Follow-up study 2013

Targeting transparency

How Switzerland's largest companies report on sustainability

EY

Building a better working world

About the study

Now in its second year, our study aims to provide an overview of sustainability reporting of leading Swiss companies today, offering a comparison over recent years and tracking international developments (see section 02). Additionally, the study explores global trends in sustainability reporting (see section 03).

For analytical purposes, the market was split up into two segments:

(I) The 110 largest Swiss companies, banks and insurers (see section 02.1), and

(II) The 50 companies included in the Swiss Market Index Expanded (see section 02.2).

For each segment, we looked at the number of sustainability reports, what form reporting took, whether the guidelines of the Global Reporting Initiative (GRI) were applied and whether companies had sought external assurance (see also section 05).

The analysis is based on the companies' most recent annual reports and sustainability reports (available as of May 2013).

01 Executive Summary

Over half of Switzerland's largest companies report on their sustainability performance
More than half of Switzerland's largest companies, banks and insurers reported on their sustainability performance in 2012. Compared to the prior year, there was a small increase in the number of reports. Sustainability reporting is even more widespread among listed companies (68%). Half of the reporting companies analyzed included sustainability information in their annual reports. The number of companies disclosing sustainability information according to GRI has significantly increased over recent years in Switzerland as well as globally.

GRI in widespread use across segments
The GRI Reporting Framework is widely used in Switzerland for sustainability reporting, applied by around three quarters of the companies (74%) in both segments. The criteria of the highest application level A/A+ were met by even more companies in 2012 than in 2011, namely 29% of the largest Swiss companies and 35% of the listed ones.

Listed companies are more likely to seek external assurance
Around half of the listed companies engaged third parties to perform external assurance services. External assurance is provided to 36% of the largest companies, banks and insurers. Compared to the previous year this represents an increase in both segments.

Regulatory requirements increase
In 2013 the fourth generation of the GRI Guidelines, a consultation draft of the Integrated Reporting Framework as well as the Proposal of the European Commission amending the Accounting Directives were published.

Slight increase in the number of reporting companies as well as the scope of sustainability reporting.

01.1 Highlights

The number of sustainability reports increases slightly

The number of sustainability reports published by the 110 largest companies in Switzerland increased slightly from 56 reports in 2011 to 58 reports in 2012. Due to a new composition of the SMI Expanded, the number of sustainability reports in this segment decreased from 35 reports in 2011 to 34 reports in 2012. Around two thirds of the companies' sustainability reports were fully or partially included in the annual report.

Increasing density of guidelines and regulation

In 2013 various milestones were reached in sustainability reporting. New developments include the release of the new version of the GRI Guidelines (G4), the consultation draft of the integrated reporting framework by the International Integrated Reporting Council as well as the European Commission's Proposal amending the Accounting Directives.

GRI Guidelines are still the most widely used standard and the number of reported indicators increases

Around 70% of reporting companies in both segments apply the guidelines issued by the Global Reporting Initiative (GRI). 29% of the largest Swiss companies as well as 35% SMI Expanded companies already meet the requirements for the highest application level A/A+.

External assurance continues to gain importance

36% of the largest Swiss companies and half of the SMI Expanded companies seek external assurance on their reports. In comparison in 2011 respectively 36% and 46% of the reports had external assurance.

02 Results of the study

Numerous Swiss companies have already recognized the need to incorporate sustainability aspects into their business activities. Accordingly, an increasing number of companies are reporting not only on their financial performance, but also on their social and environmental impact. As part of the reporting process, they also disclose information of their progress in this area. This study examines the way Swiss companies report.

The relevant terms "sustainability", "sustainability reporting", "Global Reporting Initiative" and "external assurance" are explained in the definitions section to facilitate interpretation of this study (see section 05).

The next section begins by detailing the results of the study, including an overview of developments in GRI reporting. In section 03 the focus shifts to the latest international trends. The study continues with the key findings and conclusions in section 04, before offering a brief outlook.

The results of the study are explained in this section. To improve comparability, two segments were examined separately. The first segment contains the 100 largest companies[1], the five largest banks[2], and the five largest insurers[3] headquartered in Switzerland. The second group comprises the 50 SMI Expanded companies.[4] For each segment an analysis was carried out to determine the number of sustainability reports, the format, the GRI application level and the use of external assurance.

Page 14 offers an overview of general developments in GRI reporting in Switzerland and internationally.

1 The 100 largest Swiss companies, headquartered in Switzerland, according to Handelszeitung "Die grössten Industrie-, Handels- und Dienstleistungsunternehmen in der Schweiz 2012" [the largest industrial, trade and service companies in Switzerland in 2012]. The survey did not consider reports of subsidiaries controlled by a parent in Switzerland or abroad as they could potentially be included in the parent's reporting scope.

2 The five largest Swiss banks, headquartered in Switzerland, according to Handelszeitung "Die grössten Banken in der Schweiz 2013" [the largest banks in Switzerland in 2012]. The survey did not consider reports of subsidiaries controlled by a parent in Switzerland or abroad as they could potentially be included in the parent's reporting scope.

3 The five largest Swiss insurers, headquartered in Switzerland, according to Handelszeitung "Die grössten Versicherungsgesellschaften in der Schweiz 2012"[the largest insurers in Switzerland in 2012]. The survey did not consider reports of subsidiaries controlled by a parent in Switzerland or abroad as they could potentially be included in the parent's reporting scope.

4 SIX Swiss Exchange Indices, "SMI Expanded per 25.04.2013", www.six-swiss-exchange.com/indices/shares/smi_expanded_en.html, accessed on 27.04.2013.

02 Results of the study

02.1 The largest companies, banks and insurers

Around half of the 110 largest companies, banks and insurers published reports for the year 2012. Compared to 49 reports (44%) for 2010, the number of reports published increased to 56 reports (51%) for 2011 and to 58 reports (53%) for 2012.

Over half of Switzerland's 110 largest companies, banks and insurers publish a sustainability report.

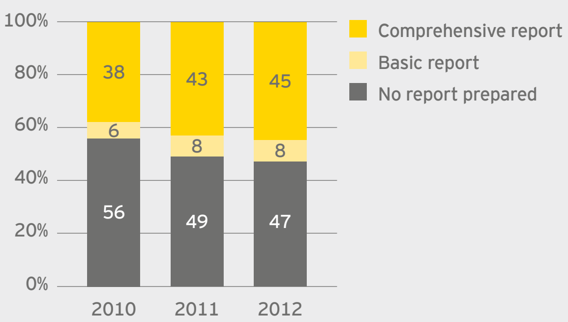
Besides the number of reporting companies, the way companies report also changed slightly over the last year. In 2012, 47 (45%) of the largest companies issued a comprehensive sustainability report based on the GRI Guidelines and incorporating 10 relevant KPIs or more. Two companies report every other year, compared to three last year. The number of basic sustainability reports (9 reports, 8%) containing around five KPIs in line with GRI remains unchanged; all of the companies choosing this approach opted to include their sustainability disclosures within the annual report.

Half of the reporting companies (29 companies, 50%) used their annual report as a platform for their comprehensive sustainability report, while 20 companies (34%) published a stand-alone sustainability report.

Of the 58 reports issued for 2012, 43 were prepared in accordance with the GRI Guidelines (74%) compared to 70% of the reports for 2011 and 67% for 2010. Highlights with regard to application level in 2012 were as follows:

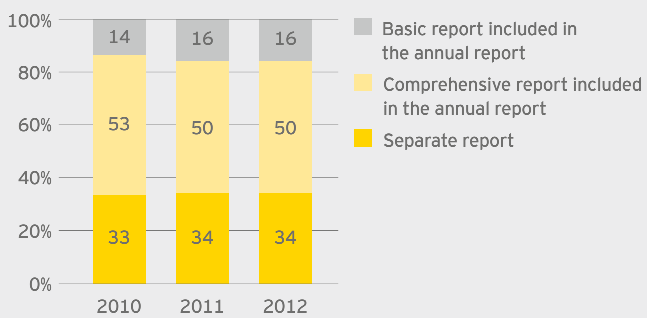
- Three companies (5%) adopted the GRI Reporting Framework for reporting purposes, although they did not implement all of the requirements. In 2011 the figure was also three companies (5%).
- One company (2%) declared the use of the GRI framework, but did not provide details on the application level. In the previous year there were two such companies (4%).
- Eleven reports (19%) were presented according to application level C/C+, whereas only eight were in 2011 (14%).
- The requirements for application level B/B+ were met by eleven reports (19% and 20%) in both 2012 and 2011.
- 17 reports (29%) fulfilled the criteria for the highest application level A/A+, compared to 15 in 2011 (27%).

Number of sustainability reports



With reference year for: 2010 = 110, 2011 = 110, 2012 = 110

Integration in the annual report

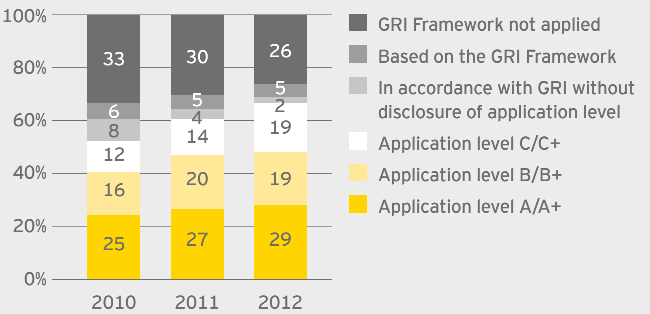


With reference year for: 2010 = 49, 2011 = 56, 2012 = 58

The comparison with last year shows a moderate trend to disclose more information and KPIs. For instance, the highest reporting level was reached by two additional companies. The number of reports with external assurance increased slightly.

Whereas 31% of the reports were externally assured (15 reports) in 2010, 36% were in 2011 and 2012 (20 and 21 reports, respectively). In terms of the absolute number of reports, this represents an increase of 40% from 2010 to 2012.

Application of the GRI Framework



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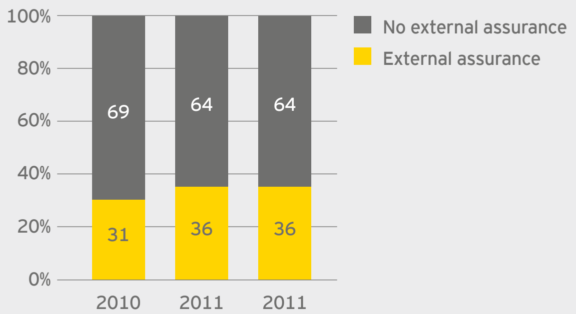
External assurance



With reference year for: 2010 = 49, 2011 = 56, 2012 = 58

02 Results of the study

02.2 SMI Expanded companies

34 of the 50 SMI Expanded companies published sustainability reports for 2012. At 68%, this translates into more than two thirds of the companies. Whereas 64% of the companies published reports for 2010, the number increased to 70% in 2011 (35 reports). The reduction in the number of reporting companies is due to a change in the composition of the SMI Expanded.

68% of the SMI Expanded companies published a sustainability report and half of them opted for external assurance.

All of the basic sustainability reports were included in annual reports compared to around half of the comprehensive sustainability reports (50% in 2012 and 52% in 2011). One report showed the linkages between financial and non-financial data in 2012. Around a third of the companies in this segment published stand-alone sustainability reports in all three of the years examined (31% for 2011/2010 and 35% for 2012).

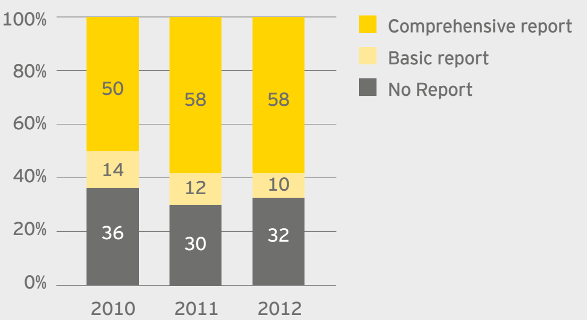
Of the 34 reports issued for 2012, 25 (74%) were prepared in accordance with the GRI Guidelines and disclosed the application level. The study revealed the following additional points with regard to application level:

- Three companies (9%) used GRI requirements as a basis for sustainability reporting in both 2011 and 2012. None of the companies met the GRI requirements without declaring the application level.
- Four companies met the criteria for application level C/C+ (12%). In the previous year, two did (6%).
- Six companies qualified for application level B/B+ (18%), a decrease compared to 2011 when it was eight companies (23%).
- Twelve reports (35%) satisfied the requirements for application level A/A+, with all these reports subject to external assurance (12 out of 12 reports). In the previous year, external assurance was provided on 10 out of 11 reports.

Like the largest Swiss companies, a growing number of companies in this segment are also reporting to the most comprehensive level of application A/A+.

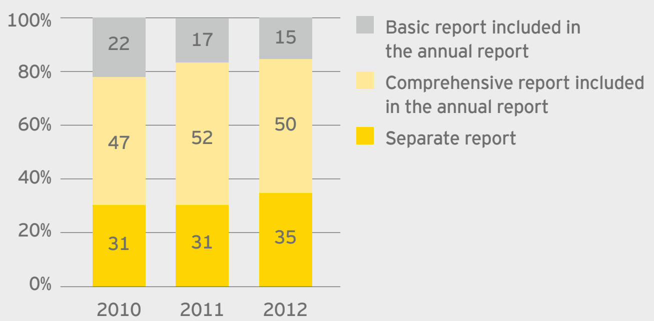
Half of the reporting companies gained external assurance for their 2012 reports (17 reports). In 2010 only 11 reports (34%) were assured compared to 16 in 2011 (46%). In absolute terms, this corresponds to a 45% increase between 2010 and 2011 and a 6% increase between 2011 and 2012.

Number of sustainability reports



With reference year for: 2010 = 50, 2011 = 50, 2012 = 50

Integration in the annual report



With reference year for: 2010 = 32, 2011 = 35, 2012 = 34

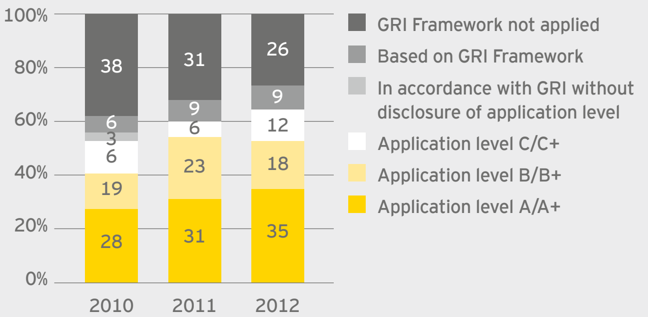
02.3 Content structure of sustainability reports

The content covered in the reports published by the 110 largest Swiss companies and the SMI Expanded companies shows significant overlap with regard to issues and indicators:

- More than three quarters of the reports contain information regarding environmental management, in particular energy, water, emissions and waste. Economic aspects, often included in the financial report, as well as information regarding employees, training and health and safety are disclosed by almost all of the reporting companies.
- More than half of the reports include information related to materials used, environmental impacts of products and services, compliance with environmental regulations, diversity and equal opportunities, local community engagement as well as corruption, political position and grants.
- Less frequently covered topics include issues such as biodiversity, environmental management spending, collective bargaining agreements between employers and employees, human rights topics, product and service labeling, marketing communications and data protection. The lack of disclosures on these topics is partly attributable to the fact that these aspects are not relevant for all the companies.

In summary, although the companies were found to disclose information on a range of comparable topics and aspects, the extent to which they did so varied considerably.

Application of the GRI Framework



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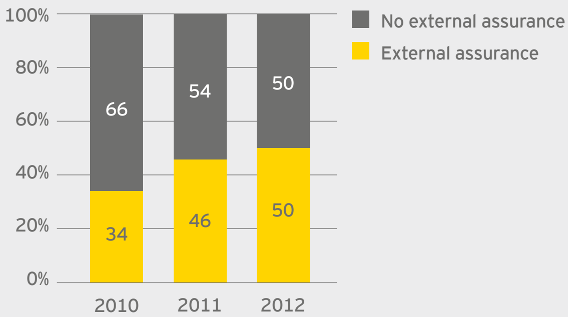
External assurance



With reference year for: 2010 = 32, 2011 = 35, 2012 = 34

02 Results of the study

02.4 GRI reporting: Switzerland in an international environment

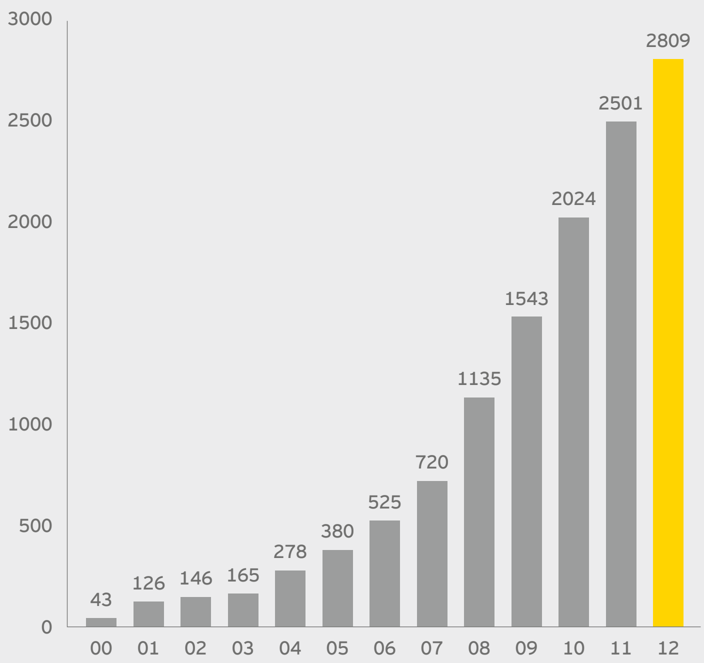
The Global Reporting Initiative (GRI) Reporting Framework is the most widely used standard for sustainability reporting. As this study reveals, around 70% of the sustainability reports of the largest Swiss companies and SMI Expanded companies are based on this reporting standard. This section provides an overview of how GRI reporting has developed at an international level as well as in Switzerland.[5]

Global development
A comparison of the number of GRI reports published from 2000 to 2012 shows a significant increase in sustainability reporting. Whereas in 2000 only 43 companies published a sustainability report in accordance with GRI Guidelines, there were already 2,809 in 2012.

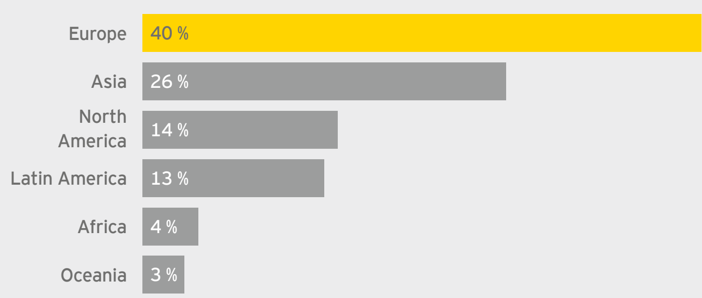
Europe as a pioneer: 40% of the reports published worldwide come from Europe

A breakdown of reports by region for the year 2012 shows that Europe leads the way. 40% of the reports are from European countries, compared to 26% from Asia and 14% from North America.

GRI reports worldwide 2000–2012



GRI reports 2012 global by regions



5 See GRI-ReportList including all GRI-Reports since 1999 https://www.globalreporting.org/reporting/report-services/sustainability-disclosure-database/Pages/Discover-the-Database.aspx, as per: 28.06.2013.

Development in Switzerland

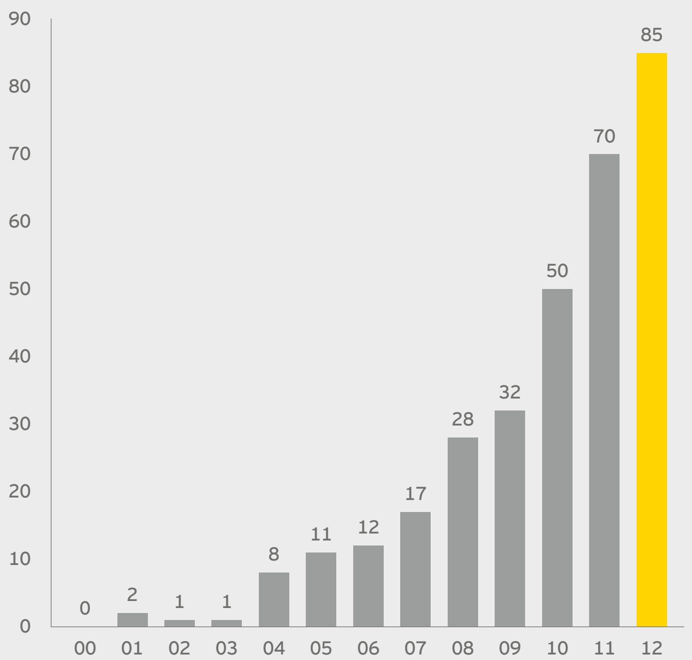
Switzerland also follows the global trend, with a significant increase in the volume of sustainability reports prepared according to the GRI Guidelines. Between 2001 and 2003 very few Swiss organizations published a sustainability report. However, after 2004 the number of reporting companies has increased exponentially in line with the global development of sustainability reporting. In 2011 70 companies already reported sustainability information, followed by an additional 15 companies in 2012 to give a total of 85 reporting companies. This corresponds to an increase of 21%.

For 2012, 85 Swiss companies published a sustainability report according to the GRI Guidelines

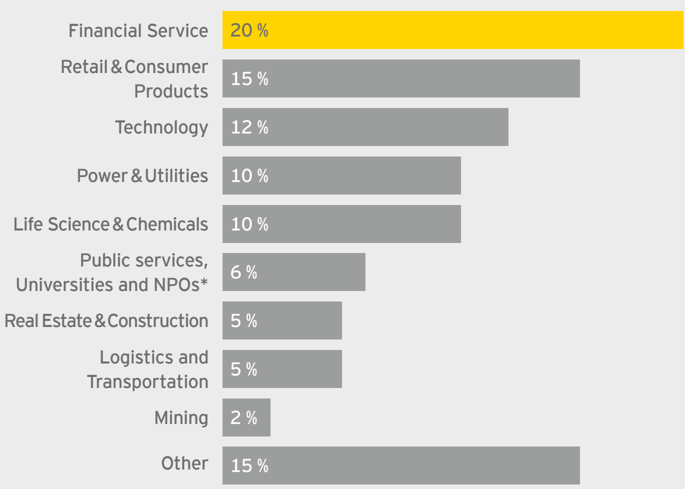
The breakdown of Swiss reports by industry shows that banks and insurers are the most represented industry in Switzerland with 20% of reports (17). They are followed by retail and consumer product companies with 15% and the technology industry with 12% (13 and 10 reports, respectively). In addition, the power and utilities as well as life science and chemicals companies are represented with 9 reports (10%) each.

In our study, we analyzed how sustainability reporting by the largest Swiss and SMI Expanded companies has developed over the last few years. The results, coupled with the significant expansion of the GRI database of reports by companies of all sizes, show that the publication of sustainability reports has become increasingly established among companies and is considered good practice.

GRI reports Switzerland 2000–2012



GRI reports 2012 Switzerland by industrie



* non-profit organizations

03 Focus on latest international developments

In this section, we explore the latest international developments regarding the disclosure of sustainability information. The year 2013 was characterized by the publication of three key documents for sustainability reporting, namely the new version of the GRI Guidelines (G4)[6], the consultation draft of the integrated reporting framework[7] as well as the European Commission's Proposal amending the Accounting Directives. We discuss these changes and further international developments below.

6 *Global Reporting Initiative (2013), "G4 Sustainability Reporting Guidelines".*
7 *International Integrated Reporting Council (2013), "Consultation Draft of the International Integrated Reporting Framework".*
8 *EU Commission (2013), "Proposal for a Directive amending Council Directives 78/660/EEC and 83/349/EEC as regards disclosure of non-financial and diversity information by certain large companies and groups".*

03.1 Fourth generation of the GRI Guidelines (G4)

The Global Reporting Initiative (GRI) is based on a multi-stakeholder network. The organization developed the Sustainability Reporting Framework, currently in its third generation (G3.0 and G3.1), which is the most widely used reporting guideline around the world. Launched in May 2013, the fourth version (G4 Guidelines) will increasingly come into the spotlight over the coming reporting periods. GRI expects all companies to report according to G4 by 31 December 2015 at the latest.

The new guidelines should be easier to use and contain certain changes compared to G3.0 and G3.1, as summarized below.

Stronger focus on materiality
While materiality was already a principle in the previous guidelines, it gains further importance under G4. The new version explicitly requires reporting of only material issues, resulting in a reduction of indicators to report. To meet these requirements, a systematic materiality assessment has to be conducted and those material topics must then be disclosed. The goal of this materiality assessment is to evaluate the importance of sustainability aspects for the company as well as for its stakeholders in order to focus the reporting on company-specific issues.

The options "core" and "comprehensive" to replace application levels
The application levels A, B und C have been removed from the framework and replaced by a new system. Under G4 an organization has two options, "core" or "comprehensive" reporting:

- The "core" option requires only key elements of a sustainability report and offers companies a basis for reporting on economic, environmental and social performance as well as governance. The report includes at least one indicator per material aspect according to the materiality assessment.

- The "comprehensive" option builds on the "core" option and requires a higher level of detail regarding the standard disclosures. In particular additional information has to be disclosed regarding remuneration, training and diversity of the governance body and their role in the development of vision and values. Furthermore, companies are required to report on all indicators related to material aspects.

Besides the removal of the application levels, the "+", previously signaling external assurance, has also been discontinued. G4 adds a column to the GRI Content Index to show specifically for each indicator if it has been externally assured. This change should facilitate the understanding of the assurance scope for the reader.

Transitional period between G3.0/G3.1 and G4 Guidelines
In this period reports according to G3.0/G3.1 will still be accepted by GRI

03 Focus on latest international developments

Importance of the supply chain
The disclosure of supply chain information and the role of buyers and consumers gains importance under G4. All reporting companies have to provide a detailed description of their supply chain. This should allow the impacts of the business to be shown in a more comprehensive manner.

Restructuring of the report boundaries
The boundaries of the financial reports is generally also the starting point to determine the boundaries of the sustainability reports. However under G4 each material aspect has to be considered and the impacts of the company need to be determined individually. Depending on the relevant areas of impact, entities that are normally outside the financial reporting scope may fall within the sustainability reporting boundaries.

The following table summarizes the major changes introduced by the G4 guidelines compared to the G3.0 and G3.1 guidelines.

Areas of change	G3.0/G3.1 guidelines	G4 guidelines
Mateiality assessment	G3.0/G3.1 encourages reporting of all core indicators but integrates materiality as a central reporting principle.	G4 requires reporting only material information and conducting a systematic materiality assessment as first step followed by the disclosure of these material issues.
Application levels	According to the number of indicators reported a company fulfills the requirement for the application level A, B or C.	The organizations will have two options to report in accordance with G4, i. e. "core" or "comprehensive" report.
External assurance	"+" in the application level indicates that the sustainability report is externally assured.	An extra column is added in the Content Index to indicate the external verification per indicator.
Supply chain	G3.0/G3.1 contains limited guidance on the disclosure of information regarding the supply chan of reporting companies.	G4 requires a detailed description of the organization's supply chain and includes additional aspects in the economic, environmental and social category.
Boundary of the report	In G3.0/G3.1 generally the reporting boundaries correspond to the reporting boundaries of the financial reporting.	In G4, a company has to determine the reporting boundaries individually for each material aspect. Even if relevant impacts of the company are outside of the boundaries of the financial report the company needs to include these entities into the report boundaries.

03.2 Consultation draft of the Integrated Reporting Framework by the International Integrated Reporting Council (IIRC)

The IIRC and the consultation draft of the Integrated Reporting Framework
The International Integrated Reporting Council (IIRC) is a global initiative whose objective is to develop internationally accepted guidance on integrated reporting. It was created in 2010 by a coalition of regulators, investors, companies, standard setters, accounting organizations and NGOs sharing the view that corporate reporting needs to evolve to give a more comprehensive picture of a company's value creation over time.

The IIRC launched a pilot program in October 2011 in which selected organizations gathered valuable initial experience on this reporting process. Then, in November 2012 a first draft of the reporting standard was issued and the consultation draft was published in April 2013. This draft was open for comments until mid-July and the final framework is expected to be issued in December 2013.

Goal of Integrated Reporting <IR> Framework
The Integrated Reporting Framework aims to provide guidance on concise communication about how a company's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term. An integrated report is primarily intended for providers of financial capital who take a long-term view of an organization's longevity and performance.

An "integrated report" combines financial and non-financial information and communicates transparently and comprehensively the value creation of an organization.

Companies adopting the framework are expected to publish an annual integrated report as the central and primary communication document related to their value creation. This report can also be linked to additional publications such as separate financial or sustainability reports. Unlike traditional reporting standards such as the International Financial Reporting Standards (IFRS) or the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), the IR Framework does not prescribe specific indicators or measurement methods but is intended as a principles-based complement to the existing reporting standards.

03 Focus on latest international developments

Fundamental concepts and principles of the <IR> Framework
The framework defines fundamental concepts of integrated reporting and principles to be respected when preparing an integrated report.

The fundamental concepts addressed by the IR Framework are based on the various capitals that a company uses and affects. These include financial, manufactured, intellectual, human, social and relationship, and natural capital. What counts is the net result of changes described qualitatively and quantitatively if possible (with indicators) as well as monetized in specific cases.

The guiding principles of integrated reporting are related to the content and the way the information is presented. The principle-based requirements include:

- Provision of insights into the company's strategy to create value in the short, medium and long term.
- Demonstration of inter-relatedness and dependencies between components that are material to the organization's ability to create value over time.
- Insights into the quality of the company's relationships with key stakeholders and how their needs, interests and expectations are addressed.
- Provision of concise information that is material to assessing the organization's ability to create value.
- Inclusion of both positive and negative matters in a balanced way without material errors.
- Consistency over time and comparability of the information with other companies.

Overall, an integrated report should be a holistic and integrated representation of all material matters which affect a company's financial and non-financial value creation over time. As the concept is a relatively new one, there is considerable scope for interpretation as to the exact processes and practices to be used for integrated reports.

03.3 International developments with a spotlight on Europe

The global trend of increasing sustainability disclosure is also driven by regulatory requirements. As of 2012, the governments or stock exchanges of 33 countries have required or encouraged some level of sustainability reporting (see map below).[9]

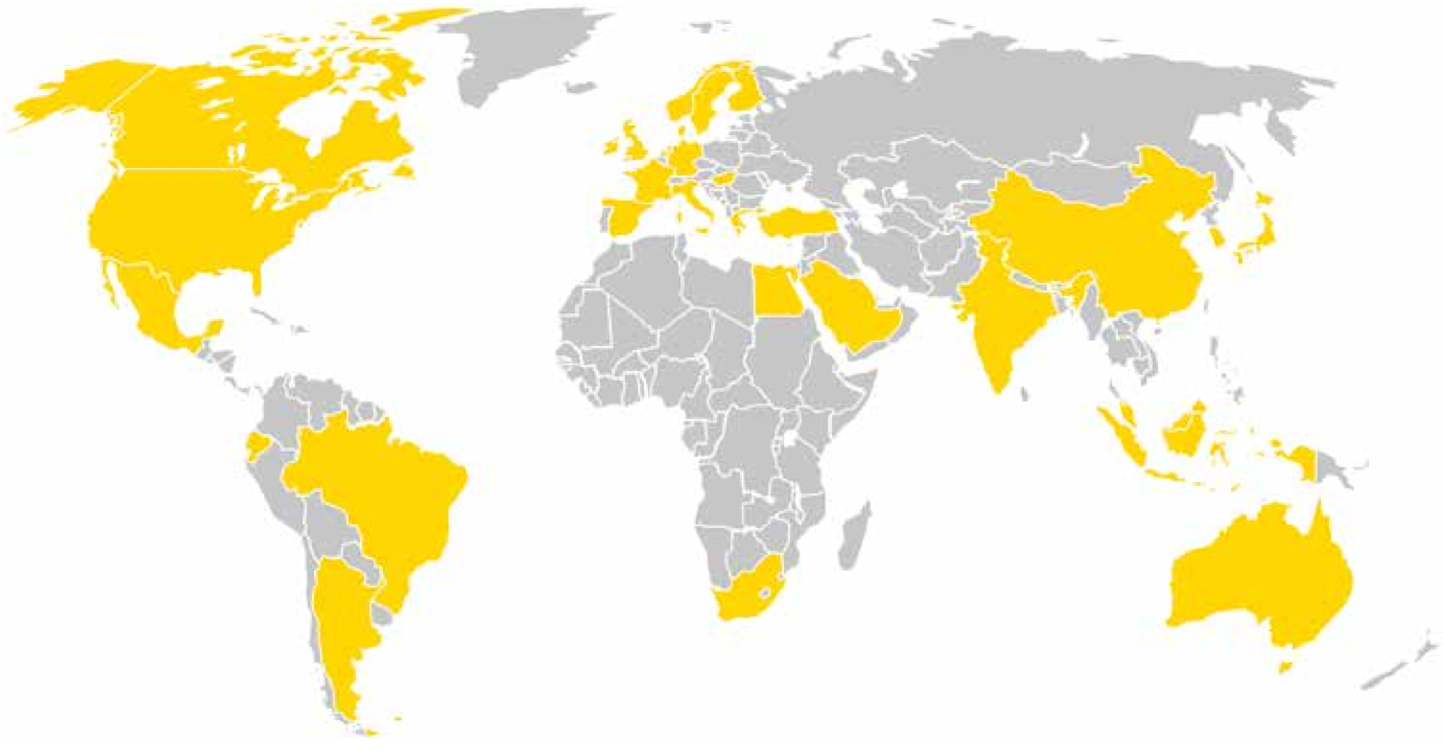
Proposal of the European Commission amending the Accounting Directives

The global regulatory developments are underpinned by the intention of the European Union to implement a regulatory duty of disclosure of non-financial information for companies above a certain threshold. In 2013 the EU Commission adopted a proposal for a directive amending the Accounting Directives. According to this proposal companies with more than 500 employees, a balance sheet exceeding EUR 20 million or a turnover of more than EUR 40 million would be required to disclose relevant and material environmental and social information in their annual reports.

The objective of the EU is to increase companies' transparency and performance on environmental and social matters. The proposal does not define the form of reporting but national, European and international guidelines are recommended (for example UN Global Compact, OECD Guidelines for Multinational Enterprises, ISO 26000 or Global Reporting Initiative).

Increasing sustainable development reporting requirements

In yellow: countries with regulation requiring or encouraging some level of sustainability reporting



9 EY (2013), "Value of sustainability reporting".

04 Outlook

Over half of Switzerland's largest companies report on their sustainability performance. Compared to previous years we observe a slight increase in the number of reporting companies as well as the scope of sustainability reporting. The trend of the sustainability reporting is also driven by the increase of regulatory requirements.

International trends towards enhanced disclosure of sustainability information are set to continue over the coming years. However, the Integrated Reporting Framework as well as the Proposal of the European Commission amending the Accounting Directives are relatively new developments. It remains to be seen how companies will implement related processes and practices and what emphasis they will place on linking corporate strategy to material issues. As this study shows, there is still potential for more transparency.

05 Definitions

Sustainability
The most frequently used definition of sustainability is related to the description of sustainable development included in the Brundtland report, i.e., development that meets the needs of the present without compromising the ability of future generations to meet their own needs.[10] Although there are many possible definitions, "sustainability" in a business context is generally considered to include three aspects that have to be taken into account in equal measure:

- Economic sustainability, which demands economic action geared towards long-term prosperity.
- Environmental sustainability, which is concerned with preserving the natural world, the environment and the planet's resources.
- Social sustainability, which is about community participation and distributive justice.

In a business context, the term "Corporate Social Responsibility" (CSR) is also often heard. There is a great deal of overlap between "sustainability" and "Corporate Social Responsibility" and they are usually used synonymously. As a result, the titles of the published reports can vary even though they all cover the same points. "Sustainability reporting" is used as a general term throughout this study.

Sustainability reporting
Organizations use sustainability reporting to present their performance in this area. After determining what progress has been made with regard to sustainable development goals, they have to communicate the conclusions to internal and external stakeholders. Reports cover the organization's economic, environmental and social impacts. A sustainability report should provide a balanced and reasonable representation of the sustainability performance of a reporting organization – including both positive and negative contributions.[11]

Organizations need to be aware that the different stakeholders often have different expectations from sustainability reports:

- Management is keen to improve sustainability performance and reporting quality as a way to avoid risks and enhance reputation.
- Investors need assurance that their investees address sustainability risks appropriately.
- Companies require information about their suppliers' sustainability impact.
- Consumers are increasingly considering sustainability aspects when making purchasing decisions.
- As a result of public pressure, governments are making companies accountable for the direct and indirect cost of their business operations (e.g., cost for the environment).
- Employees want to work for a responsible company.
- Environmental groups, human rights organizations and the media are increasingly questioning the impact of corporate activities and are asking for more information.

This study uses the term "sustainability report" to refer to two different types of report. The category "comprehensive sustainability reports" includes those that are based on the GRI Guidelines or that incorporate around 10 relevant KPIs or more (in line with GRI) to offer an integrated view of the organization's sustainability performance. This category can also include reports that are published every two years. The category "basic sustainability reports" encompasses publications that contain some sustainability indicators (around 5 KPIs in line with GRI) and/or the development of sustainability initiatives and targets over time. Not included in this study are individual sustainability chapters in the annual report that do not mention KPIs or details of specific developments over time, as well as information provided on a company's website that is not referenced in the annual report.

10 World Commission on Environment and Development (1987), "Report of the World Commission on Environment and Development: Our Common Future".
11 Global Reporting Initiative (2011), "Sustainability Reporting Guidelines", version 3.1.

The study also examines what form reporting takes. Three categories were defined: "basic sustainability report included in the annual report", "comprehensive sustainability report included in the annual report" and "separate sustainability report".

Global Reporting Initiative
The Global Reporting Initiative (GRI) is an organization based on a multi-stakeholder network. The organization developed the Sustainability Reporting Framework, which is the most widely used guidance of its kind around the world. For 2012, companies reported in line with the third generation of the Guidelines (G3.0/G3.1). In May 2013, the fourth generation (G4) was launched. This version will definitively replace the third generation as of 31 December 2015.

The third generation defines principles to determine the content of the report as well as information on a company's high-level strategic understanding of sustainability. These are complemented by disclosures on management approach and performance indicators. The GRI Reporting Framework also contains Indicator Protocols for the economic, environmental and social aspects as well as product responsibility, labor practices and human rights. Sector Supplements provide additional industry-specific guidance. All of the elements are considered to be of equal weight and importance. The application levels C, B and A of G3.0/G3.1 indicate the extent of application. The main differences among the levels are the number of indicators used and the scope of disclosures on organizational strategy/profile and management approach. Level C means that the minimum GRI requirements are met, while level A represents compliance with all requirements. A plus ("+") is awarded at each level if external assurance is provided.[12]

This study investigates whether the sustainability reports are based on the G3.0/G3.1 GRI Guidelines and, if so, which application level was used.

External assurance
External assurance by an independent third party gives the reader confidence that the data and information is correct and that the report provides a reasonable and balanced representation of the sustainability performance. Organizations are free to choose the scope and depth of the assurance engagement, however assurance reports must always disclose the scope and basis of the engagement. Applying internationally recognized standards, such as the International Standard on Assurance Engagements (ISAE) 3000[13] or the AccountAbility 1000 Assurance Standard (AA1000AS)[14], safeguards the quality of the assurance engagement. External assurance offers the reporting organization a number of benefits, including:

- Greater transparency and credibility with stakeholders, which in turn improves internal and external acceptance of the organization's adherence to principles of responsible conduct.
- Reduced risk that reports will fail to meet stakeholders' needs and/or that the report will contain incorrect or irrelevant information.
- Constructive feedback in connection with the assurance engagement, which boosts the quality of information and helps pinpoint potential improvements as a way to enhance good business practice and strategy.
- Processes optimization and efficiency gains thanks to reliable data, which supports targeted sustainability investments and activities.

For the purposes of this study, reports were only classified as having received external assurance if they had been verified using generally accepted assurance standards or other good practice guidelines.

12 Global Reporting Initiative (2011), "GRI Application Levels", Version 3.1.
13 International Federation of Accountants (IFAC) (2003), "International Standard on Assurance Engagements 3000: Assurance engagements other than audits or reviews of historical financial information".
14 AccountAbility (2009), "Guidance for Reporting Organisations Seeking Assurance to AA1000AS (2008)".

06 EY

With a global network of sustainability professionals, EY is there to support you anywhere in the world. We can guide you through individual steps or a general improvement process, whether that means analyzing your organization's current situation, developing a comprehensive sustainability strategy, implementing and examining the measures defined or helping you ensure reliable communication. As a member of relevant national and international organizations (including GRI, Global Compact, FEE), we are always up to date and ready to act, whatever the current environment of sustainability standards and trends.

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