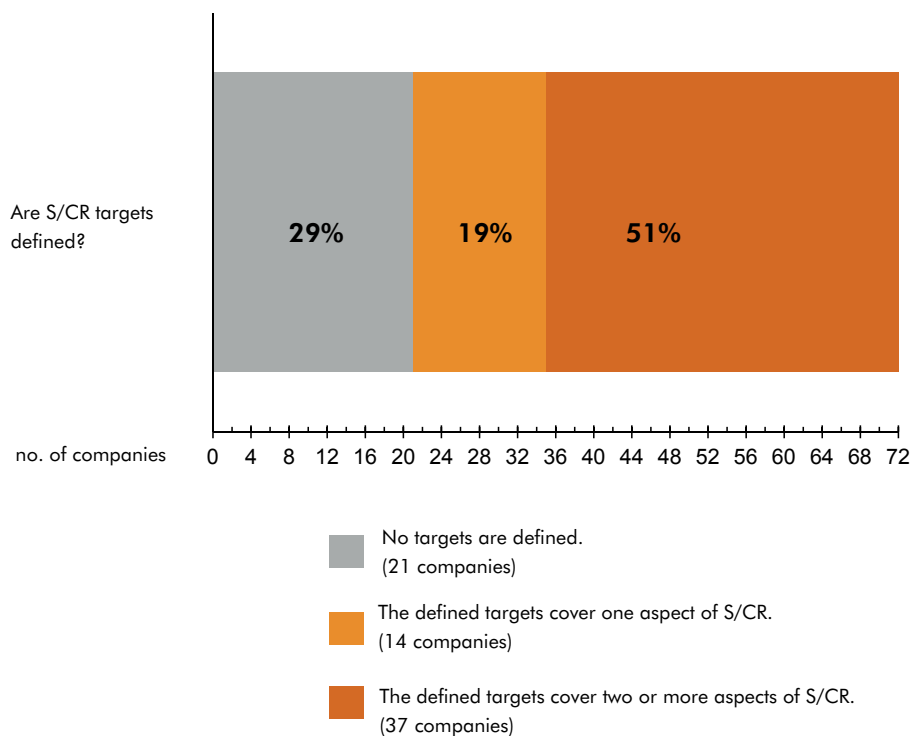
Table 6: Defined S/CR Targets are prevalent and multi-faceted.

Are S/CR targets
defined?

| 33% | 53% | 14% |

no. of companies   0 4 8 12 16 20 24 28 32 36 40 44 48 52 56 60 64 68 72

No targets are defined or they are not
defined in a quantifiable way.
(24 companies)

The targets' scope and time frames are defined, but not
beyond 2016.
(38 companies)

The targets' scope and time frames are defined and
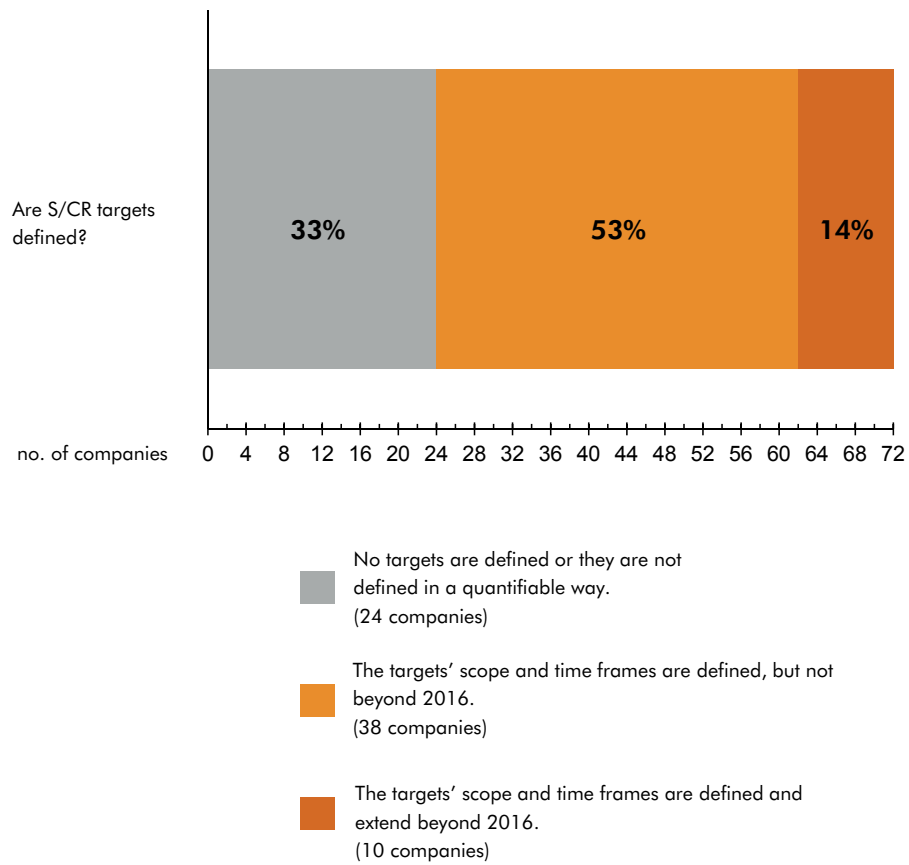extend beyond 2016.
(10 companies)

Table 7: Defined S/CR targets do not show quantifiable, long-term strategies.

#4 S/CR Policies are common and often integrated in the Code of Conduct

Most of the companies tackle one or several of the following: *Human Rights, Employee Health and Safety, Corruption* or the *Environment*. This is either through specific policies or as part of their Code of Conduct. However, companies communicate on what they do to follow-up on policies to a lower extent. Out of the 71 percent of companies that has an environmental policy, only 43 percent of them report on follow-up actions.

- *Corruption* is the area most commonly discussed by the companies examined (90 percent), followed by *Human Rights* (73 percent) and the *Environment* (71 percent). These three areas are addressed by at least two thirds of all companies with the help of policies or their corporate Codes of Conduct. In contrast, less than half of the companies (49 percent) address *Employee Health and Safety* explicitly, whether through a policy or their Code of Conduct.

- Not only is *Corruption* tackled by 90 percent of the sample companies, its scope and follow-up rate is also the highest: 70 percent of all companies with an anti-corruption policy also communicated how they aim to put their aspirations into practice.
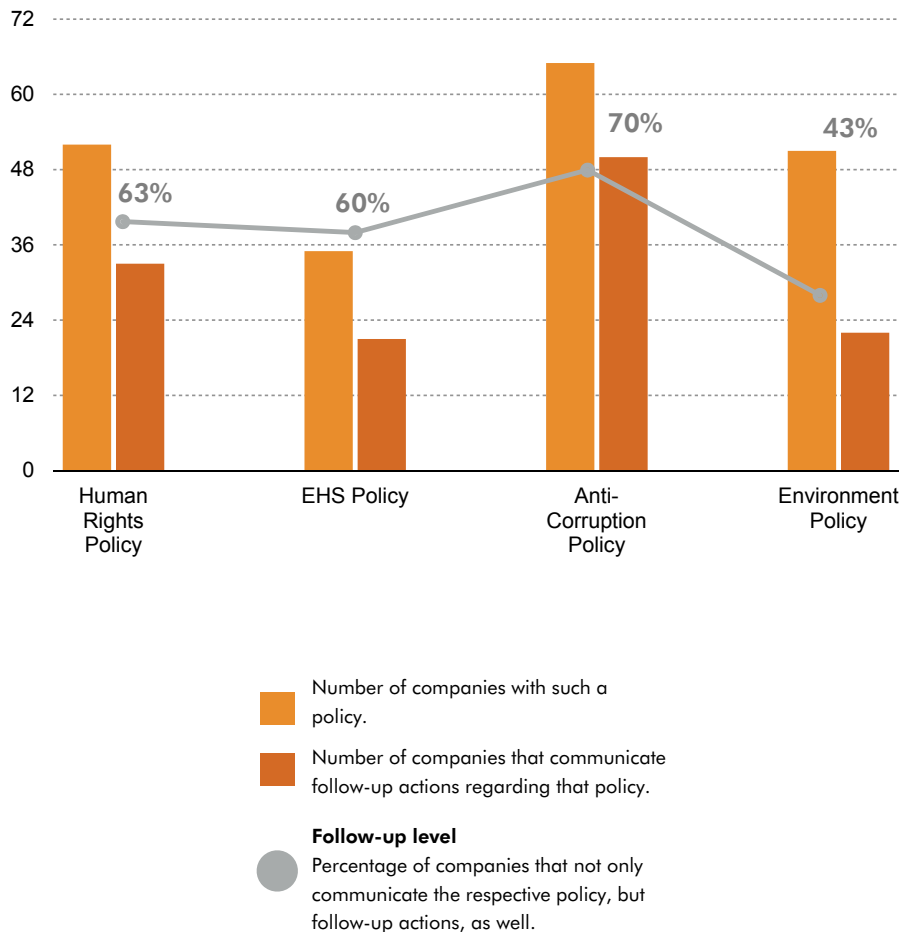

Legend:
- Number of companies with such a policy.
- Number of companies that communicate follow-up actions regarding that policy.
- **Follow-up level** Percentage of companies that not only communicate the respective policy, but follow-up actions, as well.

Table 8: S/CR Policies are widely publicized and are often integrated in the Code of Conduct.

#5 Clear differences across industry sectors

Comparing companies' performances by sector reveals additional interesting findings. However, these findings should be used with some reservation, as some sectors are represented through a much smaller number of companies in the sample than others:

- Companies from the sector *Basic Materials,* making up 8 percent of the companies, have on average the highest talk score in the sample (12 points), whereas companies from the sector *Financial*, making up 26 percent of the total, score on average only 6 points and also have the smallest average talk score.

- Companies from the sector *Technology* have, on average, the highest walk among all Nasdaq OMX Large Cap companies (9 points), while companies from the sector *Oil and Gas* have a median score of only 3 points and have the smallest average talk score.

- The 10 companies with the highest overall scores come from four different sectors (*Industrials, Consumer Services, Basic Materials* and *Consumer Goods*). The 12 highest individual company scores came from 7 different sectors.

- Please note that the *Financial* companies in our study generally communicate less on S/CR matters than e.g. manufacturing and consumer goods companies. This might be expected as investment companies' environmental and social impact is reflected in the companies in which they invest, rather than through their own operations. These companies generally have relatively fewer employees and a business model that builds on investments and not production. Nevertheless there is room for improvement for the S/CR communication regarding how these investments are made.
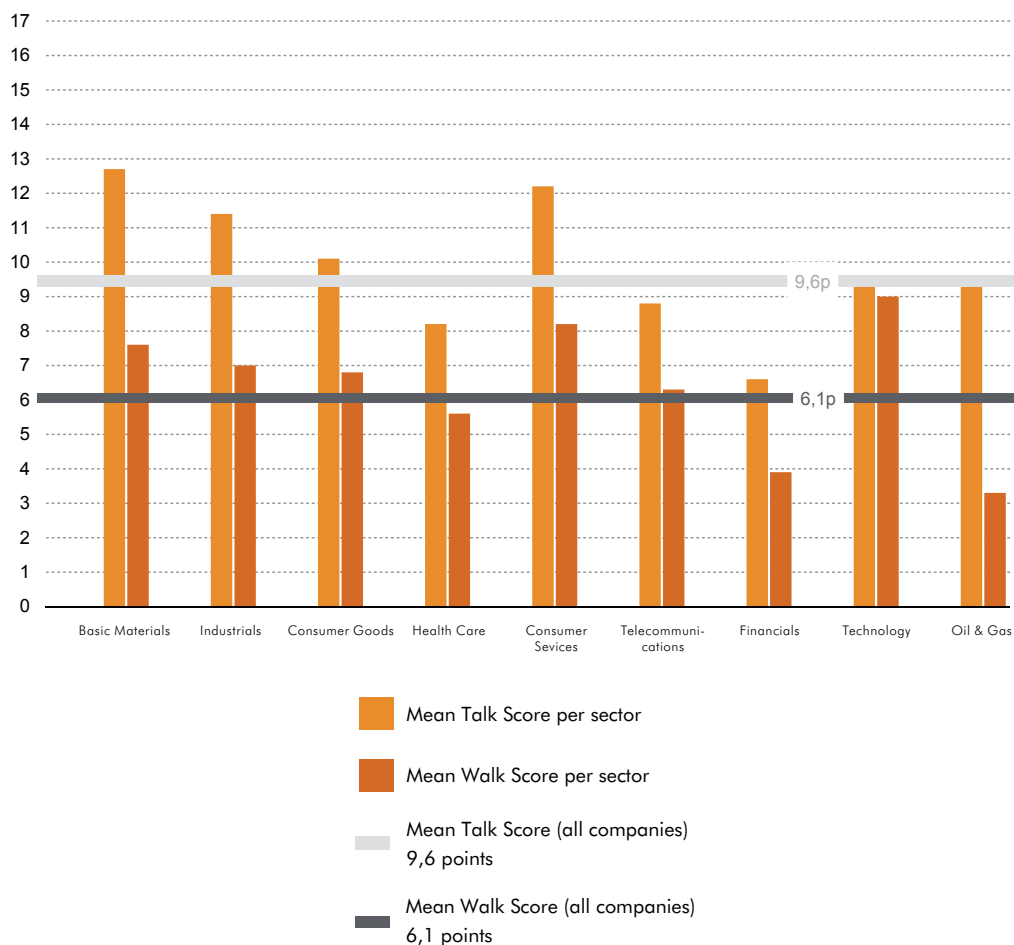

Legend:
- Mean Talk Score per sector
- Mean Walk Score per sector
- Mean Talk Score (all companies) 9,6 points
- Mean Walk Score (all companies) 6,1 points

Table 9: Walk and talk levels differ between different industry sectors.

6. APPENDIX

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APPENDIX A: SCORING SCHEME

This table contains a description of all KPIs that we apply and the prerequisites for the different points. It is comprised of two parts. Part 1 covers the KPIs relating to talk while Part 2 covers the KPIs relating to walk.

SCORING SCHEME TALK KPIs

focus area	KPIs	description	point range/distribution	scoring			
				scoring scale			
				0 points	prerequisite for 1 point	prerequisite for 2 points	prerequisite for 3 points
COMMUNICATED S/CR This focus area contains KPIs that measure if S/CR is part of a company's self presentation.	**Website**	The group website is a key communication tool for companies and is an essential source of information for many different stakeholders.	0–2 points	No or very little S/CR information is communicated through the group website. Further, this information is not easy to find.	S/CR information is part of the website and can be found easily.	S/CR information is highlighted on the start page and a major part of the website is devoted to it. Additionally, a wide range of different materials on the topic are provided through it.	—
	CEO statement	The CEO statement in the annual report reflects which areas the company considers most important to stakeholders. Emphasizing S/CR in the CEO statement signals executive commitment to S/CR as well as understanding for stakeholder interest.	0–1 points	The CEO statement does not cover S/CR.	The CEO statement covers S/CR.	—	—
		The mission statement is critical as it is a written declaration of an organization's core purpose and focus.	0–1 points	The mission statement does not encompass S/CR.*	The mission statement encompasses S/CR.*	—	—
		The vision statement is connected to a company's mission and is the aspirational description of what an organization strives to achieve in the mid- or long-term future.	0–1 points	The vision statement does not encompass S/CR.*	The vision statement encompasses S/CR.*	—	—
	Mission **Vision** **Core values**	The core value statement summarizes what is most important to a company.	0–1 points	The core value statement does not encompass S/CR.*	The core value statement encompasses S/CR.	—	
		All three concepts present important communication messages because they are long-term oriented and show how a company defines it identity and its role in the business world and in society. Moreover, they provide insights into an company's underlying beliefs and values. Highlighting S/CR in these concepts depict a strong signal for a company's concern for the matter.		* Or companies that do not have or do not communicate such a statement.			
STRATEGIC DIRECTION This focus area contains KPIs that measure if S/CR embedded in the communicated overall planning and strategic direction of an organisation.	**S/CR in Corporate Strategy**	The corporate strategy plays an important role in corporate communication as it serves as a plan for the upcoming reporting period and reveals the main strategic themes of the corporation. It reflects to what extent S/CR is considered a business imperative and part of the core strategy.	0–2 points	The corporate strategy does not refer to S/CR.	S/CR is part of the corporate strategy, but is described in general terms and not specified as an own strategic theme.	S/CR is a critical part of the core strategy, reflected through an own strategic theme.	—
	S/CR in Risk Mgmt Section	The risk management section of the annual report provides information on key risks a company has identified and how it plans to mitigate them.	0–1 points	The risk management section does not encompass S/CR issues.	The risk management section encompasses S/CR issues.	—	—
	Defined S/CR Targets	In order to be a good corporate citizen and to take responsibility for their operations many companies develop sustainability strategies and define S/CR targets.	0–2 points	No targets that address S/CR are defined.	Defined targets are address only one aspect of S/CR, for example environmental topics.	Defined targets are communicated that address a range of dimensions of S/CR, for example environmental, as well as, social goals.	—

PRINCIPLED COMMITMENT This focus area contains KPIs that evaluate which different polices a company has defined.	**Code of Conduct** A CoC is a written set of principles that is issued by an organization to its employees and management and that forms the basis for what is expected from them. Further, it is intended to be a manual that that offers support in day-to-day decision-making.	0–1 points	A CoC is not publicly available.	A CoC is publicly available.	—
	Supplier Code of Conduct A Supplier CoC is a set of rules outlining the social norms and responsibilities of, or proper practices for a company's suppliers.	0–1 points	A Supplier CoC is not publicly available.	A Supplier CoC is publicly available.	—
	Human Rights Policy A Human Rights Policy encompasses a company's stance on Human Rights issues.	0–1 points	A Human Rights Policy is not publicly available nor is a part of the CoC dedicated to this topic.	A Human Rights Policy is publicly available or a part of the CoC is dedicated to this topic.	—
	Employee Health and Safety Policy An Employee Health and Safety Policy encompasses a company's stance on issues regarding its employees' well-being.	0–1 points	An Employee Health and Safety Policy is not publicly available nor is a part of the CoC dedicated to this topic.	An Employee Health and Safety Polic Policy is publicly available or a part of the CoC is dedicated to this topic.	—
	Anti-Corruption Policy An Anti-Corruption Policy describes how a company handles the problem of corruption.	0–1 points	An Anti-Corruption Policy is not publicly available nor is a part of the CoC dedicated to this topic.	An Anti-Corruption Policy is publicly available or a part of the CoC is dedicated to this topic.	—
	Environment Policy An Environmental Policy describes a company's philosophy, intentions and objectives regarding the environment.	0–1 points	An Environment Policy is not publicly available nor is a part of the CoC dedicated to this topic.	An Environment Policy is publicly available or a part of the CoC is dedicated to this topic.	—

SCORING SCHEME WALK KPIs

focus area	KPIs	description	scoring				
			point range/distribution	scoring scale			
				0 points	prerequisite for 1 point	prerequisite for 2 points	prerequisite for 3 points
REPORTING ACCOUNTABILITY This focus area contains all KPIs that aim at measure the degree to which a company reports in an accountable manner.	**Integrated Reporting**	Integrated Reporting describes a reporting practice that concisely communicates an organization's strategy, governance, performance and prospects, in the context of its external environment. It is an holistic review on the creation of value over time and connects reporting an financials with sustainability performance. The <IR> standard by the IIRC is given to companies whose reporting is in line with the framework.	0–1 points	The reporting is not in accordance with the <IR> standard.	The reporting refers to the IIRC or the International <IR> Framework, or is influenced by the Framework through participation in <IR> Networks.	—	—
	External Assurance	External assurance of S/CR reporting gives credibility to the provided information and the perception of the company as transparent and reliable.	0–1 points	No external assurance of S/CR reporting.	External assurance of S/CR reporting.	—	—
	GRI Reporting	GRI 3 and and to a greater extent GRI 4 cover a wide range of different aspects and are a helpful source of information for external stakeholders when evaluating sustainability performance and transparency.	0–2 points	The reporting is not in accordance with any of the GRI frameworks.	The reporting is in accordance with the GRI 3 framework.	The reporting is in accordance with the GRI 4 framework.	—
FOLLOW-UP ACTIONS This focus area contains KPIs that assess if communicated targets, codes and policies are followed up.	**Defined S/CR Targets Follow-up**	S/CR targets need to be defined in a quantifiable way, with regard to scope and time frame. Further, the disclosure of actual performance towards goal achievement and the embedding of targets in a longer-term oriented sustainability strategy are other aspects that increase the quality of a company's S/CR targets.	0–3 points	S/CR targets are not defined at all, or they are not defined in a quantifiable way. (This means that the scope of the target is not clearly named and/or that no due date is stated.)	S/CR targets are defined and quantifiable with regard to scope and time.	S/CR targets are defined and are quantifiable with regard to scope and time. Additionally, the company reports on its current performance towards goal achievement.	S/CR targets are defined and they are quantifiable, with regard to scope, as well as, time. Additionally, the company does not only report on its current performance towards goal achievement but also embeds its targets in a longer-term sustainability strategy.
	Supplier Code of Conduct Follow-up	The follow-up of the Supplier Code of Conduct serves as an effective tool to put S/CR into practice. The audit of suppliers' compliance with the code is way to do so. A company can express its concern for this matter furhter by disclosing not only the number of audits but additionally, the share of audited suppliers to all suppliers.	0–2 points	There is no information regarding a follow-up on an existing Supplier Code of Conduct.	There is a Supplier Code of Conduct and the number of audits on suppliers' compliance is disclosed, as well.	There is a Supplier Code of Conduct and the number of audits on suppliers' compliance is disclosed, as well. Additionally the share of audited to all suppliers is disclosed.	—
	Human Rights Policy Follow-up	The follow-up of the Human Rights Policy serves as an effective tool to put S/CR into practice.	0–1 points	There is no information regarding a follow-up on an existing Human Rights Policy.	There is information regarding a follow-up on an existing Human Rights Policy.	—	—

FOLLOW-UP ACTIONS (Continued from previous page)		0–1 points			
Employee Health and Safety Policy Follow-up	The follow-up of the Employee Health and Safety Policy serves as an effective tool to put S/CR into practice.	0–1 points	There is no information regarding a follow-up on an existing Employee Health and Safety Policy.	There is information regarding a follow-up on an existing Employee Health and Safety Policy.	—
Anti-Corruption Policy Follow-up	The follow-up of the Anti-corruption Policy serves as an effective tool to put S/CR into practice.	0–1 points	There is no information regarding a follow-up on an existing Anti-Corruption Policy	There is information regarding a follow-up on an existing Anti-Corruption Policy	—
Environment Policy Follow-up	The follow-up of the Environmental Policy serves as an effective tool to put S/CR into practice.	0–1 points	There is no information regarding a follow-up on an existing Environment Policy.	There is information regarding a follow-up on an existing Environment Policy.	—

TOP-LEVEL COMMITMENT This focus area contains KPIs that assess the top-level structure and concrete actions by this level to embedd S/CR in the organization.					
CoC signed by CEO	A signed CoC shows the importance of this document to the organization and the accountability of the CEO or President.	0–1 points	CoC is not publicly available or not signed by the CEO.	CoC is not only publicly available but also signed by the CEO, as well.	—
S/CR Executive in Group Mgmt	If the S/CR Executive is part of the group management this person possess power and decision-making authority to put S/CR on the agenda and is on eye-level with all the other "main" organisational functions. To highlight the importance of this management structure two and not just one point is given to companies with such a top-level structure.	0–2 points	The S/CR Executive is not part of the group managment team.	—	The S/CR Executive is part of the group managment team.
Gender Balance in Board of Directors	Sustainable and progressive companies are expected to promote gender balance and equality, not least at the top-level. Companies with a 40-60% share of either one of the genders in their BoD (excluding Employee Representatives) have been awarded points in the study.	0–1 points	The share of women in the Board of Directors is not in the range of 40-60%.	The share of women in the Board of Directors is in the range of 40-60%.	—

7. CONTACT INFORMATION

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For inquiries about the study or the results,
please feel free to contact us.

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